Canada

Contributing firm
Bereskin & Parr LLP

Authors
Cynthia Rowden
Partner

Megan Langley Grainger
Associate

1. Legal framework

National law

In Canada, trademarks are governed by several different statutes and regulations, as well as by the common law.

Registered trademarks are governed by the Trademarks Act (RSC 1985, c T-13), as well as the Trademarks Regulations (SOR/96-195). Certain marks owned by the Canadian Olympic Committee are also governed by the Olympic and Paralympic Marks Act (SC 2007, c 25) and the Olympic and Paralympic Marks Regulations (SOR/2007-294). In addition, certain provisions of the Competition Act (RSC 1985, c C-34), the Criminal Code (RSC 1985, c C-46) and the Precious Metals Marking Act (RSC 1985, c P-19) can pertain to trademarks.

Finally, unregistered marks, trade names and other business signs can be protected under the common law, as discussed below, while trade names and corporate names are governed by several provincial statutes, such as Ontario's Business Names Act (RSO 1990, c B17).

International treaties

Canada is a signatory to the Paris Convention for the Protection of Intellectual Property, which provides for the right of priority on the basis of an application filed in one of the contracting states, and lays down common rules that all the contracting states must follow.

Legislation to implement Canada's obligations under the World Trade Organisation Agreement on Trade-Related Aspects of Intellectual Property Rights came into force on January 1 1996. Among other things, the legislation introduced a comprehensive set of procedures for the protection of geographical indications for wines and spirits.

Canada is not a signatory of the Madrid Protocol and therefore the protocol has no application in Canada, nor is Canada a signatory of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks.

2. Unregistered marks

Canada affords protection to both registered and unregistered trademarks and trade names, and other business signs – including logos, shapes and non-traditional trademarks (such as colour). The owner of an unregistered trademark, trade name or other sign may not only assert its rights over others (by way of a passing off action), but may also rely on these rights to prevent the registration by others of confusingly similar trademarks in an opposition.

3. Registered marks

Formal requirements

The formal requirements for an application are set out in Section 30 of the Trademarks Act.

Canada does not use the international classification system, but requires a statement in "ordinary commercial terms" of the specific goods or services. In addition, there is a single filing fee.

Scope of protection

Most trademarks and trade names consist of a word or a combination of words, although they can also comprise initials and numerals. A trademark can also consist of a design (or logo), a slogan or the shape of goods or their packaging.

Although Canadian courts have held that colours applied to three-dimensional objects can be trademarks, it can sometimes be difficult to establish that a colour or combination of colours in fact distinguishes the goods of the trademark owner from those of other traders. This is especially the case with pharmaceuticals, where it is difficult to show that the relevant universe of physicians, pharmacists and patients associate a trademark consisting of a colour or colour combination applied to a tablet with a single source.

This question was recently considered in *Glaxo Group Limited v Apotex Inc* (2010 FCA 313), in which a registration for the colours purple and light purple applied to the surface of an inhaler was expunged on non-distinctiveness grounds. In this case, the inhalers were always marked with word marks, and there was no evidence that patients, pharmacists or physicians would, to any significant extent, associate the colours with a single source, and further, they used other indicia (such as word marks appearing on the inhaler or on the packaging) in choosing whether to prescribe, dispense or request the product.

The Trademarks Office recently closed a consultation on motion marks and holograms that proposes to confirm the registrability of these non-traditional marks, subject to certain guidelines on how they would be presented. Further developments are expected later in 2011.

The Trademarks Act sets up a structure for trademark protection based on widely accepted concepts of what functions best as a trademark. The following cannot be registered:

- marks that are primarily or merely names and surnames; and
- words that are clearly descriptive or deceptively misdescriptive of the goods, their origin or the persons who created them, unless the applicant can show that such marks have acquired distinctiveness as of the application filing date, or, alternatively, that the marks have been registered in the applicant's country of origin and the marks are not without distinctive character in Canada, considering the manner in which they have been used and advertised.

Other types of mark that cannot be registered include words that are a name of the associated goods or services in any language (eg, '*vino*' for wine), marks that are confusingly similar to a registered trademark, marks that are primarily ornamental, and certain non-traditional trademarks (eg, video (at time of writing), sounds or smells) that cannot be readily represented graphically.

In addition, marks that are primarily functional are not registrable if they are not distinctive of the owner, although some functional (or utilitarian) features are permissible in a mark so long as they do not create a monopoly of the function.

The Supreme Court of Canada has held that the doctrine of functionality applies equally to registered and unregistered trademarks. *Kirkbi AG v Ritvik Holdings Inc* (2005 SCC 65) involved a passing off case about the famous LEGO brick, copied, in all essential features, by a competitor. The evidence showed that the LEGO bricks had acquired the necessary reputation, and also some consumer confusion. However, the court concluded that there was no passing off because the LEGO brick design was functional and thus not a valid trademark.

4. Procedures

Examination

The trademark registration process begins with the filing of an application with the Trademarks Office (online or by paper). Applicants must identify specific grounds of application (use in Canada, proposed use in Canada, use and registration abroad), and must set out goods/services in ordinary commercial terms. The application is examined on both absolute and relative grounds, following which it will be approved for advertisement as filed, unless the examiner raises various requirements or objections.

Applicants are given an opportunity to respond to such objections and, if appropriate, to amend the application. Once all objections (if any) are addressed to the examiner's satisfaction, the application is approved for advertisement.

In Canada, the Trademarks Office adheres to strict timelines within which to respond to examiners' reports; it also limits extensions, unless there are exceptional circumstances.

Opposition

Once the examiner is satisfied that all the requirements are met and all objections are overcome, a formal notice of approval is issued and the application is advertised in the *Trademarks Journal*. The application may be opposed within two months of advertisement on both technical and substantive grounds. Applicants should be aware that there are many technical challenges to applications that relate to incorrect filing grounds.

If, in the opinion of the registrar, the statement of opposition does not raise at least one substantial issue for decision, he or she will reject the opposition. If the statement of opposition raises a substantial issue for decision, the registrar will forward a copy of the statement of opposition to the applicant, which may first raise a challenge to the opposition, and if it does not, must file a counterstatement or have its application deemed to be abandoned.

Trademark oppositions, which are often lengthy and complex, are decided by the Opposition Board – usually on the basis of evidence filed in the form of affidavits or declarations, and in some cases cross-examinations thereon, as well as written and oral arguments by the parties.

Decisions of the Opposition Board may be appealed to the Federal Court, the Federal Court of Appeal, and even, in limited instances, to the Supreme Court of Canada.

There are four possible grounds of opposition in Canada:

- non-compliance with Section 30 of the Trademarks Act (pertaining to technical deficiencies in the application);
- non-registrability, referring to all of the factors in Section 12(1) of the Trademarks Act, including that the mark is primarily merely a name or surname, that the mark is clearly descriptive, or that the mark is confusing with a registered trademark;
- non-entitlement, referring either to prior use or making known of a confusingly similar trademark or trade name, or to a confusing trademark in a previously filed trademark application; and
- non-distinctiveness.

Challenges based on non-distinctiveness and confusion are often related, since if the applicant's mark is found to be confusing with that of the opponent, it cannot, by definition, be found to be distinctive of the applicant.

Confusion

The test for confusion is whether, as a matter of first impression in the mind of an average consumer having a vague or imperfect recollection of another mark, the use of both marks in the same area and in the same manner is likely to lead to an inference that the goods associated with those marks are produced or marketed by the same company. Consideration is given to all the surrounding circumstances, including the following:

- the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known;
- the length of time the trademarks or trade names have been in use;
- the nature of the goods, services or business;
- the nature of the trade;
- the degree of resemblance between the trademarks or trade names in appearance or sound or in the ideas suggested by them; and
- other surrounding circumstances, including the state of the marketplace, whether the marks are well known/famous, whether they belong to a family of trademarks, whether they are English/French trademarks, whether there exists an agreement between the parties, whether the marks coexist in other jurisdictions and whether there is evidence/lack of evidence of actual confusion.

The weight to be given to each factor will depend on the circumstances. If a determinative conclusion cannot be reached after evaluating all the evidence, then the issue must be decided against the applicant. The test is on a civil balance of probabilities.

Unlike the United States, Canada has no statutory definition of 'famous' marks. Rights are determined by analysing confusion, passing off or depreciation of goodwill.

Historically, Canadian courts have granted some level of special protection to famous marks against marks with which they might be confused, even where there was a dissimilarity between the parties' goods or services. In 2006, however, the Supreme Court of Canada rendered decisions in *Mattel Inc v 3894207 Canada Inc* (2006 SCC 22) and *Veuve Clicquot Ponsardin v Boutiques Cliquot* (2006 SCC 23), which clarified previous case law on the scope of protection to be afforded to famous marks. Following *Mattel* and *Veuve Clicquot*, the courts have been reluctant to recognise the ability of famous marks to transcend the goods and services with which they are associated.

Registration

If there is no opposition, or if an opposition has been decided in the applicant's favour, the application will be allowed and the registrar will not consider any further challenges.

Registration of a trademark provides *prima facie* evidence of ownership of the trademark and gives the owner the exclusive right to use the mark in association with the goods and services for which the mark is registered in Canada.

Trademark registrations are valid for 15 years, renewable for further 15-year periods upon payment of a renewal fee. Evidence of use is not required to renew a trademark registration in Canada.

Removal from register

Trademark rights can be lost through non-use. Once a registration is more than three years old, it becomes vulnerable to an attack under Section 45 of the Trademarks Act, which provides for the summary expungement of trademarks for non-use. Specifically, the registrar, at the request of a third party, may initiate summary expungement proceedings by issuing a notice requiring that the registered owner file evidence showing use of the trademark in Canada any time within the three years preceding the notice, or to explain why special circumstances exist that excuse non-use. Absent special circumstances, failure to file a response or to file sufficient evidence of use will result in the expungement of the trademark registration or amendment of the registration to delete the goods or services for which the evidence of use was inadequate.

While the registrar has the jurisdiction to expunge trademarks for non-use, the Federal Court has exclusive jurisdiction to expunge or amend a registration on the grounds of invalidity set out in Section 18 of the Trademarks Act. These include that:

- the mark was not registrable at the date of registration;
- the mark is not distinctive;
- the mark has been abandoned; or
- the applicant was not entitled to secure the registration (subject to Section 17 of the act, which stipulates that a challenge based on prior use or making known of a confusingly similar mark may be made only by that person or a successor, and cannot be brought more than five years after registration).

A recent expungement case is *Masterpiece Inc v Alavida Lifestyles Inc* (2009 FCA 290), involving two parties that each operated in the retirement residence industry. Masterpiece applied to expunge Alavida's trademark registration for MASTERPIECE LIVING on the basis that it was confusing with Masterpiece's common law trademark MASTERPIECE and, therefore, unregistrable as of the date of registration. The trial judge concluded that there was no likelihood of confusion, and dismissed the application. The Court of Appeal held that the trial judge correctly applied the test for confusion and disregarded the fact that Masterpiece may have intended to expand its operations into new cities or new markets, and dismissed the appeal. The decision has been appealed to the Supreme Court of Canada, which heard arguments in December 2010 on the following issues:

- whether non-entitlement (pursuant to Section 16 of the Trademarks Act) requires more than simply prior rights;
- whether the lower courts erred in finding that a likelihood of confusion can be overcome by differences in the designs, product packaging and get-up used in association with the trademarks;
- whether the likelihood of confusion between two trademarks cannot exist unless the marks are already in competition for the same geographical area; and
- whether the test for expungement requires a reputation in the geographical area in question in order to enforce unregistered common law trademark rights, similar to that of a passing off action.

The outcome of the issue of whether prior use of a trademark in Canada can prevent registration of a confusingly similar mark by another party, regardless of the geographical area of the prior use, will have significant implications for trademark owners. A decision is expected later in 2011.

5. Enforcement

If improper use of a trademark comes to the attention of the trademark owner, steps should be taken to prevent any recurrence of the improper use. The mark owner must also safeguard the mark against infringement by third parties. Failure to do so may impact the ability to enforce the mark in the long run.

Available actions

Once an infringement has been identified, the trademark owner can choose from several courses of action. Owners of registered marks can bring an infringement action under Section 19 or 20 of the act or under Section 22 for depreciation of goodwill, as well as an action for passing off. Owners of unregistered marks may bring an action only for passing off, and only in the geographical area in which the mark has established reputation and goodwill.

It is important to determine at the outset whether the owner can prove use of its trademark. Under Canadian law, use of a trademark as a trademark is vital, as it establishes priority in a way that is usually easy to prove and significantly facilitates grounds for opposition and cancellation. It is equally important because, where a mark has fallen into disuse, it becomes vulnerable to expungement. Another equally important consideration is to confirm whether the mark is used by the owner, or by licensees or others. The Trademarks Act provides that use by a licensee will enure to the benefit of the owner only if the owner controls the character and quality of the goods/services.

Methods of enforcement

Opposition/cancellation: Opposition proceedings, as well as cancellation through summary expungement proceedings or by way of a court action can be good ways to eliminate a blocking trademark. Opposition and summary expungement decisions can be appealed as of right, and both parties may file new evidence on appeal.

Demand letter: A cease and desist letter may be sufficient to stop the other party's undesirable conduct.

Court action: Going to court to enforce a trademark right can result in an injunction, damages and an award of costs. The cost, length of the proceedings and enforceability of such a judgment must all be taken into consideration before choosing court action.

Given the fact that it can take years to obtain a judgment, trademark owners sometimes seek interlocutory injunctions to restrain a defendant's infringing activity.

There are also opportunities for summary judgment. However, Canadian courts are generally fairly reluctant to order both interlocutory injunctions and summary judgment.

If a court action is started, the plaintiff can bring an application for seizure of the goods, with or without notice to the defendant (known as Anton Piller or John Doe seizure orders). Often the request is to permit seizure from unnamed defendants; such orders are frequently sought when dealing with counterfeiters, given the difficulty of both identifying and locating the counterfeiter(s). Orders are subject to supervision by an officer of the court, usually the local police, and are often limited both in time and in geographical scope.

A plaintiff may also seek a Mareva injunction, which is a court order that freezes assets so that a defendant cannot dissipate its assets from beyond the jurisdiction of a court so as to frustrate a judgment.

Also, both the Trademarks Act and the Copyright Act have rarely used and very limited provisions for seizure of goods in transit (ie, before they are put into the ordinary marketplace).

Remedies

The Trademarks Act specifies the general remedies that are available for trademark infringement, depreciation of goodwill or passing off, and provides for relief by way of injunction, recovery of damages or profits, and for the destruction, exportation or other disposition of any offending goods, packages, labels and advertising material. In the case of trademarks (unlike copyright), the plaintiff must elect between damages and profits – it cannot seek both.

The Trademarks Act allows a mark owner to apply to a court for an order for interim custody (pending determination of the status of the allegedly infringing goods) or an order preventing the importation of infringing goods. An undertaking as to damages may be required.

Punitive damages are available in the case of trademark infringement, although the conduct of the defendant must meet the standard of behaviour to merit punitive damages generally – that is, the conduct must be so "malicious, oppressive and high-handed that it offends the court's decency".

Lastly, the winning party is normally entitled to some portion of its legal fees and disbursements.

6. Ownership changes and rights transfers

Trademarks, whether registered or unregistered (including pending trademark applications), are transferable according to Section 48 of the Trademarks Act.

Registered marks

A registered trademark or pending application is transferable either in connection with, or separately from, the goodwill of the business with which it is associated. However, where a transfer results in multiple users of the same trademark, this may result in the mark losing its distinctiveness.

A trademark assignment need not be recorded in the Trademarks Office to be recognised as valid and enforceable between the parties. However, a trademark assignment should be recorded in the Trademarks Office in order to be recognised as valid and enforceable against subsequent assignees acting in good faith and against other third parties. It is also important for assignments of trademarks to be recorded and kept current to ensure the receipt of important documents from the Trademarks Office.

Trademarks can be partially assigned, as may occur, for example, with the sale of a division of a company. In these situations it is important to ensure that the partial assignment will not impact on the validity of the trademark (eg, by reducing its distinctiveness). If the trademark that is assigned is associated with other marks, all the marks must be assigned together.

Unregistered marks

Unlike registered trademarks (or pending applications), at common law a trademark is transferable only together with the goodwill of the business with respect to which it has been used.

There are no provisions for Trademarks Office recordal of a common law trademark or an unregistered trade name; assignments of common law trademarks and unregistered trade names are therefore not recorded in the Trademarks Office. However, registered trade names are registered with the applicable provincial agency (eg, in Ontario business names are registered with the Companies and Personal Property Security Branch). Such registrations will show the owner's name, so trade name registrations should be cancelled and then re-filed in the new owner's name when transfers occur.

7. Related rights

Some overlap is possible between trademark law and copyright law where the subject matter involves logos or design trademarks. Designs used as trademarks may also be protected by copyright, provided that they consist of an original work.

Industrial designs may also overlap to an extent with trademarks. For example, the aesthetic features of a product (eg, the shape of the product itself or its packaging) may be registered as a particular type of trademark known as a distinguishing guise or as an industrial design.

The Supreme Court has expressly rejected the concept of 'evergreening' the monopoly conferred by other IP rights, particularly patents, through the use of trademarks. In *Kirkbi AG v Ritvik Holdings Inc* (2005 SCC 65), Kirkbi had already obtained protection in the form of several patents for the functionality of its LEGO brand toy bricks, and could not evergreen this monopoly by resorting to the trademark regime. The Supreme Court concluded: "Granting such a claim in these circumstances would amount to recreating a monopoly contrary to basic policies of the laws and legal principles which inform the various forms of intellectual property in our legal system."

8. Online issues

A domain name may be validly registrable as a trademark provided that the domain name functions as a trademark. There is some question as to who actually owns the rights in a domain name – the registrar or the registrant. However, for the most part, this question is not material as generally domain names may be transferred by registrants as they wish.

Two recent cases considered the question of whether keyword advertising using a competitor's trademark constituted trademark infringement. In both *Private Career Training Institutions Agency v Vancouver Career College (Burnaby) Inc* (2010 BCSC 765) and *Chocolat Lamontagne Inc v Humeur Groupe-conseil Inc* (2010 QCSC 3301), the courts decided in favour of the advertisers, and held that use of a competitor's mark was allowable as long as there was no misrepresentation in the use of a competitor's mark. These outcomes are consistent with recent decisions from the European Court of Justice that held that Google, in its capacity as a search engine or through its AdWords campaigns, is not responsible for infringing use of trademarks by third parties.

Bereskin & Parr
INTELLECTUAL PROPERTY LAW

Unregistered rights	
Protection for unregistered rights?	✓
Specific/increased protection for well-known marks?	✗
Examination/registration	
Representative requires a power of attorney when filing? Legalised/notarised?	✗
Examination for relative grounds for refusal based on earlier rights?	✓
Registrable unconventional marks	✓ 3-D, colours (as applied to goods), packaging or shape of goods (as distinguishing guises), trade dress
Opposition	
Opposition procedure available? Term from publication?	✓ 2 months from publication, extendible by a further 3 months, plus optional cooling-off period
Removal from register	
Can a registration be removed for non-use? Term and start date?	✓ 3 years' non-use from registration
Are proceedings available to remove a mark that has become generic?	✓
Are proceedings available to remove a mark that was incorrectly registered?	✓
Enforcement	
Specialist IP/trademark court?	✗ But Federal Court has considerable expertise in IP matters
Punitive damages available?	✓
Interim injunctions available? Time limit?	✓
Ownership changes	
Is registration mandatory for assignment/licensing documents?	✗/✗ But recordal of assignments is recommended
Online issues	
National anti-cybersquatting provisions?	✗
National alternative dispute resolution policy for local ccTLD available?	✓ CDRP