



Submission for the
Public Consultation on the Proposed Trade-marks Regulations

Canadian Real Estate Association

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The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry trade associations, representing more than 122,000 REALTOR® members working through approximately 93 local real estate Boards and provincial Associations. CREA's primary mission is to represent its members at the federal level of government and to act as a watchdog on national legislation that pertains to the real estate industry.

CREA also owns or controls several trademarks in Canada, such as the MLS® and REALTOR® certification trademarks and logos, REALTORS Care®, REALTOR Link®, CREA®, WEBForms®, and DDF®. CREA licenses the use of the REALTOR® and MLS® trademarks to its members, who are able to benefit from the goodwill associated with these marks.

As an intellectual property rights holder, CREA has been following the amendments to the Trademarks and the proposed Regulations. We commend the federal government's efforts to modernize this Act and streamline the opposition process. There are, however, a couple sections of the amended Trademarks Act that we feel should be addressed in the proposed Trademark Regulations. These are the sections relating to expungement of trademark registrations and sections that make it possible to register a trademark without use in Canada.

Expungement of Trademarks and CREA's Concerns

When the 2014 amendments come into force section 18.1 of the Trademarks Act will provide as follows:

The registration of a trademark may be expunged by the Federal Court on the application of any person interested if the Court decides that the registration is likely to unreasonably limit the development of any art or industry.

CREA has concerns that this new section will result in expungement actions being brought against owners of all trademarks not just ones that are distinguishing guises or that contain utilitarian features. This could result in a flood of applications from 'interested individuals' that feel they have been unfairly prevented from using a registered trademark as a result of the trademark owner simply exercising the rights. Consequently, trademark owners could find themselves having to defend frivolous expungement applications when they have done nothing but own and protect a successful trademark.

The fact that any interested individual could make an application for expungement could have the effect of punishing people and companies for creating successful trademarks. The goal of all intellectual property legislation is to reach a balance between the rights of users and the rights of creators while still providing an incentive for innovation. Presumably the new section 18.1 is aimed at preventing trademark owners from abusing trademark registrations to protect things that simply have a utilitarian function. However, as the language of 18.1 applies to all



marks, not just ones with utilitarian features, the effect of this new section will be unfairly shifting the balance away from creators and could have a chilling effect on innovation.

Further, CREA believes that the wording of the new section 18.1, which potentially captures all trade-marks not just those covering distinguishing guises, is overly broad. Currently section 13(3) of the Trademarks Act is the equivalent of the new 18.1, which provides that the registration of a distinguishing guise may be expunged if the Court decides that "the registration has become likely unreasonably to limit the development of any art or industry". As the application of this section was limited to distinguishing guises, it was unlikely to be abused. However, when the 2014 amendments come into force the distinction between distinguishing guises and all other marks will be eliminated. Consequently, it is understandable that the new section 18.1 had to be drafted in a manner that would apply more generally. That said, CREA feels that the application of this section should be limited to non-traditional marks or only to marks with utilitarian features, which are the types of registrations that could possibly limit the development of an or industry.

Registration of Trademarks Without Use

The amendments to section 30 and 40 of the Trademarks Act will make it possible for a trademark to be registered without any use of the mark in Canada. We appreciate that these changes were made to streamline the application process and to comply with obligations found in international treaties that Canada is a signatory to. That said, CREA is concerned that the changes to these sections are going to result in a significant increase in the number of trademark registrations without supporting information that trademark owners currently rely on when reviewing new registrations.

Under the current system trademarks are only registered once a declaration of use has been filed with the registrar. Information relating to the use of the mark in Canada, or a proposed use in Canada, is set out in the CIPO trademarks database and is a factor considered by trademark owners when they decide whether or not to oppose a registration. As use, or a declaration or use, will no longer be required when the Trademarks Act is amended, this could make it more difficult for trademark owners to review registrations and decide what action should be taken to protect their marks.

This uncertainty will be also be magnified by the fact that Canada will likely see not only more trademark applications but also applications that claim several different categories of goods and services since the fee for registration in Canada is per mark as opposed to per class of goods or services, as it is in many other countries. This could result in the creation of 'trademark trolls' that register marks and essentially block them off for three years until an expungement action for non-use can be brought. This will make the risk analysis of new marks even more complicated.



Proposed Trademark Regulations

CREA hoped to find further guidance or restrictions on the application of 18.1 in the proposed Trademark Regulations. The proposed regulations do not address this section of the Trademarks Act.

For this reason, CREA submits that the proposed regulations should be amended to narrow the application of 18.1 to only trademarks that consist of a colour, a figurative element, a three-dimensional shape, a hologram, a moving image, a mode of packaging goods, a sound, a scent, a taste, a texture, or the positioning of a sign. This would help reduce the concerns about section 18.1 being overly broad.

Alternatively, a regulation could be added that would contain language similar to that found in the Competition Bureau's Intellectual Property Enforcement Guidelines. Taking this approach would align with the new title of the Act that will be coming into force: "An Act relating to trademarks and unfair competition". Such a regulation could clarify that section 18.1 should only be used to expunge a trademark if there has been an anti-competitive act, i.e., there has been more than a "mere exercise of an IP right". Mere enforcement of a trademark owner's rights should not enable any person to file for expungement of a mark. Adding a regulation like this would help maintain the balance between users' rights and creators rights that underlies all intellectual property legislation.

CREA also hoped that the Trademark Regulations would require applicants to file evidence of use with the Registrar, even though such use would not be necessary for registration.

The amended section 30(2)(d) of the Trademarks Act provides that applicants must provide "any prescribed information or statement". The Trademark Regulations could therefore set out that applicants must provide evidence of use of a mark if any exists. Such information could then be added to the trademark database, which would help trademark owners review new registrations. Section 31 of the Trademark Regulations set out a number of details that are required pursuant to section 30(2)(d) of the Trademarks Act. None of those items listed in the Regulations relate to use of the mark.

CREA urges the government to add to this section of the Trademark Regulations to require evidence of use, if there has been any, or plans for the proposed use of a mark. While we appreciate that marks may be registered without use in Canada, we feel that this will assist trademark owners review what is bound to be an influx of new registrations.