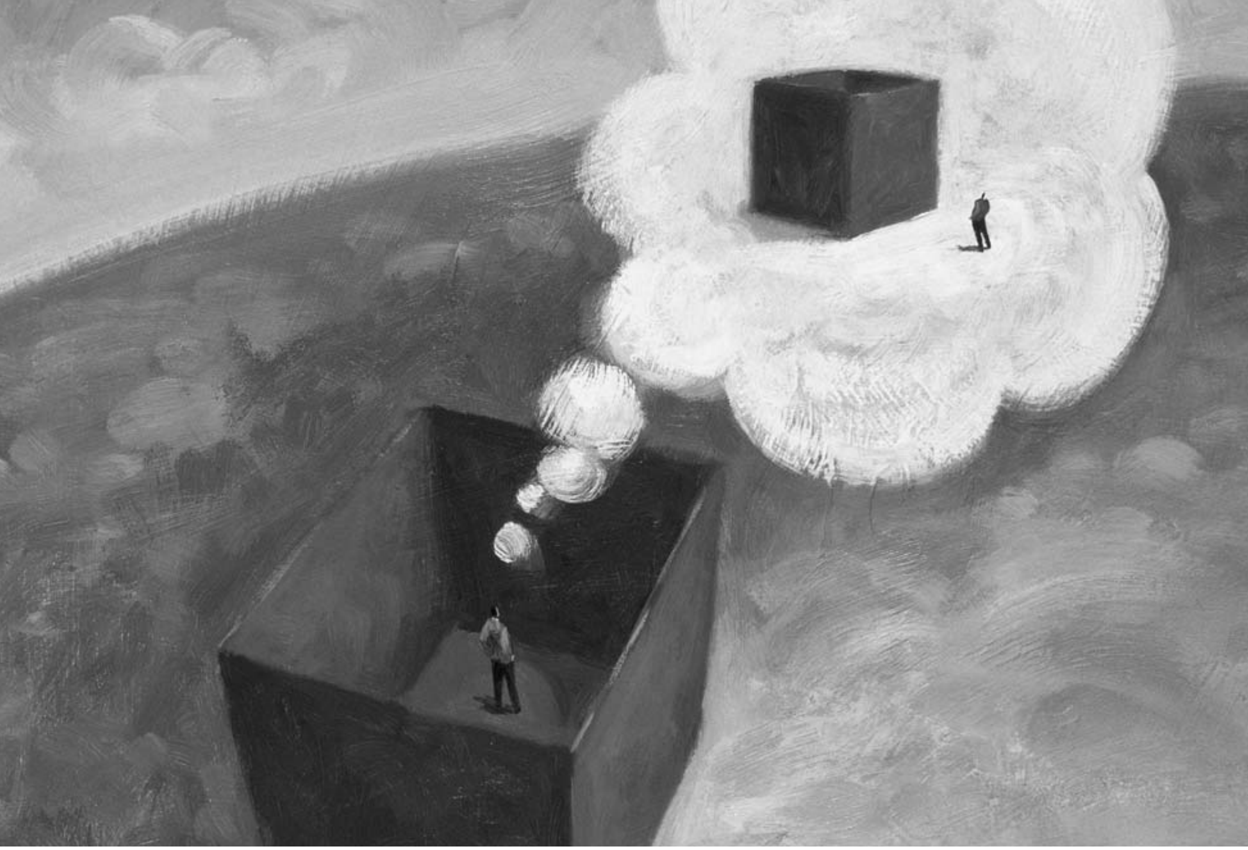

Canada

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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 Association and the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games are also governed by the Olympic and Paralympic Marks Act (SC 2007, c 25) and the Olympic and Paralympic Marks Regulations (SOR/2007-294).

Where use has been made of a trademark to reduce or restrain competition in certain ways, Sections 31(1) and (2) of the Competition Act (RSC 1985, c C-34) provide that the federal court may direct that such acts be done or omitted as the court may deem necessary to prevent any such use. In addition, Sections 406 to 412 of the Criminal Code (RSC 1985, c C-46) contain provisions prohibiting certain activity relating to trademarks, including forgery (Sections 406 and 407) and criminal passing off (Section 408).

Finally, unregistered marks, trade names and other business signs can be protected under the common law.

International treaties

Canada is a signatory to the Paris Convention for the Protection of Intellectual Property, which provides for a six-month period within which an application to register a trademark in a convention country may be filed in other convention countries. If filed during the six-month period, the application has the same force and effect as if it had been filed in the second country on the first date.

Legislation to implement Canada's obligations under the World Trade Organization 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. However, at present Canada is not a member state to the Madrid Protocol and therefore the protocol has no application in Canada.

2. Unregistered trademarks

As Canada is a common law country, it affords protection to both registered and unregistered trademarks and trade names, and other business signs – including logos, shapes and other non-traditional trademarks. The owner of an unregistered trademark, trade name or other sign may not only assert its rights over others, but also rely on these rights to prevent the registration by others of confusingly similar trademarks.

Opposition

Owners of unregistered trademarks and trade names may oppose an application for registration of a confusingly similar mark based on previous use in Canada or use elsewhere that has resulted in the mark becoming well known in a significant region of the country. If the use of the unregistered mark is significant, it may be used to challenge both the entitlement of an applicant to register the mark and the distinctiveness of the mark.

Passing off

Any claim involving an unregistered mark is referred to as a passing off action. Passing off is a common law claim which can be heard in any of the provincial courts; it is also codified in Section 7(b) of the Trademarks Act. A passing off action can be commenced in any provincial court and, if it relates specifically to a trademark or trade name, in the federal court. The latter can issue an injunction that applies throughout the country. If the claim relates only to other unregistered business signs, including shapes or non-traditional trademarks, the provincial courts will have jurisdiction. This is a significant issue given the size of the country and the difficulty of enforcing the judgment of one provincial court in another.

The key to a successful passing off claim is to demonstrate that the owner or licensee has acquired a reputation in the geographical area where it seeks to enforce its rights, through either use in Canada or, in some cases, use elsewhere accompanied by considerable advertising or promotion in Canada. Unregistered marks are enforceable only where the mark, trade name or other indicia has become known. The onus is always on the party seeking recourse to show that it has the necessary reputation or goodwill arising through sales, advertising or other promotional activities. It must also be proven that the necessary reputation was acquired by the date when the alleged infringer first started to use its mark.

Once this is proven, the owner of any unregistered rights must next demonstrate that there has been an unlawful misappropriation of its rights resulting in consumer deception or mistake. Confusion can arise from an improper conclusion that either:

- the goods or services were produced by the owner of the unregistered mark; or
- there was an affiliation between the owner of the known mark and an alleged infringer.

It could also include the suggestion that the goods or services are of the same general standard or quality, or have the same attributes as those of an authorized distributor. The assessment of confusion in a passing off case is similar to that involving a registered mark, taking into consideration factors such as:

- length of use;
- the inherent distinctiveness of the marks;
- the nature of the goods, services and channels of trade; and,
- similarities in the marks.

The final component for passing off is damage. Without evidence of a likelihood of damage, there can be no passing off. Damage can be in the form of lost profits, lost customers or lost market share, or can arise from loss of control over the use of mark.

3. Registered trademarks

Formal requirements

When an application is filed the applicant must exist as an identifiable and separate legal entity, either as an individual or as a legal person such as a corporation, partnership, trade union, lawful association or joint venture.

Other formal requirements are set out in Section 30 of the Trademarks Act and include:

- a statement of the goods and services with which the trademark has been or will be used "in ordinary commercial terms";
- for applications based on use, the date of first use in Canada in the ordinary course of trade;
- for applications based on proposed use, a statement that the applicant (or its licensee) intends to use the mark in Canada;
- for trademarks consisting of or containing design elements, a drawing of the trademark; and
- a statement that the applicant is satisfied that it is entitled to use the trademark in Canada in association with the goods and services listed in the application.

Canada does not use the international classification system. Instead, the Canadian Trademarks Office requires a statement in "ordinary commercial terms" of the specific goods or services with which a mark is being used or is proposed to be used. The benefit for applicants is that in Canada there is a single fee to file a trademark application for any number of goods or services and covering any number of classes.

Scope of protection

Protected: 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.

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

- marks that are primarily or merely names and surnames (Section 12(1)(a));
- words that are clearly descriptive or deceptively misdescriptive of the goods, their origin or the persons who created them (Section 12(1)(b));
- words which are a name in any language (eg, 'vino' for wine) (Section 12(1)(c));
- a mark that has become recognized in Canada through ordinary and good-faith commercial use as designating the kind, quality, quantity, destination, value, place

of origin or date of production of any goods or services;
- a mark that is confusingly similar to a registered trademark (Section 12(1)(d));
- a mark that has significance as a trade term or that suggests government patronage (Section 12(1)(e));
- a mark that consists of a plant variety denomination (Section 10.1), where the application covers the plant variety or another plant variety of the same species;
- a mark that is a protected geographical indication for wines or spirits where the application covers a wine or spirit not originating in the territory indicated by the geographical indication (Sections 11.14(1) and 11.15(1));
- a mark that resembles certain official symbols, unless the applicant has the consent of the authority in question (Section 9);
- elements which are primarily or merely functional or decorative elements (if not distinctive of the owner); or
- certain non-traditional trademarks (eg, video, sounds or smells) that cannot be readily represented graphically.

Marks that are considered to be unregistrable pursuant to Section 12(1)(a) or 12(1)(b) may still be registered pursuant to Section 12(2) if the applicant can file evidence to show that the mark has been so used in Canada as to have acquired distinctiveness as of the application filing date. Similarly, pursuant to Section 14, a trademark that the applicant (or its predecessor in title) has caused to be registered in or for the country of origin of the applicant is registrable provided that, among other grounds, the mark is not confusing with a registered trademark and is not contrary to morality or public order.

The act also creates a system of priority among trademark users referring to rights created by use, by application or by virtue of Canada's foreign treaty rights (Section 16).

4. Procedures

Examination

The trademark registration process begins with the filing of an application with the Trademarks Office. The application is then subject to review on both absolute and relative grounds by an examiner, who may approve the application for advertisement as filed or may raise various requirements or objections, including that:
- the application does not meet one or more of the technical requirements set out in Section 30 of the act (eg, the goods and services are not defined in ordinary commercial terms);
- the mark is a name or surname;
- the mark is clearly descriptive of the relevant wares or services; or
- the mark is confusing with a prior application or existing registration.

Applicants are given an opportunity to respond to such objections and, if appropriate, to amend the application.

Opposition

Once an application is approved, 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 by one or more parties on a variety of grounds, including non-compliance with Section 30 of the act or a lack of registrability, entitlement or distinctiveness. If, in the opinion of the registrar the statement of opposition does not raise at least one substantial issue for decision, 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 must then file a counterstatement denying the allegations in the statement of opposition or have its application deemed to be abandoned.

Trademark oppositions, which are often lengthy and complex in nature, 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.

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 Office of the Registrar will not consider any further challenges. The applicant will then receive a notice of allowance and will be asked to pay the registration fee and, if the application was based on proposed use, to provide a declaration stating that the trademark is being used.

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.

Removal from register

Trademark rights can be lost through non-use. If use of a trademark is discontinued and the registration is more than three years old, the registration is liable to be attacked by a third party under Section 45 of the Trademarks Act, which provides for the summary expungement of trademarks for non-use.

Summary expungement proceedings may be initiated by the registrar either on her own account or at the request of a third party. The registrar issues a notice to the registered owner requesting evidence showing use of the trademark in Canada any time within the three years preceding the notice or special circumstances that excuse non-use. 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 certain 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 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).

With respect to abandonment, it is necessary to prove that the owner of the common law trademark not only discontinued its use, but also intended to abandon the mark. Non-use does not constitute evidence of intent to abandon, although intent to abandon might be inferred from the duration of the non-use and other circumstances.

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. For example, if the mark owner fails to take action against an infringer, in future the mark owner could be prevented from obtaining an injunction not only against the infringer, but perhaps against third parties as well. Often an initial infringement can be dealt with by obtaining an undertaking from the offending party confirming that the use will be restricted in some manner (eg, geographically or in the presentation on packaging). In this way, although it may not be possible to prevent the objectionable use completely, the damage might be kept to a minimum.

Available actions

Once infringement has been identified, the mark owner can choose from several courses of action. In Canada, both common law trademarks and registered trademarks give the owner the right to take action in the event of infringement, but more options are available to the registered mark owners. Owners of registered marks can bring an infringement action under Section 19 or 20 of the act in federal court or under Section 22 for depreciation of goodwill and passing off. In contrast, owners of unregistered marks may only bring an action for passing off and only in the 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 as, where a mark has fallen into disuse, it becomes vulnerable to expungement. Therefore, a mark owner which cannot prove use of the mark may wish to shore up its rights before proceeding against an infringer or risk being counterattacked.

Considerations regarding how strong the mark include:

- which goods and services are covered by the mark;
- how the mark has been used (or even whether it has been used); and
- how famous the mark is.

Where the goods or services are broad and include the infringer's goods or services, the mark owner may be in a strong position, although overlap in goods is not strictly required in determining whether confusion exists between two marks. The overlap in the goods or services is only one factor to be considered and its weight will depend on the facts of the individual case. Other factors to be considered include:

- the distinctiveness of the marks;
- the length of time for which the marks have been in use;
- the nature of the trade; and
- the degree of resemblance between the marks.

The fame of a mark may provide it with a wider ambit of protection than it otherwise would possess. Where the fame of the mark is so significant that any use with any other goods or services would cause confusion, the mark may be afforded a wide scope of protection. However, the Supreme Court recently confirmed that fame alone should not trump the other factors to be considered when analyzing confusion – the totality of circumstances must be evaluated.

If the mark has not been in use, it is potentially vulnerable to expungement and the mark owner's position is weak.

Types of infringement

The type of infringement may influence the legal solution chosen by a mark owner. Mark owners faced with counterfeiting may go to court to seek an injunction, whereas instances of copying or imitation may lead the mark owner to seek other remedies, including co-existence agreements.

Other considerations that may influence the solution sought include whether the infringement is recurring. Similarly, if the infringement has occurred in a single jurisdiction rather than multiple jurisdictions, this can affect a mark owner's choice of remedies. For example, if a mark owner finds its mark is being passed off in one province, it may choose to pursue a claim in the superior court of the province under either statutory or common law ' passing off. If the mark owner finds its mark is being passed off across Canada, it would almost always bring a claim in federal court. This will have an impact on the geographical scope of the remedy granted – for example, an injunction issued by a federal court is enforceable across Canada, whereas an injunction issued by a provincial court will be limited in its applicability to that province.

In some instances further information is required before a mark owner proceeds to enforce its rights. This is especially common in the case of counterfeiting, where it may be preferable for a mark owner to investigate to see whether a distributor can be identified, rather than merely targeting the individual retailer, which will not stop the counterfeiting.

Methods of enforcement

Opposition/cancellation: Cancellation through a court action can be a good way to eliminate a blocking trademark. However, such actions become more complicated when dealing with multiple jurisdictions, particularly if the mark owner needs to take diverse positions in different countries where it does not have priority in all jurisdictions.

Demand letter: A cease and desist letter may be sufficient to stop the other party's undesirable conduct. This can be relatively cost effective and is quick to implement.

One pitfall is that a cease and desist letter may not be the appropriate tool for the particular type of infringement at issue. In the case of counterfeiting, for example, issuing a demand letter will merely serve to drive the counterfeiters underground. Similarly, with respect to internet issues, it is common to see an infringing website change as soon as a demand letter is received, although this may be exactly what the mark owner desires.

Finally, a mark owner should always be aware that where its own rights are weak, issuing a demand letter might result in a risk of its mark being counterattacked.

Court action: Going to court to enforce a trademark right can result in a judgment that effectively resolves the dispute. The cost, length of the proceedings and enforceability of such a judgment must all be taken into consideration before choosing court action.

In Canada, as in other countries, it can take years to proceed from filing of the initial statement of claim to a final judgment, and can potentially cost hundreds of thousands of dollars. If a party loses, it may also be liable to pay the winner's legal costs. This consideration causes many smaller companies to consider whether going to court is the appropriate method to solve their trademark dispute, although in some cases, such as when attempts at settlement fail, it may be the best solution.

The enforceability of a judgment must also be considered. This is a particularly relevant concern in the case of counterfeiters or infringers in other jurisdictions.

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. Typically brand owners act together in these raids and the vast majority of orders are given against sellers, as opposed to manufacturers. With luck, the seller may have contact information leading to the identity of the source.

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.

Remedies

Section 53.2 of the Trademarks Act specifies the general remedies that are available for acts done contrary to the act, including trademark infringement, depreciation of goodwill or passing off. It 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, the plaintiff must elect between damages and profits – it cannot seek both.

Sections 53 and 53.1 of the act allow 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.

It is relatively unusual to calculate trademark damages on the basis of a reasonable royalty (compared to patents), unless there has been a history of licensing the particular trademark.

Punitive damages are available in the case of trademark infringement even though these are not mentioned specifically in Section 53.2 of the act, 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".

An order for destruction or delivery up may not be granted in the case of trademark infringement if the infringing goods have some non-infringing value, either on a component basis or by having the infringing marks removed.

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.

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.

The term 'transfer' is not defined in the Trademarks Act and therefore it is unclear whether the term includes the registration of security interests. The Trademarks Office will accept and record documents granting a security interest, although the effect of such recordals is unclear.

A trademark assignment need not be recorded in the Trademarks Office to be recognized as valid and enforceable as between the parties. However, a trademark assignment should be recorded in the Trademarks Office in order to be recognized 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.

Once the Trademarks Office records an assignment of a trademark, it is official and the office cannot subsequently rescind or remove the recordal. The only way to reverse a recordal would be to bring an application before the federal court pursuant to Section 57 of the act.

Documents required

A photocopy of the executed deed of assignment, assignment agreement or a document to support the change in title (eg, an affidavit or bankruptcy or receivership document) is required to record an assignment of a registered trademark or pending trademark application. A document executed as evidence of some prior assignment is also accepted, although this must clearly state that the document conforms to an actual assignment that took place at a particular point in the past. If no evidence exists to support the claim that the assignment took place at an earlier point, the Trademarks Office may record the date of assignment as the date on which this assignment document was actually filed, rather than the earlier date claimed.

If the assignment deed, agreement or supporting document is in a language other than either English or French, the document will need to be translated into English or French for the assignment to be recorded with 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.

Common law trademark and trade name assignments

Unlike with 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, since a common law trademark cannot stand alone – it does not exist without goodwill.

There are no provisions for Trademark Office recordal of a common law trademark or an unregistered trade name, and 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.

Marks that are designs when used as a trademark 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 one 2005 case a manufacturer had already obtained protection, under the form of several patents for the functionality of its toy bricks and the Supreme Court held that it could not evergreen this monopoly by resorting to the trademark regime.

8. Online issues

A domain name may be validly registrable as a trademark provided that the domain name functions as a trademark. In other words, the domain name registrant or trademark applicant must use or make known the domain name for the purpose of distinguishing its goods or services in Canada from those of other traders (or intend to do so, in the case of a domain name that has not yet been activated on a website). Provided that no one has a prior Canadian entitlement date and the domain name is otherwise registrable (pursuant to Section 12 of the Trademarks Act), the domain name may be registered 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.

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? Legalized/notarized?	✗ / ✗
Examination for relative grounds for refusal based on earlier rights?	✓
Registrable unconventional marks	✓ 3-D, colour, packaging or shaping of wares (as distinguishing guises), trade dress
Opposition	
Opposition procedure available? Term from publication?	✓ 2 months (extendible by a further 3 months)
Removal from register	
Can a registration be removed for non-use? Term and start date?	✓ 3 years after date of 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 assignment is recommended
Online issues	
National anti-cybersquatting provisions?	✗
National alternative dispute resolution policy (DRP) for local ccTLD available?	✓ CDRP