

Canada

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1. Legal framework

National

In Canada, the Trademarks Act RS 1985, c T-13 and Trademarks Regulations (1996) SOR/96-195 govern registered trademarks. The Trademarks Act provides for a public registry of trademarks which includes information on:

- the goods and/or services for which the trademark is registered;
- the owner;
- the basis for registration;
- optionally recorded licences or liens on title and;
- historical changes to this information.

Protection for unregistered marks can be found in the common law action to restrain a competitor from passing off its goods, business or services as those of another. The Trademarks Act has also codified the common law cause of action in relation to unregistered marks in Section 7.

The Competition Act RSC 1985, c C-34 provides that any use of a trademark that leads to certain unfavourable market results is an offence under Sections 32(1) and (2).

Finally, Sections 406 to 411 of the Criminal Code RSC 1985, c C-46 create offences relating to trademarks. These sections provide that it is an offence:

- to forge or falsify a trademark;
- to pass off goods as and for those ordered;
- to misdescribe the origin, kind or mode of manufacture of goods or services;
- to possess instruments for forgery of a trademark;
- to deface or remove a trademark with intent to deceive;
- to fill a bottle bearing a trademark with unauthorized liquid with intent to deceive; or
- to sell used goods bearing a trademark without indicating that the goods are used.

International

Canada adheres to the Paris Convention for the Protection of Intellectual Property and the Agreement on Trade-Related Aspects of Intellectual Property Rights provisions of the World Trade Organization Agreement.

Trademark applications filed by applicants in convention countries within six months of the first application for registration are entitled to priority from the date of the application abroad. Registrations in Canada may be based on use and registration of a mark abroad.

2. Unregistered marks

In an action at common law for passing off, the plaintiff must establish:

- goodwill or reputation attached to the goods or services in the mind of the public;
- a misrepresentation (whether intentional or not) by the defendant that is likely to cause the public to believe that the goods or services are those of, or are authorized by, the plaintiff; and
- that the plaintiff has suffered or is likely to suffer damage because of that misrepresentation.

Once the first two elements are shown, at least nominal damage is generally presumed. Since all surrounding circumstances are considered in an action for passing off, the subject matter need not be registrable as a trademark under the Trademarks Act. For example, trade dress of a restaurant may be protectable even though it is not possible to represent it as a trademark.

There must be some evidence of actual confusion or a likelihood of confusion. The court puts itself in the position of an ordinary person who has at best a general recollection of the goods, services or business of one party which is presented in a commercial background with the goods, services

or business of another party. An unregistered mark is only protected at common law in the jurisdiction (usually provincial) where reputation or goodwill can be demonstrated.

Unregistrable marks may also be protectable under Section 7(b) (and perhaps Section 7(c)) of the Trademarks Act, which may provide a somewhat less rigorous hurdle in terms of required reputation and broader geographical protection.

3. Registered marks

Ownership

Companies, individuals, partnerships, trade unions and lawful associations may obtain registration of their marks, provided they meet the requirements of the Trademarks Act and Regulations.

To register a trademark in Canada, a completed trademark application must be filed with the Trademarks Office by the applicant, or by a registered trademark agent acting on behalf of the applicant, in accordance with Section 30 of the Trademarks Act. In general, for a mark that has been or will be used in Canada, the application must include:

- a statement of the specific goods or services for which the mark has been or is proposed to be used;
- the date from which the applicant has used the mark in association with each of the classes of goods or services described in the application;
- in the case of a proposed trademark, a statement that the applicant, by itself and/or through a licensee, intends to use the trademark in Canada;
- unless the application is for the registration of a word or words not depicted in a special form, a drawing of the trademark and such number of accurate representations of the trademark as may be prescribed (specimens are not currently required); and

- a statement that the applicant is satisfied that it is entitled to use the trademark in Canada for the goods or services described in the application.

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

Registrations are renewable every 15 years.

Failure to use a mark for an extended period of time (more than three years) without an acceptable reason may result in expungement of the registration pursuant to Section 45 of the act.

Scope of protection

Protected: A trademark is one or more words, symbols, designs (or combination thereof) or shape used to distinguish the goods or services manufactured, sold, leased, hired or performed by one person or organization from those of others.

There are three basic categories of registrable trademarks:

- ordinary marks are words or symbols (or a combination thereof) that distinguish the goods or services of a specific person or organization;
- certification marks identify goods or services which meet a defined standard. They are owned by one person, but licensed to others; and
- distinguishing guises identify the shape of goods or their containers, or a mode of wrapping or packaging goods.

Pursuant to Section 12 of the act, a mark will be *prima facie* registrable if it is not:

- liable to be confused with an already registered trademark;
- the name or surname of a living person or person who has died in the preceding 30 years;

- the name in any language of the goods or services for which it is used;
- clearly descriptive or deceptively misdescriptive;
- a prohibited mark under Sections 9 and 10;
- a protected geographical indication; or
- a denomination to designate a plant variety under the Plant Breeders' Rights Act 1990, c 20.

Not protected: The registration of non-traditional marks, such as scents or sounds which cannot be represented graphically, has not been permitted under the Trademarks Act to date.

Confusion with a previously registered trademark is an absolute bar to registrability. The applicant must show that there is no reasonable likelihood of confusion to overcome an objection based on confusion.

Confusion between two marks, as defined by Section 6 of the Trademarks Act and the jurisprudence, means that an ordinary Canadian of average intelligence would likely infer that the goods or services sold or offered under the marks come from the same source. Trademarks are examined as a whole and the marks need not be so similar that they would be obviously mistaken. In addition, the fields of activity need not be the same. A mark is registered in association with a particular product or service, but an owner's rights may extend beyond the particular category of goods or services for which the mark is registered if confusion arises.

The factors considered when determining whether a mark would be confused with a registered trademark include:

- the inherent distinctiveness of the marks;
- the length of time the trademarks have been in use;
- the nature of the goods, services or business;
- the nature of the trade; and

- the degree of resemblance between the marks in appearance or sound, or in the ideas they suggest.

A word that is primarily merely the name of an individual who is living or who has died in the preceding 30 years is not registrable. The test is whether the "primary meaning of the word is merely a surname". The important part of the inquiry is how the public will interpret the mark. If a person of ordinary intelligence and education in the French and English language would be just as likely to think of the word as a brand name as to think of it as a person's name, then it is not primarily merely such a personal name and is therefore registrable.

Further, a mark is not registrable if it is clearly descriptive of:

- the character or quality of goods or services for which it is used;
- the conditions of the persons employed in their production; or
- the place of origin of the goods or services.

The determination of whether a mark is clearly descriptive is based on an examination of the mark as a whole and in relation to the goods or services for which the mark is registered. If only a discrete portion of a mark is clearly descriptive, the right to the exclusive use of that portion may be disclaimed to obtain registration of the mark as a whole.

Similarly, a mark is not registrable if it is deceptively misdescriptive of the same things listed above.

The question is whether the public would be misled with respect to the character or quality of the goods or services. A deceptively descriptive mark cannot be cured with a disclaimer of the exclusive right to use the deceptively descriptive matter.

A mark that is the name of an individual or that is clearly descriptive may still be registered if it has acquired distinctiveness or a secondary meaning through extensive reputation in the marketplace. The evidence required to prove that a mark has acquired a secondary meaning includes:

- the nature and extent of advertising of the mark in Canada, or advertising elsewhere which has ‘spilled over’ into Canada; and
- the nature and extent of use of the mark (sales) in association with the goods or services.

Limits can be imposed on the registration of a mark based on acquired distinctiveness. Registration will only be granted to cover the Canadian provinces or territories in which sufficient reputation has been shown.

Certain marks are prohibited under the Trademarks Act:

- Section 9 prohibits the adoption, “in connection with a business, as a trademark or otherwise”, of any mark consisting of, or so closely resembling as to be likely to be mistaken for, a number of governmental or quasi-governmental badges, crests, emblems, symbols or marks, or any mark which has been “adopted and used” by any “public authority” in Canada as an official mark for goods or services in respect of which the registrar of trademarks has published notice of its adoption and use in the *Trademarks Journal*.
- Section 10 prohibits the adoption as a trademark of any mark which has become recognized in Canada through ordinary and good-faith commercial usage as designating the kind, quality, quantity, destination, value, place of origin or date of production of any goods or services.
- Section 10.1 prohibits the adoption of denominations designating a plant variety under the Plant Breeders’ Rights Act.

- Section 11 prohibits the use “in connection with a business, as a trademark or otherwise” of any mark adopted contrary to Sections 9 or 10.
- Sections 11.14 and 11.15 prohibit the adoption of protected geographical indications identifying a wine or spirit.

4. Procedures

The registration process is initiated by the filing of a trademark application with the Trademarks Office. The application then goes through a stringent examination process to ensure that it meets all requirements of the Trademarks Act. In most instances a mark must be used in Canada before it can be registered. Although an application may be based on “proposed use” under Section 16(3) of the act, the mark must be put into use before registration can occur. No use in Canada is required if the application is based solely on use and registration of the mark abroad.

Examination

The Trademarks Office maintains a public electronic inventory of all registered trademarks and pending applications which is searched as part of the trademark examination process.

Trade names are not reviewed by the Trademarks Office when considering registrability. However, the owner of a trade name may challenge an application during the opposition stage once the application is published in the *Trademarks Journal*. In certain circumstances, a trademark application may be denied or a registration may be declared invalid because of the prior use in Canada of a trade name which is similar to the registered mark.

An examiner at the Trademarks Office examines each trademark application to assess whether:

- the trademark application is in the proper form;
- the trademark is registrable under Section 12 of the act; and
- the applicant is in fact the person entitled to register the mark, primarily based on co-pending applications.

Where the registrar is satisfied that the trademark application should not be refused, he will direct that the application be published in the *Trademarks Journal* (a weekly publication). The *Trademarks Journal* contains details about every application which has been approved for publication.

Opposition

Any person with valid grounds for doing so may oppose a trademark application within two months of its publication by filing a statement of opposition, together with a fee. Alternatively, to give a potential opponent the opportunity to investigate possible grounds for opposition or to consider settlement, an extension of time may be requested within two months of publication.

Interested parties may oppose a trademark application on the basis that:

- the trademark application is not in the proper form;
- the trademark is not registrable;
- the person applying to register the trademark is not entitled to register the mark; or
- the trademark lacks distinctiveness.

If the registrar considers that the statement of opposition does not raise a substantial issue for decision, he will reject the opposition. However, if he considers that the statement of opposition raises a substantial issue for decision, he will forward a copy of the statement of opposition to the applicant, which must then file a counter-statement with the registrar (and serve a copy on the opponent).

Opposition is a complex adversarial process, much like a court proceeding, during which both parties may file evidence, cross-examine on the evidence of the other party, file written submissions and make representations at an oral hearing (if one is requested). Material dates differ for various grounds of opposition. The whole procedure can take as long as two to four years or more. After considering the evidence filed by the parties, the registrar will decide whether to refuse the application or reject the opposition. The parties are notified of the decision with reasons. No costs are awarded before the Opposition Board. The Opposition Board's decision may be appealed to the Federal Court of Canada. Interestingly, either party may file additional evidence on appeal.

Registration

If the trademark application is not opposed or if an opposition is unsuccessful, a notice of allowance will be issued. Upon completing the technical requirements set out in the Trademarks Act, and upon the payment of a government registration fee and the filing of a declaration of use in the case of a proposed use trademark application, the mark is registered. The Trademarks Office then issues a registration certificate and enters the registration on its records.

The question of what can be registered as a trademark differs from the question of who is entitled to register a mark which is *prima facie* registrable. A person is entitled to register a registrable mark if:

- the person has filed an application based on using the mark or making the mark known in Canada;
- the person has filed an application based on proposed use and commences use; or
- the person has filed an application based on a foreign registration in its country of origin and is using the mark anywhere in the world.

Revocation

If use of a registered trademark stops, the registration is subject to expungement either by the registrar or by the Federal Court, depending on the circumstances.

Summary expungement proceedings may be instituted by the registrar either of his own volition at any time during the life of the registration, or at the request of any interested third party upon payment of the prescribed fee after three years from the date of the registration (Section 45 of the Trademarks Act). The registrar issues a notice to the registered owner asking it to furnish evidence showing use of the trademark in Canada within the three years preceding the notice, or special circumstances excusing non-use. Failure to reply satisfactorily will result in the expungement of the trademark registration.

Once the registrar has received the owner's evidence, both the registered owner and the requesting party have an opportunity to submit written arguments and to make representations at an oral hearing. The whole procedure can take as long as one-and-a-half to two years or more. The registrar's final decision to expunge, amend or maintain the registration may be appealed to the Federal Court.

Invalidation

While the registrar has initial jurisdiction to expunge a trademark registration for non-use, only the Federal Court has exclusive jurisdiction to expunge or vary a registration on other grounds. A motion to expunge can be brought under Section 57 of the Trademarks Act based on the grounds of trademark invalidity set out in Section 18 of the act, namely that:

- the registered owner was not entitled to registration;
- the mark was not registrable at the time of registration;
- the mark is not distinctive at the time invalidation proceedings are commenced; or

- the registered mark has been abandoned, which requires evidence of an intention not to recommence use of the mark and goes well beyond mere non-use.

A challenge based on prior use or making known of a confusingly similar mark may only be maintained by that person (or a successor), and cannot succeed if brought more than five years after registration (at which point the registration becomes incontestable), unless the registrant knew of the prior use or making known at the time it adopted its mark, and the prior used mark had not been abandoned by the time the registered mark was advertised.

5. Enforcement

Interlocutory procedures: A registered trademark can be enforced through relatively quick interlocutory proceedings. A party may seek injunctive relief in respect of registered or unregistered trademark rights under Section 53 of the Trademarks Act. Section 53 grants the court wide discretion in making any order it deems appropriate under the circumstances, including an order providing relief by way of injunction and the recovery of damages or profits, and for the destruction, exportation or other disposition of any offending goods. *Anton Piller* and *Mareva* orders are also available to preserve evidence or assets.

Infringement action: An action regarding infringement of a registered trademark may be brought in the Federal Court or in any provincial court of competent jurisdiction, as both have concurrent jurisdiction. The registered trademark owner must be a party to the action. Where proceedings for infringement and passing off are brought in the provincial courts and other proceedings are taken to expunge the registration of the trademark at issue in the Federal Court,

the courts have shown reluctance to stay one action pending determination of another.

The Trademarks Act contains no express limitation period within which an action must be brought. Presumably, the limitation period provided by laws of the province in which the action is taken will apply. If an action is taken in the Federal Court, Section 39 of the Federal Courts Act, RSC 1985, c F-7, s 20 provides that the limitation period in the province applies if the parties are in that province; otherwise, a six-year limitation period applies.

There are several bases for liability under the Trademarks Act. Under Section 19, infringement is established where another person, without permission, uses an identical mark on identical goods or services to those for which the mark is registered. Section 19 protects the exclusive right to use the mark as it is registered; all that is necessary is to show that the trademark is registered and that someone else has used the trademark for the registered goods or services. Section 20 provides that the right of the trademark owner is deemed to be infringed where a person sells, distributes or advertises goods or services in association with a confusingly similar trademark in Canada. ‘Confusion’ for the purpose of infringement is defined in Section 6 of the Trademarks Act.

When considering deemed infringement under Section 20, the marks are to be compared as a whole so that even non-registered or disclaimed portions are relevant for the confusion analysis. The use of part of a mark may amount to a substantial taking of the whole. The relevant reaction is that of the reasonable consumer with imperfect recollection. Evidence of actual confusion or lack thereof can be very relevant. The analysis of whether there is confusion includes looking at differences, as well as similarities, between the marks.

Notwithstanding confusion, Section 20 provides that good-faith use of a personal name as a trade name will be allowed provided that it does not depreciate the value of the goodwill associated with the registered trademark. Section 20 also provides that good-faith use, other than as a trademark, which is an accurate description of the character or quality of one’s goods or services and which is unlikely to depreciate the value of the goodwill associated with the registered trademark, does not amount to deemed infringement.

Infringement proceedings can take anywhere from between one and three years or more, depending on the complexity of the issues.

Passing off action: See section 2 above.

Actions for passing off under the common law can be brought only in the provincial court with appropriate monetary and territorial jurisdiction; the Federal Court has no jurisdiction in these matters. In contrast, actions brought under Section 7 of the Trademarks Act akin to passing off may be brought in either the Federal Court or the appropriate provincial court.

6. Ownership changes – legalization requirements

Ownership changes may be recorded by filing a copy of an assignment; originals are not normally required. No legalization of documents is required for filing with the Trademarks Office. Certified copies of foreign trademark registrations are sufficient when relying upon foreign use and registration. Registration of licences is not required, but is permitted. Since, apart from assignments, there is no formal title priority recordation system under the Trademarks Act, and since property issues normally fall within provincial jurisdiction, the effect of registering

documents other than assignments on the Trademarks Register remains uncertain.

7. Areas of overlap with related rights

Copyright and trademark law overlap in some areas. Copyright protection in Canada is found in the Copyright Act RS 1985, c C-42 and arises automatically upon the creation of a work when the work is in some kind of tangible form.

Protection generally lasts for 50 years after the end of the year of the creator's death. The protection gives creators the right to exclusive use of their works and protects their moral rights (paternity and integrity). Independent creation, however, is a defence to a claim of copyright infringement.

One area of overlap with trademark law involves logos or design-style trademarks. A mark that is a design, if used as a trademark, may also be protected under copyright.

The Industrial Design Act RS 1985, c I-9 protects "features of shape, configuration, pattern or ornament and any combination of those features that, in a finished article, appeal to and are judged solely by the 'eye'". Industrial designs can overlap and/or complement the protections provided by trademarks and copyright. The aesthetic features of a product can be registered as a trademark (distinguishing guise) or as an industrial design, but generally not under copyright. The advantage of registering aesthetic features as a trademark is that the protection can last indefinitely, while the protection afforded by an industrial design lasts 10 years only. Registration of a distinguishing guise requires that the guise have been used in Canada by the applicant and have developed a reputation for the applicant as the source of the goods by the date of application for registration.

8. Online issues

Where use of a trademark on the Internet can be shown to be 'use' as defined by Section 4 of the Trademarks Act, protection may be afforded under the act. Domain names can be protected as trademarks provided that they meet the requirements of registrability. However, while trademarks are protected nationally or regionally, domain name use is often international.

The 'passive use' of a trademark on the Internet may not be sufficient to constitute use. Passive use occurs where the website is not being used actively to sell products under the trademark. Recent case law (*Pro-C Limited v Computer City Inc* (2001), 205 DLR (4th) 568 (Ont CA)) has highlighted a crucial distinction between passive websites and those capable of facilitating online transactions. It would appear that the well-established 'use' principle enshrined in the Trademarks Act does not change as a result of the Internet.

