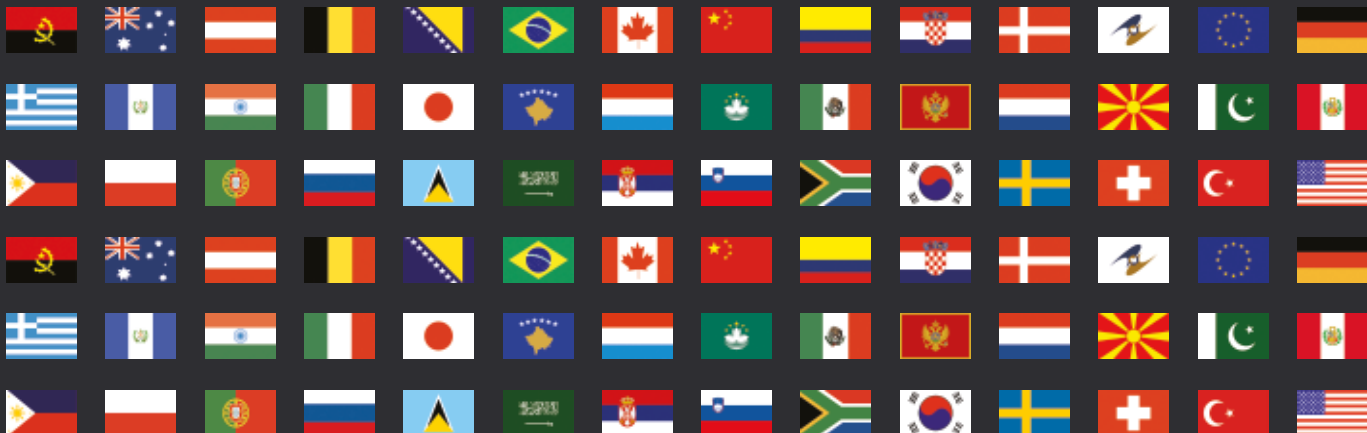


Trademarks 2021

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Trademarks

2021

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Lexology Getting The Deal Through is delighted to publish the seventeenth edition of *Trademarks*, which is available in print and online at www.lexology.com/gtdt.

Lexology Getting The Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique Lexology Getting The Deal Through format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on Australia, Belgium, Eurasia, India, Luxembourg, Netherlands, Philippines and Poland.

Lexology Getting The Deal Through titles are published annually in print. Please ensure you are referring to the latest edition or to the online version at www.lexology.com/gtdt.

Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Lexology Getting The Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editors, Theodore H Davis Jr and Olivia Maria Baratta of Kilpatrick Townsend & Stockton LLP for their continued assistance with this volume.



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LEGAL FRAMEWORK

Domestic law

1 | What is the primary legislation governing trademarks in your jurisdiction?

The primary legislation is the Trademarks Act RS 1985, c.T-13, s.1 2014, c.20, s.318(E), which came into force on 17 June 2019 and resulted in many changes to long-standing Canadian law and practice, and the Trademarks Regulations SOR/2018-2227, which also came into force on 17 June 2019, significantly changing Canadian law and practice.

International law

2 | Which international trademark agreements has your jurisdiction signed?

Canada is a party to:

- the Paris Convention for the Protection of Industrial Property;
- the Agreement on Trade-Related Aspects of Intellectual Property Rights;
- the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks;
- the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks;
- the Singapore Treaty on the Law of Trademarks;
- the Agreement Between Canada, the United States of America and the United Mexican States, which replaced the North American Free Trade Agreement on 1 July 2020;
- the Comprehensive and Progressive Agreement for Trans-Pacific Partnership; and
- other bilateral agreements such as the Canada–European Union: Comprehensive Economic and Trade Agreement.

Regulators

3 | Which government bodies regulate trademark law?

The Canadian Intellectual Property Office, a special operating agency of the Department of Innovation, Science and Economic Development Canada, is the federal body that regulates trademark law.

REGISTRATION AND USE

Ownership of marks

4 | Who may apply for registration?

A person may apply to register a trademark in Canada. 'Person' includes any lawful trade union, any lawful association engaged in trade or business or the promotion thereof, and the administrative authority of any country, state, province, municipality or other organised administrative

area. The Trademarks Act specifies that, unless the context requires otherwise, reference to a person includes two or more persons who, by agreement, do not have the right to use the trademark in Canada except on behalf of both or all of them.

The Canadian Intellectual Property Office (CIPO) will now accept an application in the name of what appears to be two or more persons without enquiring as to whether an agreement exists that limits use of the mark except on behalf of both or all of them. However, while registration provides the presumption of property rights in and to the mark, use maintains the right. If there is use of the mark by two separate entities, loss of distinctiveness and potentially loss of rights are possible.

Scope of trademark

5 | What may and may not be protected and registered as a trademark?

A trademark means a sign that is used or proposed to be used by a person for the purposes of distinguishing, or to distinguish, their goods or services from those of others. 'Sign' is defined as including, but not being limited to, a word, personal name, design, letter, number, colour, figurative element, three-dimensional shape, hologram, moving image, mode of packaging, sound, scent, taste, texture or positioning of a sign. Therefore, it is possible to protect and register any of the aforementioned signs or indeed any other non-enumerated sign provided it does not offend other provisions of the Trademarks Act and is distinctive of the owner. It is also possible to protect a combination of two or more types of signs.

A certification mark is also considered a trademark.

Canada also allows special protection for official marks otherwise termed prohibited or section 9 marks. These are badges, crests, emblems or marks adopted and used by a public authority in Canada for which public notice of adoption has been provided to the Registrar of Trademarks.

Generally, names and surnames, clearly descriptive or deceptively misdescriptive words and terms, places of origin and a name of the associated goods or services in any other language are not protectable as trademarks. Marks confusing with a registered or pending mark are also unregistrable. A mark must also not be identical or similar to an official mark, unless permission for use and registration is granted by the public authority.

Plant variety denominations, and terms that indicate a protected geographic origin for wine, spirits agricultural products or foods, are also unregistrable.

Trademark rights may exist whether registered and unregistered; however, registration confers significant advantages on a trademark owner.

Collective marks are not currently available in Canada, but obligations associated with the Canada–United States–Mexico Agreement could result in legislative amendments to allow this form of protection in Canada in the coming years.

Unregistered trademarks

6 | Can trademark rights be established without registration?

Yes. Canada follows the common law tradition in which rights in and to a trademark may accrue through use and reputation of that mark in association with goods or services. However, unregistered rights are more limited than registered rights. The federal statute that recognises use-based rights applies to all provinces, including the civil law province of Quebec.

Famous foreign trademarks

7 | Is a famous foreign trademark afforded protection even if not used domestically? If so, must the foreign trademark be famous domestically? What proof is required? What protection is provided?

No specific protections are available for marks that are well known either in Canada or abroad. In the context of a challenge to trademark rights, magnitude of use and notoriety are significant factors. A trademark that has become well known in Canada is likely to be granted a wider ambit of protection than one that is less well known, and this can sometimes result in protection extending to goods and services unrelated to those of the holder of the well-known mark.

Absent use or reputation in Canada (and, to a limited extent, the United States), holders of marks that are well known elsewhere may have very limited ability to prevent the adoption and use of their marks by others. It remains unclear the extent to which a bad faith claim might prevent this under the new law. It is important for owners of marks well known elsewhere to seek registration in Canada to ensure rights are not obtained first by others who might have become familiar with the marks, for example, through travel.

The benefits of registration

8 | What are the benefits of registration?

One significant benefit of registration is that protection extends throughout Canada even if use is confined to one small locale. Unregistered rights are limited to the geographic area in which the mark has been used and cannot be used to stop use of a similar mark by others elsewhere. Another significant benefit is the strong positive presumption of trademark rights. A registered mark is presumed to be distinctive, valid and owned by the registrant.

Registration equates to public notice of rights, and the presence of a mark on the Canadian register will frequently stop others from attempting to adopt or use a similar mark. Similarly, reference to registered rights allows for more compelling demand letters and therefore more frequent avoidance of litigation.

Registered rights are also generally perceived as more valuable than their unregistered counterparts, and this could be significant when businesses or marks are sold, or intellectual property is used, for example, to secure lending.

Absent registration, enforcement by a trademark owner may take place under the common law tort of passing off, with actions brought provincially in provinces other than Quebec, where a different but analogous cause of action may be available. The Trademarks Act also codifies a form of passing off.

Filing procedure and documentation

9 | What documentation is needed to file a trademark application? What rules govern the representation of the mark in the application? Is electronic filing available? Are trademark searches available or required before filing? If so, what procedures and fees apply?

Electronic filing of trademark applications is available and widely used. Fees for electronic application are lower than for paper applications.

Required information includes the legal name and address of the applicant, an identification of the trademark and a listing of the goods or services, defined specifically and using ordinary commercial terminology, in association with which the mark will be or is used in Canada.

No peripheral documentation such as a power of attorney or business certificate need be filed along with a trademark application.

If the applicant does not have a place of business in Canada, a Canadian agent must be named.

Registration time frame and cost

10 | How long does it typically take, and how much does it typically cost, to obtain a trademark registration? When does registration formally come into effect? What circumstances would increase the estimated time and cost of filing a trademark application and receiving a registration?

Pendency for initial examination has risen sharply in the last few years. In 2015–2016, approximately 52,000 applications were filed, and the inventory of files awaiting a first official action was less than half of that. The 2019–2020 production statistics suggest that more than 58,000 applications were filed, but more than 112,000 await examination. The approximate wait for examination results is currently approximately 24 months. Even if no objections are raised initially, this translates to a wait time of more than 30 months, at best, to obtain registration.

If no difficulties or delays are encountered, the cost of obtaining registration using a qualified Canadian agent can be as little as US\$1,200 to US\$1,500 inclusive of professional fees, even for applications filed before 17 June 2019, for which registration fees remain payable. Under the current Act, fees are payable for additional classes with each class beyond the first attracting an application fee of C\$100.

Adding goods or services in additional classes will therefore increase the cost of protection, but certainly not as much as jurisdictions with high class fees.

Most Canadian applications encounter an objection of some form or another. Many of these objections are attributable to the extreme specificity called for by the CIPO when naming goods and services. The Canadian Office has only just begun formal Nice classification, and therefore objections relating to classification are very prevalent at this time.

Perhaps the most significant change in practice of late is the assessment (and reassessment of applications filed but not published before the new Trademarks Act came into force) of marks for distinctiveness. Significant numbers of marks that would not previously have attracted examination difficulties are now being objected to on this basis. Furthermore, efforts to overcome these objections on the basis of inherent distinctiveness of a mark have had limited success. The Canadian registrar is applying a new mandate to assess distinctiveness in a more stringent manner than was anticipated by many. The cost of overcoming these objections, which may include the need to file evidence of distinctiveness, is increasing the overall cost of registration for some applications.

Canadian examiners continue to conduct the same substantive examination as has been done in the past. Objections relating to prior rights, descriptiveness and that the mark is primarily merely a name

or surname are possible and also raise the cost of registration, not to mention extend the time for registration.

Classification system

- 11 | What classification system is followed, and how does this system differ from the International Classification System as to the goods and services that can be claimed? Are multi-class applications available and what are the estimated cost savings?

Canada has very recently adopted the Nice classification system. Applicants may encounter difficulties not commonly seen elsewhere as examiners become more accustomed to classifying goods and services. Nice classification has no bearing on the issue of confusion, although it remains to be seen how goods or services that meet Canada's stringent requirements for specificity but are improperly classified will be treated in the context of cancellation, opposition or litigation involving trademark rights. There has been no judicial interpretation to date that might offer guidance on the implications of incorrect Nice classification.

Multi-class applications offer significant savings as the per class fee (currently C\$100) is far less than the fee for filing a single class application (currently C\$330). In fact, since it is now possible to divide applications in Canada, few reasons remain that justify single class applications.

Examination procedure

- 12 | What procedure does the trademark office follow when determining whether to grant a registration? Are applications examined for potential conflicts with other trademarks? Are letters of consent accepted to overcome an objection based on a third-party mark? May applicants respond to rejections by the trademark office?

The Canadian Trademarks examiners conduct substantive examinations on relative and absolute grounds, citing confusing marks that are registered or possess a filing date earlier than that of the application under examination. Letters of consent may be considered by examiners when deciding whether to maintain an objection or not. If there are differences in marks and the goods or services, it is possible that the letter of consent will be accorded some weight. However, the registrar has the mandate of protection of the public from the likelihood of confusion and, as such, letters of consent can be ignored entirely and objections maintained in the face of agreement between the applicant and the owner of the cited mark that measures will be taken to prevent confusion.

Use of a trademark and registration

- 13 | Does use of a trademark or service mark have to be claimed before registration is granted or issued? Does proof of use have to be submitted? Are foreign registrations granted any rights of priority? If registration is granted without use, is there a time by which use must begin either to maintain the registration or to defeat a third-party challenge on grounds of non-use?

Canada no longer requires information regarding prior or intended use before allowing registration of a mark.

Once registered, a request can be made of the registrar to dispatch a notice calling for proof of use of the mark in association with each of the goods and services claimed (or reasons justifying non-use) any time three years or more after registration. Thus, after three years a registration becomes susceptible to cancellation on the basis of non-use. Reasons justifying non-use have traditionally failed to preserve the registration unless those reasons were entirely beyond the control of the

registrant. It is also possible for the registrar to call for evidence of use without the request to do so having originated with a third party. Appeal of the registrar's decision is to the Federal Court. A recent Supreme Court decision has changed the usual standard of review. Previously the focus was on whether new evidence was filed on appeal that would have affected the decision maker's decision. If that was the case, the standard of review changed from one of reasonableness to one of correctness. The Supreme Court clarified that the standard of review for all appeals from a decision of the Registrar is the appellate standard of review. Questions of law are reviewed for correctness, while questions of fact, or questions of mixed fact and law (aside from extricable questions of law) are reviewable for palpable and overriding error. The decision could result in the routine application of a higher standard (ie, greater deference to the decision of the Registrar) in respect of questions of fact, and mixed fact and law but a lower standard for pure questions of law, because the statutory right of appeal is reflective of parliament's institutional design choices.

Markings

- 14 | What words or symbols can be used to indicate trademark use or registration? Is marking mandatory? What are the benefits of using and the risks of not using such words or symbols?

There are no statutory requirements specific to marking. Generally, the TM symbol (MC designating *marque de commerce* in French) may be used for unregistered rights, pending rights or even registered rights, while use of ® is reserved for registered rights. A recent decision held that use of the ® symbol for unregistered rights was false and discredited or devalued the true owner's rights. In that case, damage could not be proven so section 7(a) prohibiting misleading statements did not succeed. Nonetheless, this case supports the proposition that use of the ® symbol should be reserved for registered rights.

Using these symbols can be relied upon to prove public notice of the right. Strategic placement of the symbols can also help differentiate what is or is not being claimed as a trademark, thereby reducing the likelihood of a successful challenge.

Appealing a denied application

- 15 | Is there an appeal process if the application is denied?

Appeal is to the Federal Court. No administrative review is possible once an application has been finally refused. It is possible, during examination, to seek review of an individual examiner's findings by an examination supervisor.

Third-party opposition

- 16 | Are applications published for opposition? May a third party oppose an application prior to registration, or seek cancellation of a trademark or service mark after registration? What are the primary bases of such challenges, and what are the procedures? May a brand owner oppose a bad-faith application for its mark in a jurisdiction in which it does not have protection? What is the typical range of costs associated with a third-party opposition or cancellation proceeding?

Canadian trademark applications are published for opposition once examination is completed and all objections addressed, but before registration issues. There is no post-grant opposition in Canada, so this is the only point at which an administrative proceeding may be used to challenge the registrability of a mark. An interested party may oppose an application based on formalities deficiencies relating to the content of the application or on substantive grounds, or a combination of both.

Deficiencies in the application, such as failure to utilise sufficiently specific descriptions of goods and services, are frequently a common ground. In respect of substantive grounds, opponents very frequently rely on non-registrability grounds supported by a prior registration and non-entitlement based on prior use of the mark in Canada. It is important to include the ground of confusion with a trade name, as this can offer advantages even beyond the claim to confusion with a registered mark. An opponent that does not possess a registration but does have use in Canada that predates the filing date of the application can successfully oppose relying solely on the non-entitlement ground. Most opponents also include a ground of non-distinctiveness. Prior to the implementation of the new Trademarks Act in 2019, opposition was the first point at which an applicant would be called upon to prove its mark was distinctive, provided it was not a mark relating to the product or packaging (distinguishing guise) or claimed acquired distinctiveness. However, now examiners may object to or refuse an application on this basis.

The opposition procedure begins with the filing of a statement of opposition by the opponent. This is followed by the applicant's counter-statement denying all grounds. The opponent then usually leads evidence in support of its grounds. This frequently consists primarily of evidence of use and reputation of its mark in Canada. The applicant may then, if it wishes, file evidence of its own. This evidence may relate to the statutory criteria for assessing confusion or any other surrounding circumstances. For example, an applicant might lead evidence to establish long-standing use and promotion of the mark without instances of confusion or that establishes differences in the goods or businesses of the parties. The most frequent surrounding circumstance is that the term shared by the opponent's and the applicant's marks is commonly registered or used in the marketplace in Canada and that small differences will therefore differentiate the marks. The opponent may file reply evidence strictly confined to matters in reply to the applicant's own evidence. A party to opposition proceedings may request and be granted cross-examination of any affiant. Written arguments are then filed, first by the opponent, then by the applicant. Either party may then request an oral hearing, which can be conducted in person or by phone with or without translation (English or French) services. The wait for a decision or hearing date after conclusion of the argument stage of proceedings is currently well over one year. Decisions, appealable to the Federal Court, are issued approximately four months after the hearing.

While most frequently opponents rely on earlier rights, an opposition may be based on other non-registrability absolute grounds, such as that the mark is clearly descriptive or primarily merely a name or surname.

In opposition proceedings, the opponent bears the initial evidentiary burden to establish the facts to support the truth of its allegations. This burden may, in some circumstances, be satisfied solely by the applicant's own evidence. Once the generally light initial burden is met by the opponent for at least one ground of opposition, the legal burden lies with the applicant to prove on a balance of probabilities that its mark is registrable.

Bad faith is a ground of opposition that may be relied upon by an opponent. The specific ground of bad faith is new to the legislation, although in the past bad faith could be incorporated into the claim that the applicant could not have been satisfied it was entitled to use the mark. Such a statement was required by applicants previously, but revisions to the legislation removing this required the addition of a separate ground of opposition based on bad faith. It is possible that the new bad faith ground will allow an opponent to succeed; for example, when it can be proven that there was an intention to traffic in the mark or disrupt the business of the opponent. It remains to be seen whether seeking registration of a mark that is known outside Canada, but not registered or used in Canada, will constitute bad faith under the new provision.

Opposition proceedings usually take more than three years. There is a wide range of possible costs, as many of the components, such as cross-examination, are not mandatory but may substantially improve a party's case. Even for a relatively simple opposition case, an opponent can expect costs in excess of US\$5,000. The applicant's costs are usually lower than those of the opponent and an applicant could, at least in theory, rely on nothing more than a simple counterstatement and still succeed. It is always best to file written arguments. No transcripts are kept of the oral hearing and a written record of submissions may be critical to permit successful appeal.

While no opposition involving a Madrid Protocol application has occurred to date, once these begin it will be critical for opponents to name all possible grounds of opposition as the new legislation prevents an opponent of a Madrid Protocol application from revising its pleadings if, for example, new information comes to light during the proceedings.

Duration and maintenance of registration

17 | How long does a registration remain in effect and what is required to maintain a registration? Is use of the trademark required for its maintenance? If so, what proof of use is required?

Registrations issued before 17 June 2019 enjoy the previous 15-year term of protection initially granted, but on subsequent renewal any time after 17 June 2019 there is a 10-year term of protection. Registrations issued after that date have a 10-year term of protection initially, and thereafter, on renewal.

Following changes to the Trademarks Act in 2019, classification information must now be provided at the time of renewal.

Surrender

18 | What is the procedure for surrendering a trademark registration?

Registrants may request the CIPO to cancel a registration.

Related IP rights

19 | Can trademarks be protected under other IP rights (eg, copyright or designs)?

Some three-dimensional or other non-traditional marks relating to appearance and shape may be well protected using industrial design registration. Commencing protection with industrial design registration and then seeking trademark protection after design protection lapses can be a very sound strategy. Trademark protection for this subject matter will require evidence of secondary meaning to prove there is sufficient distinctiveness to render the mark registrable. The 10-year term of industrial design protection may allow sufficient time for the mark to acquire secondary meaning and become registrable. Owners of such marks should note that design application is possible only within one year following publication of the industrial design.

A design mark may, under some circumstances, be protectable under copyright law as an artistic work. The usual requirements of being an original artistic work of an author from a Berne Convention country who used skill and judgement in creating the work must be met. It is important to ensure that the author has assigned rights to the trademark owner if the trademark owner did not, itself, create the work. It may be inadvisable to claim copyright in a simple wordmark as a literary work. Even assuming copyright does protect such subject matter, trademark rights could be jeopardised when copyright expires and the work returns to the public domain.

Trademarks online and domain names

20 | What regime governs the protection of trademarks online and domain names?

The Canadian Internet Registration Authority (CIRA) is a not-for-profit organisation that governs domain names ending in the two-letter country code CA, designating Canada. While the CIRA manages the registry, domain names are acquired through certified registrars or through resellers. Disputes are arbitrated pursuant to the CIRA Domain Name Dispute Resolution Policy using one of two approved dispute resolution service providers. Prior trademark rights provide a basis for claiming a .ca domain name held by others, and proceedings are summary in nature. As *res judicata* does not apply to these proceedings, an initially unfavourable outcome may be reversed in later proceedings, which frequently involve further and better evidence of prior rights.

LICENSING AND ASSIGNMENT

Licences

21 | May a licence be recorded against a mark in the jurisdiction? How? Are there any benefits to doing so or detriments to not doing so? What provisions are typically included in a licensing agreement (eg, quality control clauses)?

A trademark licence, and termination thereof, can be recorded against applications and registrations. The licence agreement will be placed on file and the official database will be noted accordingly.

A trademark licence in Canada may be written or unwritten.

What is essential in Canada is that the trademark owner be the entity that controls the character or quality of the goods or services associated with the mark. If that duty falls to another entity, even a related entity, the trademark owner risks a finding that the trademark does not point to a unique source and is therefore non-distinctive and unregistrable.

Public notice of ownership, and that a mark is being used under licence, creates the rebuttable presumption that the owner controls the character and quality of goods and services, and use by the licensee enures to the benefit of that registered owner.

Assignment

22 | What can be assigned?

Trademarks may be assigned with or without associated goodwill or business assets. While a partial assignment of some goods or services is possible and will now be recorded by the Canadian Intellectual Property Office (CIPO), care should be taken to ensure that the goods and services of the assignor and assignee are sufficiently dissimilar that distinctiveness is not lost owing to the fact the trademark now points to two separate sources for related goods or services.

While there is no absolute requirement to record an assignment, again to refute claims to loss of distinctiveness, assignments should be recorded in Canada.

Previously, it was not possible to assign a single mark that was associated with other marks. While this is now technically permissible as the CIPO no longer associates marks, caution should be exercised to ensure rights are not lost.

Assignment documentation

23 | What documents are required for assignment and what form must they take? What procedures apply?

Assignment documents need not be original, and furthermore they need not be notarised. The transfer will be recorded by the CIPO upon payment of the associated fee and a request from the owner, who must provide the transferee's name and postal address.

The transferee may also make the request, but under these circumstances the CIPO will require evidence of the transfer in the form of documentation satisfactory to the registrar.

Validity of assignment

24 | Must the assignment be recorded for purposes of its validity?

Assignments need not be recorded to be valid, but best practice is to record assignments as quickly as possible. The danger is a third-party challenge (or counterclaim) that use and ownership by different entities (the owner as reflected on the register and the user who is in fact the new owner) resulted in loss of distinctiveness of the mark.

Security interests

25 | Are security interests recognised and what form must they take? Must the security interest be recorded for purposes of its validity or enforceability?

In instances where a trademark has been used as security, the registrar will record a security agreement on the file of either an application or registration. A note to this effect is also placed on the official register. The security interest can also be removed on written request, and again a note to this effect will appear on the official register along with the date.

ENFORCEMENT

Trademark enforcement proceedings

26 | What types of legal or administrative proceedings are available to enforce the rights of a trademark owner against an alleged infringer or dilutive use of a mark, apart from previously discussed opposition and cancellation actions? Are there specialised courts or other tribunals? Is there any provision in the criminal law regarding trademark infringement or an equivalent offence?

Infringement suits in Canada are brought before the Federal Court by way of action, which is the original format that includes discovery and oral testimony. More recently, it has become possible to bring infringement actions by way of application. This is a more simplified and expeditious process. While the Federal Court is not a specialised IP court, the fact that most trademark actions are brought in this venue means the judges tend to possess considerable expertise.

Statutory passing-off actions are brought in the Federal Court, whereas actions for common law passing off may also be brought in provincial superior courts. The national effect of a Federal Court decision almost always makes it the preferred choice over provincial superior courts if both venues are available to a plaintiff.

It is also possible for a trademark registrant to sue for depreciation of goodwill, and this claim is often added to infringement and passing-off claims.

A claim to the defendant having made a representation that is false or misleading in a material respect is also sometimes added to infringement and passing-off actions and applications.

Infringement actions have historically been brought for the sale, distribution and advertising of goods or services used or offered in

association with a confusingly similar trademark or trade name. Now it is also possible to succeed if the defendant has manufactured, caused to be manufactured, possessed, imported, exported or attempted to export goods associated with a confusingly similar mark or trade name. These fairly recent changes to Canadian law also include provisions to prevent the offer for sale, sale or distribution of labels or other packaging bearing a confusingly similar mark, as well as to prevent the manufacture, causing to be manufactured, possession, importation, exportation or attempted exportation of such labels or packaging.

Infringement actions are restricted to owners of registered trademarks.

Criminal offences are possible in respect of large-scale counterfeiting and forgery, but are not inter partes proceedings. The Royal Canadian Mounted Police takes responsibility for leading criminal investigations relating to commercial-scale counterfeiting. Fines of up to C\$1 million are possible, as is a term of imprisonment up to five years, or both.

Procedural format and timing

27 | What is the format of the infringement proceeding?

Proceedings may be brought in the Federal Court by way of application or by way of action. Application is a relatively summary procedure with limited pleadings, affidavit evidence and a hearing based on a paper record. These proceedings can take less than a year to complete. The more complex route by way of action includes detailed pleadings, full documentary and oral discovery and live testimony at trial. This route usually takes approximately two years or more to complete and may involve multiple motions along the way.

The choice between the two routes will depend on such factors as the complexity of the case and the potential magnitude of the award.

These cases are heard by a judge alone without a jury, and appeals are, by right, to the Federal Court of Appeal and subsequently, with leave, to the Supreme Court of Canada.

Burden of proof

28 | What is the burden of proof to establish infringement or dilution?

In an infringement suite before the Federal Court, a plaintiff must prove a likelihood of confusion on the balance of probabilities standard.

Standing

29 | Who may seek a remedy for an alleged trademark violation and under what conditions? Who has standing to bring a criminal complaint?

Any interested party may seek remedy for trademark infringement.

Criminal complaints are not inter partes proceedings in Canada.

Border enforcement and foreign activities

30 | What border enforcement measures are available to halt the import and export of infringing goods? Can activities that take place outside the country of registration support a charge of infringement or dilution?

Changes that were made to Canadian trademark law in 2015 allow for a more comprehensive means of stopping infringing goods at the border. Before the introduction of these provisions, border and customs officials had no inherent jurisdiction to monitor for or detain suspected counterfeit goods.

Holders of Canadian trademark registrations may record their registered rights by obtaining a request for assistance (RFA) from the Canada Border Services Agency. This gives rise to the ability for Border

Services personnel to search for and detain goods for 10 days (five days for perishables) while contacting the trademark owner using particulars that have been provided as part of the RFA. This procedure allows brand owners time to launch court proceedings and extend the detention period until there is a determination. The brand owner is responsible for the cost of retention and, if successful, destruction of the seized goods. The regime does not cover parallel imports. Therefore, before stopping a shipment of goods, the brand owner should ensure that it did not, itself, manufacture or consent to the manufacture of the goods outside Canada.

Rights holders wishing to avail themselves of Canada's new border enforcement procedures should ensure that all marks associated with goods likely to be counterfeit are registered and that the specification of goods is sufficiently broad to catch all possible products. RFAs should be provided to Border Services and renewed every two years. It is also important to respond promptly to any notifications received from Border Services regarding detained goods.

There has been rather modest growth in the number of filed RFAs, with few seizures resulting in litigation, although the frequency appears to have been increasing before the coronavirus pandemic. It remains to be seen whether the regime will provide an effective and efficient means of stopping the entry of counterfeit goods into Canada in the future.

Currently, the border enforcement regime excludes goods in transit, but obligations under the Canada–United States–Mexico Agreement should eventually result in legislative amendments to allow for this.

Discovery

31 | What discovery or disclosure devices are permitted for obtaining evidence from an adverse party, from third parties, or from parties outside the country?

Opposition proceedings include the provision for cross-examination in the presence of a court reporter who transcribes the exchanges. The cross-examination transcript may then be filed before the Opposition Board and becomes part of the evidentiary record.

Orders for cross-examination will generally require foreign affiants to attend in Canada for cross-examination. It remains to be seen how inclined the Board will be to order cross-examination by, for example, videoconferencing in the future, but currently the stated practice is that the Board will order cross-examination by videoconferencing where the balance of convenience favours this method. This modification to practice predates the covid-19 situation and the two factors taken together might make cross-examination using videoconferencing much more prevalent in the future.

Proceedings before the Federal Court, and in particular more complex proceedings brought by way of action, are generally characterised by more involved documentary and oral discovery. Testimony at trial is also possible for Federal Court actions.

Timing

32 | What is the typical time frame for an infringement or dilution, or related action, at the preliminary injunction and trial levels, and on appeal?

Infringement proceedings brought by way of application take approximately eight months to one year. The more complex route by way of action can take two years or more to complete.

Limitation period

33 | What is the limitation period for filing an infringement action?

The statute of limitations varies by province and can be either four or six years. The federal limitation period, where the cause of action including damages arises other than in a single province, is six years.

Litigation costs

- 34 | What is the typical range of costs associated with an infringement or dilution action, including trial preparation, trial and appeal?

Litigation costs vary substantially depending on the complexity of the case; however, even a simple Federal Court application will cost tens of thousands of dollars.

Appeals

- 35 | What avenues of appeal are available?

Appeal by right is to the Federal Court of Appeal and following that, with leave, to the Supreme Court of Canada.

Defences

- 36 | What defences are available to a charge of infringement or dilution, or any related action?

A defendant can succeed in respect of an infringement challenge by refuting that the plaintiff has met its burden of proving, on the balance of probabilities, that the infringement, passing off or depreciation of goodwill took place. It would do so through reliance on evidence to the contrary. Most commonly, cases turn on the absence of confusion and evidence in support of this frequently ground a defendant's case.

A defendant may also allege invalidity of the plaintiff's trademark or that the mark was not registrable in the first instance. Under some circumstances, a claim to loss of distinctiveness, perhaps through unlicensed use and ownership by related companies, may be relied upon by a defendant. If the facts support it, a defendant might also claim the registration relied upon by the plaintiff was void ab initio or perhaps that the registrant was not entitled owing to prior use and non-abandonment by the defendant.

Remedies

- 37 | What remedies are available to a successful party in an action for infringement or dilution, etc? What criminal remedies exist?

A plaintiff may seek an interim or interlocutory injunction, although these succeed relatively rarely, with the court concluding there is no irreparable harm. However, a few recent decisions suggest perhaps a slightly more relaxed standard will be applied in the future. A plaintiff may also be entitled to a permanent injunction.

A plaintiff may elect either damages arising from the infringing sales or the profits associated with the defendant's sale of infringing goods or services. A plaintiff may also be granted delivery up and destruction of goods.

While punitive or exemplary damages are possible, these are rarely granted in infringement cases in Canada unless the defendant's conduct departed from ordinary standards of decent behaviour, displaying, for example, egregious conduct or contempt for the plaintiff's rights. Cases involving counterfeit goods are more likely to attract an award of punitive damages than ordinary cases of infringement, and this is especially so if the defendant did not engage in the proceedings.

A successful party is also usually awarded costs on a scale and can therefore recover a portion of actual costs with pre- and post-judgment interest. This award may cover approximately 25–40 per cent of actual costs.

ADR

- 38 | Are ADR techniques available, commonly used and enforceable? What are the benefits and risks?

ADR and mediation services are available in Canada, although this form of dispute resolution is unusual for trademark infringement cases or indeed other trademark matters.

Some provinces mandate facilitated negotiation. Federal Court rules encourage mediation after the close of pleadings to resolve some or all issues.

UPDATE AND TRENDS

Key developments of the past year

- 39 | Are there any emerging trends, notable court rulings, or hot topics in the law of trademark infringement or dilution in your jurisdiction?

2020 marks the first full year under the new legislation that fundamentally changed Canadian trademark law and practice. Canada is now a member of the Madrid Protocol, making international applications available to Canadian companies and international registrations designating Canada available to trademark owners outside Canada. At least prior to the covid-19 crisis, more international applications designating Canada were received by the Canadian Intellectual Property Office (CIPO) than were expected, even though total filings decreased slightly. It is expected that the first of these international applications will undergo examination shortly to meet the 18-month requirement by the treaty. This will mean Madrid Protocol applications will be examined preferentially over others, at least until the examination backlog is reduced.

Applicants are currently experiencing significant and growing wait times to receive the initial results of examination. This is currently taking more than two years in many cases. Unfortunately, no short-term improvement is anticipated. The Opposition Board is similarly backlogged with wait times of approximately 18 months for a decision or hearing date after the close of arguments.

Canada's new border enforcement procedures are now fully functional and, at least prior to the covid-19 crisis, were being used more frequently than in previous years.

The three-year grace period for display of English language signs in Quebec expired late in 2019. A Quebec establishment displaying a generic term, unregistered slogan or description in English will now be liable for failure to have a sufficient presence of French.

The Supreme Court decision in *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 has created a new standard of review for Federal Court cases, including appeals from trademark opposition decisions of the registrar. The previous standard of review that was highly deferential to the expertise of the registrar both in respect of questions of fact and questions of law, as well as mixed questions of fact and law, resulted in the Federal Court rarely interfering with these decisions. Unless significant new evidence was filed, the court applied a reasonableness standard deferring to the registrar's expertise. Now that standard has been replaced by a correctness standard on issues of law. This essentially means that the court will reassess the legal questions and reverse the findings of the Board if a different answer results. The Supreme Court decision calls for justification, transparency and intelligibility in respect of judgments by the Board.

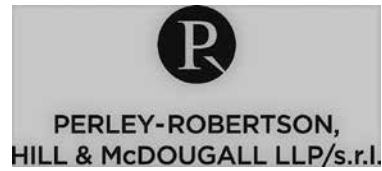
Coronavirus

40 | What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

On 17 March 2020, the CIPO announced that commencing the previous day it would be 'designating days'. This meant that, under subsection 66(2) of the Trademarks Act, the minister would extend time periods for meeting deadlines. The period of designated days was extended several times, and came to an end on 28 August 2020. This meant all deadlines falling between 16 March 2020 and 30 August 2020 became due on 31 August 2020. This included extensions available under the Trademarks Act and Trademarks Regulations or set out in correspondence from the registrar.

The CIPO has advised that while deadlines are no longer automatically extended, it is understandable that some clients might face challenges relating to the pandemic. It has put in place options that might offer recourse for those unable to meet deadlines. These includes requests for extensions under section 47 of the Trademarks Act that might be used to extend some time limits. The Opposition Board has also announced that disruption caused by covid-19 will be considered a sufficient circumstance to justify extensions of time under sections 47(1) and 47(2) of the Act and that discretion would be exercised to extend deadlines on its own initiative if it was in the interests of justice to do so. For Opposition deadlines falling on or in the two-month period following cessation of the designated days, the registrar will take the situation into account and grant a three-month extension of time. This means that any deadline between 31 August 2020 and 31 October 2020 may be extended without the consent of the other party.

It is expected that in-person hearings will resume some time in the late autumn or early 2021, and parties are encouraged to conduct hearings via teleconference or phone. The registrar is not waiving fees for extensions of time in opposition proceedings.



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