The views stated in this submission are presented jointly on behalf of the Section of Intellectual Law and the Section of International Law. They have not been approved by the House of Delegates or the Board of Governors of the American Bar Association and therefore may not be construed as representing the policy of the American Bar Association.

June 13, 2014

The Section of Intellectual Property Law and the Section of International Law (together, the “Sections”) of the American Bar Association (“ABA”) respectfully submit these comments, which reflect their expertise and experience with trademark law in the United States as well as in numerous other jurisdictions worldwide.

EXECUTIVE SUMMARY

Bill C-31 was introduced on February 11, 2014, and, among numerous other things, will allow an applicant to obtain a trademark registration without any requirement to declare use of the trademark in Canada or anywhere else. The Bill is being rushed through Parliament, and a third and final reading is imminent so we need to proceed very quickly.

I. CURRENT REQUIREMENT OF USE IN CANADA

Trademark use is a fundamental requirement under the Canadian Trade-marks Act and has been for many years. Currently, applications must specify one of three bases on which they are filed. First, an application may be filed on the basis that the trademark has been used or made known in Canada in association with the applied-for wares or services. Second, an application can be filed on the basis of a registration and use abroad in the applicant’s country of origin. Finally, an application can be filed on the basis of proposed use. However, before registration can be obtained on this last basis, the applicant must file a declaration confirming that it has commenced use of the trademark since the filing of the application.

The system under the Canadian Trade-marks Act is broadly similar to that in the U.S., save that applications may be based on foreign registration and use in the applicant’s country of origin.
By way of background, links to the status of the relevant legislation are set out below:

a) The current Canadian Trade-marks Act -

b) Bill C-8, which was the first attempt at legislative reform
   http://www.parl.gc.ca/LEGISinfo/BillDetails.aspx?Language=E&Mode=1&billId=6266835&View=0, the link tracks status but can be used to link back to the Bill; and

c) Bill C-31:
   http://www.parl.gc.ca/LegisInfo/BillDetails.aspx?Language=E&Mode=1&billId=6483626, the link tracks status but can be used to link back to the Bill.

II. PROPOSED AMENDMENTS

In the U.S., as in Canada, it is a fundamental requirement that a trademark must be used in commerce before its owner will be granted exclusive rights with the exception of applications based on foreign registration. The U.S. has adhered to the Madrid Protocol and supports Canada’s adherence to the Protocol as well. However, when the U.S. adhered to the Protocol, it did not change the statutory requirement that businesses domiciled in the United States use their marks in commerce before being able to register those marks or that all registrants maintain their registrations through periodic filings documenting that use. Likewise, Canada’s adherence to the Protocol does not require it to change the statutory requirement relating to the commercial use of a trademark.

As we understand it, some of the changes in Part 6, Division 25 of the proposed amendments to the Canadian Trade-marks Act are completely new. They allow an applicant to obtain a trademark registration without any declaration of use of the trademark in Canada or anywhere else. The sections of the Bill implementing this change include:

- Section 330 amending section 16 concerning entitlement to registration;
- Section 339 amending section 30 concerning the contents of an application; and
- Section 345 removing the requirement to file a declaration of use from section 40.

Section 330 removes from the Act any grounds of entitlement to registration based on use, registration and use abroad, or proposed use. Instead, entitlement to registration will be determined solely on the basis of filing date.

Section 339 amends the form of application so that it will no longer be necessary to specify the basis of a claim to entitlement to registration.

Section 345 removes from the Act the requirement to submit a declaration that the use of the trademark in Canada in association with the wares or services specified in the application has commenced since the filing of the application.
No rationale has been presented in favor of the amendments other than the administrative efficiency of the governmental body responsible for the operation of the Trade-marks Office.

III. Proposed Amendments on the Use Requirement Negatively Impact Trademark Owners

U.S. trademark owners are a very large user group of the Canadian trademark system, and they and their U.S. counsel have significant experience with that system. For example, in the period 2011-2012 more than 15,500 of the 50,000 applications filed in Canada were submitted by applicants from the U.S. The Sections’ comments reflect their members’ expertise with U.S. law and their familiarity with intellectual property law internationally, including in Canada.

The proposed amendments set out above relating to use will have a negative impact on trademark owners seeking to protect their trademarks in Canada, who will face additional expense and economic disadvantage. These amendments will cause several problems:

a) the trademark register, which currently records use claims, will become cluttered with registrations that no longer reflect marketplace realities. This will increase the cost for applicants and will add complexity and uncertainty in the selection and use of trademarks and trade names in Canada;

b) lack of useful information on the register will require expensive investigations about trademark use before meaningful advice can be given in clearance opinions, and with regard to the chance of success in trademark oppositions and actions for infringement;

c) without use claims to keep owners accountable, more expensive trademark opposition proceedings will likely be required to protect the interests of trademark owners;

d) the potential for trademark “trolls” will be increased, as applicants will be able to register a mark and obtain the right to enforce it without having to declare and demonstrate use in commerce.

Although U.S. trademark owners will be more negatively impacted by these amendments, given the substantial amount of trade between the U.S. and Canada and the sheer number of U.S. trademark applicants in Canada, trademark owners in all countries protecting their trademarks in Canada will face these same problems.

Consequently, it is the view of the Sections that sections 330, 339, and 345 should be removed from Bill C-31.

CONCLUSION

For the aforementioned reasons, the Sections oppose the amendments to the Trade-marks Act described above. The Sections are available to provide additional comments, or to participate in consultations in the future as is appropriate.