

c/o Darlene Carreau, Chair, Trade-marks Opposition Board
Canadian Intellectual Property Office
Trade-marks Branch
50 Victoria Street
Place du Portage II
Gatineau, QC K1A 0C9

Sent by Email

Friday, November 28, 2014

Re: Proposed Amendments to the Trade-marks Regulations 2014

Dear Ms. Carreau:

Thank you for providing stakeholders with the opportunity to consult and collaborate with CIPO on the Proposed Amendments to the Trade-marks Regulations 2014.

The Entertainment Software Association of Canada (ESAC) represents a number of leading video game companies in the Canadian industry, from multi-national publishers and console makers, to local distributors and independent studios. The industry in Canada employs approximately 16,500 people and contributes over CAD\$2.3 Billion to Canadian GDP, which does not include the considerable amount of indirect economic activity generated by the industry from such functions as distribution, retail, marketing, and other spin-off activities. The Canadian video game industry is an export focused sector with over 65% of reported gross revenues coming from foreign markets.¹

To add context, the video game industry is the fastest growing entertainment industry globally. The Canadian entertainment software industry is one of the largest in the world, and Canadian video game publishers and developers are responsible for some of the world's most successful video game titles and franchises, including Assassins Creed, Deus Ex, Mass Effect FIFA and NHL and have contributed to global franchises like Batman, Lego, Grand Theft Auto, Tomb Raider and Need for Speed. In fact, Canadians are regularly regarded as amongst the best in the world at what they do.² Canada has proudly contributed to hundreds of thousands of content assets that have been distributed on multiple platforms around the world and each asset is associated with a brand that has a distinct value which requires robust protection in the global marketplace.

ESAC has been closely following the recent amendments to Canada's *Trade-marks Act*. While there was little opportunity to effect change in the legislative process that took place earlier this year

¹ Entertainment Software Association of Canada, *Canada's Video Game Industry in 2013 (Nordicity 2013)*.

² Canada's Gaming Industry is Kicking Butt. Financial Post, May 30, 2011 <http://www.forbes.com/sites/johngaudiosi/2012/07/18/new-reports-forecasts-global-video-game-industry-will-reach-82-billion-by-2017/>

regarding Bill C-31, we are grateful to have the opportunity now to share with you a list of suggested measures and regulatory proposals that we hope address a number of concerns that have been raised broadly regarding the most recent changes made via Bill C-31 to the *Trade-marks Act*.

ESAC continues to support the Government's goals of increasing legal certainty, clarifying CIPO's procedures and aligning Canada's trademark regime with international norms. With these goals in mind, ESAC provides the following commentary, set out in the order items arise in the consultation document. We respectfully ask that the following regulatory and non-regulatory measures be considered and implemented in an effort to ensure that brand owners are confident in the strength of the Canadian trademarks regime and able to protect their interests in an efficient and effective manner.

Part 1 - Proposed Amendments to the *Trade-marks Regulations* – Examination and General Provisions

Declaration of Use Form, Commercial Use, Bad-Faith Actors and Third-Party Correspondence

To date, a primary area of concern that stakeholders have raised relates to the removal of the use declaration form requirement that has existed in the Canadian trademark registration process for many years. CIPO has confirmed that use remains as a fundamental principle of the trademarks system in Canada and is crucial to the acquisition, maintenance and enforcement of the trademark rights in Canada. We understand that while Bill C-31 eliminated the requirement to file a paper form (declaration of use), it did not remove the requirement to use, or have an intention to use, the trademark for which protection is sought or maintained.

The response to the removal of the declaration of use form has been one of clear concern. Concerns appear to focus around the potential gap that is perceived to have been created by deleting the declaration of use form and is understood to now, as a result of the recent legislative changes, allow anyone to apply and possibly receive protection for marks whether they have a clear commitment to use them or not. In fact, in the event that an applicant is merely aiming to squat on a mark and is successful in obtaining protection for that mark, the potential harm that may come to companies in the form of additional expense and disruption of their business, for example by having to enter into opposition proceedings or take other brand protection measures, is a concern many brand owners and their representatives share.

While we are not advocating for the legislative changes to be reversed regarding the declaration of use form, ESAC is requesting that certain measures be implemented by CIPO in an effort to ensure that all applicants and trademark owners maintain their confidence in the ongoing role and value of commercial use in Canada's trademarks regime.

ESAC understands that there are a number of different proposals on ways to address these concerns, at a minimum, we respectfully submit that:

1. Clear and practical guidance, published on both CIPO and IC websites and in a practitioner

handbook, should be drafted to address both the ongoing role of commercial “use” with respect to acquiring, maintaining and enforcing trademark rights and what constitutes a bad-faith application and the penalties and repercussions that exist in an effort to deter ‘trolls and squatters’;

2. Canada is added to the list of countries that require an “intent to use” on the Madrid Protocol Application Form (e.g. MM2) which we understand will also require the domestic forms to include a similar checkbox; and that,
3. CIPO integrate a key word and trademark alert system into the design and functionality of its new online platform and allow parties to file relevant correspondence with the registrar during the advertisement period.

Guidance

Our view is that by providing reliable, clear and concrete guidance written for both lay people and practitioners, that CIPO will be able to clearly communicate that actual commercial use of a mark remains entrenched as a fundamental part of Canada’s trademarks regime, and that the removal of the declaration of use form has no impact on this ongoing and valued feature of trademark protection in Canada.

It is our hope that by reassuring applicants and owners that the use requirements have not been removed or diluted in any way that we will be able to uphold the confidence others have, domestically and globally, in the strength of Canada’s trademark protection. Concurrently, we believe that clear guidance and explanation on what constitutes ‘bad-faith’ behaviour is necessary and will serve to educate all trademark applicants on this topic. We ask that guidance on bad faith applications be drafted with a view to deter bad actors from squatting on marks and abusing our system in Canada.

Add Canada to the Relevant Madrid Protocol Application Forms

Currently, Form MM2 entitled “Application for International Registration Governed Exclusively by the Madrid Protocol” (page 6, part 11) requires that Applicants who seek protection in India, Ireland, New Zealand, Singapore or the United Kingdom must declare that they are applying with the intention to use the mark in these countries in connection with the goods and services identified in the Application.

ESAC and its Members believe that Canada should be added to this list of countries that require an “intent to use” on all applicable Madrid Protocol forms. Given that “use”, whether intended or actual, remains fundamentally entrenched in our trademarks regime we believe that it is important to clearly indicate this priority to all Applicants seeking trademark protection in Canada. In addition, this request is submitted based on the understanding that practically speaking, the addition of Canada to this list is relatively easy to do and should not result in any additional burden for the Government, and specifically CIPO.

Third-Party Correspondence and The Integrated Key-word or Mark Alert System

CIPO has proposed to amend the Regulations to include a new provision that permits third-parties to

send correspondence to the Registrar during the examination process of an application where the correspondence is pertinent to the registrability of a particular mark under examination. ESAC supports this proposed amendment and applauds CIPO for this initiative which provides third parties with the opportunity to inform CIPO of problematic or concerning applications.

The proposed regulation allowing correspondence from third parties regarding the registrability of a mark prior to advertisement of the mark is beneficial to all trademark owners. ESAC understands that on average the time period from when an application has received a filing date up to the time immediately preceding its advertisement is approximately 6-7 months. However, it is presently the case that most third parties are not aware of applications until they are advertised. As such, we request that CIPO extend the time period proposed to include a provision for the Registrar to accept and consider correspondence pertaining to the registrability of a mark from third parties during the advertisement period, at CIPO's discretion. We anticipate that this flexibility will reduce unnecessary opposition costs on the part of CIPO and trademark owners in cases where owners are not aware of applications prior to advertisement.

In addition to extending the time period provided for third-party correspondence, we believe that third-parties should be able to fully benefit from the proposed amendment and have the maximum amount of time possible to prepare and submit correspondence to the Registrar. To achieve this goal, ESAC proposes that CIPO develop and provide an accessible technological solution designed to allow trademark applicants and owners to register for alerts on key words or marks ("alert system") that relate to their interests. We propose that the alert system be integrated into the design and build of the new online trademarks registration platform. By providing a tool that assists applicants and owners to monitor their interests we believe that owners and applicants will be better able to:

- i. Spot disingenuous or problematic applications, and raise objections or concerns to CIPO as early as possible;
- ii. Mitigate some of the costs of searches, investigations and oppositions; and
- iii. Manage their trademark interests in an accessible and meaningful way.

ESAC welcomes the opportunity to work with CIPO and further consult on the development of the alerts system in an effort to help stakeholders maximize the value of the new regulations and support CIPO's priorities to enhance legal certainty and increase the efficiency of its trademarks processes.

Finally, ESAC understands that requests have been made for CIPO to consider the option for trademark owners to provide a voluntary statement of use at the time of application. Should CIPO consider implementing a protocol for voluntary statements of use, we would support this option to the extent that there are appropriate ramifications associated with filing such a statement and/or some benefit is afforded to the applicant, such as protection from cancellation proceedings after three years of registration. Further, if voluntary statements are allowed, it would be beneficial to have this information available in a search of the Register.

Nice-Registered Trademarks

ESAC supports Canada's effort to align the Canadian trademark regime with international norms. As set out in the consultation document, we understand that the proposed regulatory amendment establishes a deadline for Registered Owners to submit their statements of goods and services grouped and classed in accordance with the Nice Classification.

While we support the proposal, we believe that Registered Owners will bear significant and unexpected costs associated with conforming to the Nice Classification, for example by having to pay counsel to assist with this process. Many of our Members have large portfolios of registered marks in Canada and did not anticipate the additional costs that they will have to incur on an ongoing basis to file these submissions in Canada. In an effort to mitigate the costs associated with these submissions, and others, ESAC requests that CIPO provide domestic and international Registered Owners with access to a user-friendly online portal where they can file submissions without the requirement of Canadian counsel. It is our view that providing a user-friendly online portal to Registered Owners for this process, and any other processes that may be supported in such a manner (e.g. renewal), will enable people to act on their own behalf and interact with CIPO directly thereby increasing the efficiency of the process and making it more cost effective for rights owners.

For these reasons, ESAC requests that CIPO provide:

1. A clear, practical and user-friendly online process for owners to submit their lists of goods and services in accordance with the Nice Classification;
2. Allow international trademark owners the option to act on their own behalf to submit lists directly to CIPO to avoid costs associated with engaging counsel; and,
3. Publish a proposed fee structure for converting existing registrations to the Nice Classification for comment as part of the Fee Consultation process which we anticipate is forthcoming.

With respect to the latter request, we understand that a consultation on fees is forthcoming, however, we would like to express our desire for CIPO to consider setting fees on a per class basis. By setting fees in this manner, we believe that this will deter trademark owners from filing applications in as many classes as possible to obtain overly broad trademark rights, and will decrease the number of cancellation and opposition proceedings required to remove marks filed in irrelevant classes from the Register.

Renewal

At this time, ESAC wishes to express support for the proposed regulatory amendments to establish a clear and limited renewal period for registered trademarks which we consider to be beneficial to trademark owners. The current system allows owners to renew at any time in limitless increments and as a result allows trademarks not in use to remain on the register which requires other trademark owners to engage in cancellation proceedings to have these trademarks expunged. Limitations to the renewal period will reduce costs relating to cancellation proceedings for CIPO and trademark owners and will reduce the number of registered trademarks that are not in use on the register.

The Register

ESAC Members consider the Register to be a valuable and useful search tool. For example, the detailed information contained in an application file is very useful to an entity running a trademark search and making a determination as to whether a proposed mark is clear to use or not. For this reason we are against any proposal to limit the details currently provided on the Register. With this in mind, we have reviewed the list of items that will be available on the Register and note that there is no reference to the “Status” field. We request that this field be retained as this is valuable information for trademark owners conducting trademark searches.

Part 2 – Implementation of the Madrid Protocol

ESAC has reviewed the Part 2 regarding implementation of the Madrid Protocol and at this time we do not find anything in the proposed regulatory amendments to be burdensome or problematic.

However, as noted in greater detail above, we do request that Canada be added to the list of countries on the MM2, or any other similar form, that requires applicants to have an intention to use a mark for which they are applying for protection. We hope that by including Canada in this list we will mitigate the risk of bad-faith filings. In addition, while we understand that a consultation on fees is forthcoming, we would like to express our desire for CIPO to consider setting an individual fee for Madrid applicants seeking protection in Canada, calculated at a price point that is reasonable to legitimate trademark owners, to further deter trolls and squatters. Once the fee consultation process is launched we would be happy to provide additional feedback as required.

Part 3 – Proposed Amendments to Opposition and Section 45 Summary Cancellation Proceedings

Oppositions

We do not recommend any changes in the section regarding Opposition and Cancellation procedures. To the extent that CIPO makes changes to this proposal, we would appreciate the opportunity to comment further.

Cancellations

With respect to cancellations, ESAC requests that CIPO develop a process whereby the Registrar proactively issues Section 45 cancellation warnings and requires validation of use from Registered Owners, within a reasonable time frame, in order for trademarks to remain valid. ESAC understands that there is currently an opportunity for the Registrar to take control of the Register and address both marks covering goods and services that are no longer in use (“deadwood”) and potential abuses that may arise from permitting registration without the declaration of use form. Previously in the context of stakeholder consultations, Government officials suggested that CIPO intended to use section 45 summary non-use proceedings to address potential abuse.

ESAC supports all measures that seek to remove deadwood from the Register and address any potential abuses of Canada’s trademark regime. Cancellation proceedings generally result in significant

increased costs to businesses as a result of the time. For these reasons, ESAC requests that CIPO consider including Regulations to specifically address these issues through the commencement of a s. 45 proceeding by the Registrar on the third anniversary of all registrations, unless the registrant has (e.g. before or after the registration date) filed an affidavit or submitted confirmation of use pertaining to all registered goods and/or services. In the event that this affidavit or confirmation covers only some of the registered goods and/or services, we suggest that the proceedings commenced by the Registrar apply only to the remaining goods/services. This proceeding should not impact the ability of any other person to commence s. 45 proceedings after the third anniversary of the registration for any or all goods/services.

We believe that this proposal would proactively remove trademarks that are not in use from the Register at the three year mark and would eliminate uncertainty on the part of third parties conducting trademark searches as it would clearly identify marks that are in use. We acknowledge that this proposal would not eliminate the need entirely for cancellation proceedings, however, we believe that it will reduce the number of cancellation proceedings initiated before CIPO and therefore reduce costs on the part of CIPO and trademark owners.

Once again, we thank you for the opportunity to comment on the Proposed Amendments to the Trade-marks Regulations 2014, should you have any questions or require additional information please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, consisting of a stylized, cursive 'T' followed by a horizontal line.

Tanya Woods
Vice-President, Policy and Legal Affairs
Entertainment Software Association of Canada