

2017

Trademarks Act & Commentary

Roger T. Hughes
Toni Ashton
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Roger T. Hughes • Toni Ashton • Patrick Cotter • Sanjukta Tole

This desktop reference for IP practitioners, agents and clerks brings together the full text of the *Trademarks Act* and Regulations, the *Olympic and Paralympic Marks Act* and relevant sections of the *Competition Act* and *Criminal Code*.

Other key features include a Year in Review and commentary prepared by The Honourable Roger T. Hughes, Toni Ashton, Patrick Cotter and Sanjukta Tole, the current Membership List of the World Trade Organization, the Trademarks Examination Manual and all current Canadian Intellectual Property Office Practice Notices.

The 2017 Edition features an update on recent changes to practice, including the new correspondence procedures with the Trademarks Office.

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Trademarks Act
& Commentary



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The Honourable Roger T. Hughes

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ABOUT THE EDITORS

The **Honourable Roger T. Hughes, Q.C.** was a judge of the Federal Court of Canada until his retirement in September 2016. He is an author of several texts in the litigation and intellectual property field, including *Federal Court of Canada Service*; *Canadian Federal Courts Practice*; *Hughes & Woodley on Patents, Second Edition*; *Hughes on Trade Marks, Second Edition*; *Hughes on Copyright & Industrial Design, Second Edition*; *Copyright Legislation & Commentary* (annual edition); *Patent Legislation & Commentary* (annual edition); *Canadian Forms & Precedents – Licensing*; *Canadian Forms & Precedents – Intellectual Property*; *Halsbury's Laws of Canada – Patents, Trade Secrets and Industrial Designs*; and *Halsbury's Laws of Canada – Trademarks, Passing Off and Unfair Competition*. He has published numerous papers and is a frequent speaker on diverse topics, including court practice and procedure; patent, trademark and copyright law; and media and entertainment law. As counsel, Mr. Hughes appeared in all levels of court, including the Supreme Court of Canada, in a large number of cases, mainly in the intellectual property field.

Toni Ashton is a partner at Sim IP Practice counseling clients in the selection and availability of trademarks, portfolio management, prosecution, policing of trademarks, opposition and related licensing and packaging issues.

She has served as Chair of the National Intellectual Property Section of the Canadian Bar Association; Fellow of the Intellectual Property Institute of Canada; CET1 Co-Chair FICPI (International Federation of Intellectual Property Attorneys); Member of the INTA (International Trademark Association) Board of Directors and its Executive Committee and several of its committees. She is an author of *Hughes on Trade Marks, Second Edition* and also contributes to "Intellectual Property/Commercial Transactions, Canadian Forms and Precedents – Trade Marks"; *Halsbury's Laws of Canada – Trade-marks, Passing Off and Unfair Competition* and "IP Benchbook – Trade-marks".

Ms. Ashton has been included in the Best Lawyers in Canada; The Canadian Legal Lexpert Directory; Expert Guides – The Guide to the World's Leading Women in Business Law; Chambers and Partners; International Who's Who of Trade-mark Lawyers and International Who's Who of Business Lawyers; Canadian Who's Who and is Martindale-Hubbell DistinguishedTM rated.

ABOUT THE EDITORS

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He is an author of *Hughes on Trade Marks, Second Edition*, a guest instructor in the Intensive Trial Advocacy Workshop at Osgoode Hall Law School and regularly volunteers as a supervisor and judge at the University of Toronto Faculty of Law Upper Year Moot.

Sanjukta Tole is a partner at Sim IP Practice. Her practice is focused on advising clients in Canada and abroad on all aspects of trademarks, including providing clearance opinions, conducting opposition, cancellation and expungement proceedings, and managing international IP portfolios. She also acts as counsel in trademark infringement and copyright infringement proceedings and domain name disputes.

Ms. Tole is an active member within the Intellectual Property Institute of Canada and the International Trade-marks Association. She is also an author of *Hughes on Trade Marks, Second Edition* and regularly contributes literature in the field of trademarks and domain names.

LEGISLATIVE CURRENCY

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2016 YEAR IN REVIEW

LEGISLATIVE

Following amendments made to the *Trade-Marks Regulations* in December 2013, CIPO continues to consider improvement of the content and functionality of the list of patent and trademark agents contained on CIPO's website, and establishing a regulatory body for IP professionals responsible for maintaining a code of ethics and administering a disciplinary process for non-compliant professionals. However, no regulatory changes have been enacted in this regard.

In 2014, Canada agreed to implement a number of international treaties dealing with intellectual property respecting trademarks. Amendments to the *Trade-marks Act* implementing these obligations were set out in two separate bills.

Bill C-31, the *Economic Action Plan 2014 Act, No. 1*, contains amendments to the *Trade-marks Act* that would align Canada's trademark system with the *Singapore Treaty*, the *Madrid Protocol* and the *Nice Agreement*. These amendments not only include a welcome recognition of non-traditional trademarks (e.g., sounds, scents, textures, etc.), but also controversial changes to the application process, which allow applicants to register trademarks without having to provide declarations of use of the trademarks in Canada. Bill C-31 has received Royal Assent, but has yet to come into force. CIPO held consultations in late 2014 regarding amendments to the *Trade-mark Regulations* that would implement the changes made in Bill C-31 that included application of the *Madrid Protocol*. The draft text of the amended *Trade-mark Regulations* has yet to be released.

The *Combating Counterfeit Products Act* ("CCPA") came into force on January 1, 2015. The CCPA, *inter alia*, establishes a new procedure for detaining suspected counterfeit goods. It enhances border enforcement measures by, in part, providing Canada Border Services Agency with *ex officio* power to detain suspected counterfeit goods at the border. The CCPA also establishes new causes of action meant to provide broader protection to holders of trademark rights, including an expanded definition of "trade-mark infringement" (i.e., providing a claim for infringement before goods and/or services reach the market and qualifying the trademarks as being "used" within the definition of section 4 of the *Trade-marks Act*).

Further amendments were made to the *Trade-marks Act* under Bill C-59 – *Economic Action Plan 2015 Act, No. 1*, which came into force on June 23, 2016. Among other things, the amendments allow for communications between agents and their clients to be treated as privileged and empowers the Trade-marks Office to make corrections.

In the fall of 2016, the Canadian government signed the Canada-European Union

Comprehensive Economic and Trade Agreement (“CETA”) with the European Union. CETA has yet to be ratified by the Canadian government domestically. CETA largely aims to amend provisions relating to geographical indications in the *Trade-marks Act*.

JURISPRUDENCE

The courts and the Trade-mark Opposition Board in 2016 have made a number of interesting decisions in respect of trademarks matters. In *MC Imports Inc. v. AFOD Ltd.*,¹ the Federal Court of Appeal found that a trademark comprised of a name of a geographical location would be clearly descriptive if the goods or services originated from the geographical location or deceptively misdescriptive if the goods or services did not originate from the geographical location. The Trade-marks Office issued a Practice Notice as a result of the decision to clarify its position on the treatment of such trademarks. In *Michaels v. Michaels Stores Procurement Co.*,² the ability of the Federal Court to require a defendant to deliver up a domain name in the context of a trademark infringement case was recognized, particularly where the domain name was a “mechanism” for the infringement or the “instrument” for confusion in the marketplace.

¹ [2016] F.C.J. No. 194, 2016 FCA 60 (F.C.A.).

² [2016] F.C.J. No. 292, 2016 FCA 88 (F.C.A.).

COMMENTARY: TRADEMARKS

INTRODUCTION

These notes are intended to be a brief overview of the *Trade-marks Act* (the “Act”). Readers should take caution that there are many details omitted and circumstances not considered. Other resources include the following:

- For a detailed legal text, see *Hughes on Trade Marks, Second Edition* (LexisNexis Canada Inc.).
- For forms and precedents, see *Canadian Forms & Precedents — Intellectual Property* (LexisNexis Canada Inc.).
- For commentary and case digests respecting the *Federal Courts Act* and Rules, see *Canadian Federal Courts Practice* (annual publication) (LexisNexis Canada Inc.).
- For encyclopedic treatment of the law, see *Halsbury’s Laws of Canada – Trade-marks, Passing Off and Unfair Competition* (2016 Reissue) and *Halsbury’s Laws of Canada – Patents, Trade Secrets and Industrial Designs* (2016 Reissue) (LexisNexis Canada Inc.).

WHAT IS A TRADEMARK?

A trademark has been described as a “mark” that serves to distinguish the goods and/or services of one person or organization in the marketplace from the goods and/or services of others. The key to the concept of a trademark is “distinctiveness”, that is, does it distinguish *your* goods and/or services from those of others; can the consumer, relying upon the “mark”, tell that these are your goods and/or services, and not somebody else’s. There is a debate in some courts as to whether it is the source of the goods and/or services, that is, the person who makes or approves of them, or the goods and/or services themselves that is to be distinguished. Canadian law is generally aligned with the source concept — *i.e.*, a “mark” must distinguish the “source”.

A “mark” can take several forms, usually it is a word or a symbol or a combination of both. (Note: symbols are sometimes referred to as “logos” particularly when they incorporate letters, numbers or words, but this is not a term used in the Act). Sometimes a whole phrase and not just a word can be a mark. At the fringes are sounds, colours or smells that may be used as a mark. Physical things like the shape of an article, or something applied to the article or its packaging, can be considered marks if they have a distinctive, non-functional character. A “mark” that is principally functional such as a “Lego” block or the colour produced by a fire-hardened axe handle, or really just “pretty” such as a dinner plate flower design, does not qualify as a “mark”.

Section 2 of the Act defines “trade-mark” to include (a) a “mark” indicative of source; (b) a certification mark, which is a “mark” used by a person to certify that

somebody else's goods or services have met a defined standard; (c) a distinguishing guise, which is the shape of the goods or their packaging; and (d) a proposed trademark, that is, one not yet used but an application to register has been filed.

Also included in the Act are geographical marks for wines and spirits (section 11.11, *et seq.*) and marks adopted by various Canadian and foreign governments and public bodies (section 9).

A trademark is to be distinguished from other indicators such as:

- (1) **Trade names** — the name adopted to distinguish a business, rather than goods or services. On certain occasions, a trade name may prevent the registration of a trademark, however, trade names are not registrable under the Act.
- (2) **Corporate names** — the name under which a corporate organization has been incorporated under the laws of Canada, or a province, or a foreign government. The Act does not deal with corporate names.
- (3) **Business names** — the name under which an entity, usually one other than a corporation, is registered under provincial or other law, to do business. The Act does not deal with business names.
- (4) **Domain names** — part of the address used by persons for use in e-mail, to operate websites on the Internet and the like. The Act does not deal with domain names.

Note, as to “marks”, the present Act spells the word trade-mark, the previous Act spelled it trade mark, and an even older Act spelled it trademark which is the usual American spelling. In 2014, the Act was amended to change the spelling back to “trademark”. Although the new amendments were not in force at the time this text went to print, the spelling “trademark” is used throughout this commentary, in light of the impending changes.

TRADEMARKS VERSUS UNFAIR COMPETITION – SECTION 7

Unfair competition, or as it is sometimes known, passing off, has developed as an area of common law akin to tort but with several unique features. Courts, including the Supreme Court of Canada, tell us that the law of unfair competition is continually evolving and that new categories can be developed and old ones changed. However, in general, in order to establish a good cause of action for unfair competition, a person must establish:

- (1) A reputation for a product, service or business, which reputation is recognized by potential customers by words or symbol or other indicia such as decor, business style, look and feel.
- (2) A misrepresentation by somebody else (certainly a deliberate misrepresentation would make things easier, but courts also consider inadvertent misrepresentation) using a confusing word or symbol or other indicia such that a reasonable segment of potential consumers is confused into