

November 30, 2014

Canadian Intellectual Property Office
Trade-marks Branch
50 Victoria Street
Place du Portage II
Gatineau, QC K1A 0C9

Attention: Darlene Carreau, Chair, Trade-marks Opposition Board,
Canadian Intellectual Property Office (CIPO)

VIA EMAIL: darlene.Carreau@ic.gc.ca

Dear Ms. Carreau:

Re: Discussion Document regarding amendments to the Regulations of the *Trade-marks Act*

In light of the proposed amendments to the *Trade-marks Act* and Regulations, and in response to the request for comments on the above-noted Discussion Document, the undersigned provide the following commentary:

A. Statements of "Use"

a. Concerns

We are very concerned about the proposed significant changes to the requirement with respect to declaring "use" of a mark in Canada. As trademark professionals, we confirm that "use" requirements have several important benefits for Canadian businesses, and foreign investors that are considering investment in Canada.

First of all, the information on the Register regarding the date of first use in Canada greatly assists Canadian businesses and foreign investors in determining the following:

a) Whether the mark is "available" in Canada.

In our experience, the "use" information on the Register is very valuable in assisting clients in determining whether a mark is available in the marketplace. For example, in selecting a mark, it is very helpful for the client to know if a potentially problematic mark has been used in Canada since 1966, or if it has been used in a foreign jurisdiction for a lengthy period of time, or if in fact it has not yet been used by the Applicant at all. Failure to have this information publically accessible on the Register will require Canadian businesses and potential foreign investors to obtain expensive availability reports from search agents or to hire an investigator to determine use of the mark ,–

which will give an unfair advantage to big business, and unduly prejudice Canadian small businesses.

b) Whether or not to oppose a trademark application.

As trademark professionals, in recommending a particular course of action, the declarations made on the Register with respect to use of a mark are invaluable in assessing whether the Applicant may have prior or better rights to a mark, or whether there is an infringement. If such information no longer appears on the Register, Canadian businesses will be forced to find and rely on expensive private investigators to obtain important information regarding use, or resort to making such important business assessments relying only perhaps on hearsay or imperfect corporate registry records. This again unfairly prejudices Canadian small businesses and foreign investors.

Secondly, our current "use" requirements reduce the risk of potentially abusive applications. Although the current requirements are largely provided on an 'honour' system, as we do not have to provide a specimen of use to proceed to registration, they nonetheless require Applicants to confirm whether the Application is based on "use" or simply a *bona fides* future intention to use in Canada. They also encourage Applicants at the time of registration to address their minds to whether or not they have used the mark for all of the applied-for goods/services. Without such requirement, it seems clear that some Applicants will pollute the Register with a large amount of "placeholder" applications to either protect marks that they have a vague interest in – or simply that they do not wish others to have – or that they believe will be highly marketable to *bona fide* businesses that are currently using the marks but have not yet filed an application.

Finally, the current "use" requirements provide the benefit of a legal presumption that the business has used the mark since the date declared in the Application. This is hugely beneficial to trademark applicants, as it:

- a) is a significant incentive to trademark registration;
- b) can be asserted against possible infringers;
- c) can be used to defend trademark rights; and,
- d) can be used to assess likelihood of success in opposition or infringement/expungement proceedings.

If we want to encourage trademark registration, we believe that it is important to maintain this significant benefit to trademark applicants and registrants.

b. Comments

Therefore, to reduce the negative impact of the proposed changes, we propose that the Office:

1. Permit voluntary disclosure of first use in Canada

In furtherance of this, we submit that the following scheme would be permissible under Canada's treaty obligations and s.30 (as revised) of the Act and s. 65(i):

Where first use is declared, the Applicant/Registrant would enjoy the following benefits:

- i) The benefit of a legal presumption
 - Of course, as now, such presumption would still be rebuttable in opposition, in s.45 proceedings, as well as in expungement proceedings, with the burden being on the Applicant to prove the declared first use date in Opposition.
- ii) Not being subject to a mandatory s.45 notice on the 3rd anniversary of registration –
 - Of course, as now, the Registrant would nonetheless be subject to a s.45 proceeding being initiated by a 3rd party any time after the 3rd anniversary of registration.
- iii) The information regarding first use should be published on the Register, so that it is freely available to the public

2. Issue an automatic Section 45 request from the Office on the 3rd anniversary of registration

We propose that the Office automatically require Registrants that have not declared a first use date to do so after the 3rd anniversary of registration (by means of a s.45 notice).

This would purify the Register of any abusive or "placeholder" registrations and clear the way for applicants with *bona fides* use or intention to use the mark in Canada.

It would also encourage Applicants/Registrants to declare their use of the mark some time prior to the 3rd anniversary of the mark.

B. Classification of Wares/Services

a. *Concerns*

The proposed amendments to comply with the Nice Classification states that: the goods and services are to be specified in terms appearing in any listing of goods and services that is published by the Registrar (Part 1 para. 52).

However, at this point it is difficult to comment on what the implications of such an amendment will be, as there is little clarity concerning what the adopted listing of goods and services will be.

For example:

- a) Will it be a modification of the current CIPO Wares and Services Manual, which contains descriptions of a good or specific type of service, with the mere addition of the Nice Classification number? or
- b) Will it be similar to systems used in some foreign jurisdictions, which use a general description of the class and when a Nice class is chosen, all the goods and/or services in that class are included?

In addition to our concerns with respect to the classification aspect, we note that it is not entirely clear how the listings of goods and services on International applications will be affected and handled under the proposed new system. If an International application is filed from a Contracting Party that includes a general description of the goods and services instead of a listing of specific goods and services used in association with the mark, will the International Applicant be required to provide a more limited description, if that is the route Canada chooses with respect to our Manual of Wares/Goods and Services? As noted in more detail above, this is of great concern because of the proposed removal of the requirement regarding whether a mark has been "used" and since when.

b. *Comments*

A statement by CIPO clarifying the approach it will take with respect to the foregoing points would be appreciated, so that a more substantive response concerning what the impact will be on adoption of the Nice Agreement and how it will affect our respective trademark practices and particularly, how our clients' rights can be properly protected.

Nonetheless, if the Legislature is considering varying the current practices, we suggest that the adoption of a system which is similar to that of the USPTO is better than adopting the Nice Classification system as it would be easier to adopt, more practical and far more beneficial to trademark professionals and rights holders in Canada.

The adoption of a system closer to that of the USPTO would allow for similar marks to co-exist on the Register, as the description of the goods and services would remain fairly narrow. Conversely, adoption of the Nice Classification system, which uses a general class description, would lead to the prohibition of marks used with respect to goods and/or services in the same class but for potentially very different goods or services and in different businesses and industries.

C. Application Fees

a. Concerns

Presently, it is not clear how the adoption of a new classification system will affect the application fees in Canada, if at all:

- Will CIPO charge a "per class" fee, or an additional fee for each class over and above the first class?
- What will CIPO do for renewals after classes have been assigned to the goods and services in those Registrations?
- Will there be a set renewal fee or one based on the number of classes registered?

b. Comments

We submit that changes to CIPO's current fee structure could drastically affect the ability of individuals and smaller Canadian businesses to properly protect their trademark rights. Adoption of a "per class" fee would make full, comprehensive protection cost-prohibitive.

If CIPO adopts a per class fee structure, trademark applications could become more prohibitive for individuals and smaller organizations to obtain, which may lead to inadequate protection of marks and dominance of larger corporations and entities on the Register.

D. Potential Division of Applications

a. Concerns

The proposed amendments further allow for the division of applications (and further sub-division of the divisionals). This is meant to be advantageous to applicants as when an Examiner objects to certain goods and services in an Application, but not others, a divisional Application of the original Application can potentially be filed that includes only the non-contentious goods and services not objected to. This would then allow that part of the Application (the divisional) to proceed to registration prior to resolution of the Examiner's objections with respect to the problematic goods and services.

However, as a result of this proposed new divisional regime, these proposed amendments may also potentially encourage Applicants to file far more broadly with respect to goods and services than they might have thought to do prior to these proposed amendments, as there will be no risk that the cited problematic goods and services will hold the rest of the application

back from continued prosecution. In fact, it may encourage Applicants to file for trademarks related to goods and services that they are not truly entitled to, especially those Applicants who are able to afford the potential “per class” filing fees mentioned above. We suggest that this could be seriously problematic.

Once a divisional application is registered, it may also result in a reduction of motivation on the part of the Applicant in addressing any of the Examiner’s objections to the original Application either through argument or amendment. The part of the Application that is not “carved-out” in the divisional may languish without resolution for a much longer period of time, cluttering the Register perhaps because the original application was a broader listing of goods and services that the Applicant actually needed or uses.

Subsequent Applicants, who are rightfully entitled to a trademark, will be laden with the additional time and expense of opposing the earlier mark because the divisional regime encouraged the original Applicant from filing far too broadly with respect to goods and services. This potentially makes registering a trademark in Canada for some Applicants a very arduous and expensive process.

a. Comments

We submit that the proposed amendments to the *Trade-marks Act* not include changes to the current system allowing such divisional applications. For the reasons set out above, these changes will add time and expense for some Applicants who are rightly entitled to registration, which is an unfair burden. This will potentially be the case particularly for individuals and smaller organizations who do not have the resources to oppose a prior Applicant who filed for far more goods and services than they were entitled to. Again, this may lead to inadequate protection of “real” trade-marks being used properly. In the absence of maintaining the status quo as suggested above, we submit that this issue should be addressed in the regulations that are brought in under these amendments.

E. Concluding Remarks

We hope that our submissions regarding the above-noted concerns and suggestions with respect to the potential amendments to the Regulations of the *Trade-marks Act* will effectively provoke debate, thought, a look at what the reality will be for those filing and prosecuting marks and further what the larger economic implications will be both for trademark professionals and the clients they are trying to protect.

We emphasize most particularly that all of the above-noted proposed amendments will make it onerous and expensive for individuals and small entities to file and see their marks through to

registrations. This seems imminently unfair given that the majority of Canadian business entities are either small to mid-sized corporations or individuals.

Respectfully submitted,

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