JOINT COMMENTS OF THE AMERICAN BAR ASSOCIATION SECTION OF INTELLECTUAL PROPERTY LAW AND SECTION OF INTERNATIONAL LAW ON BILL C-31, PART 6, DIVISION 25 WHICH RECENTLY ENACTED AMENDMENTS TO THE CANADIAN TRADE-MARKS ACT

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.

September 11, 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, introduced on February 11, 2014, contains several amendments to the Canadian Trade-marks Act which, once in force, will allow an applicant to obtain a trademark registration without any requirement to declare use of the trademark in Canada or anywhere else. On June 19, 2014, these amendments received Royal Assent and will come into force on a date to be set. While the passage of the legislation is a setback, lobbying efforts by various organizations for an amendment to the Trade-marks Act to remove the amendments regarding use are ongoing. The Sections wish to support these efforts by advocating their position against the changes to be implemented to the Trade-marks Act as a result of this Bill being enacted into law.

I. PAST REQUIREMENT OF USE IN CANADA

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

This system under the Canadian Trade-marks Act was 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/HousePublications/Publication.aspx?Language=E&Mode=1&DocId=6370314; and]  

c) Bill C-31:  

II. RECENTLY ENACTED AMENDMENTS

In the U.S., as was the case 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.

Although the amendments to the Trade-marks Act were allegedly inspired by Canada’s desire to adhere to the Protocol, some of the changes in Part 6, Division 25 of the enacted amendments 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 is to be primarily determined 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 these amendments other than the administrative efficiency of the governmental body responsible for the operation of the Trademarks Office.

III. 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, more than 15,500 of the 50,000 applications filed in Canada between 2011 and 2012 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 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, once they are in effect, 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 recently amended Trade-marks Act should be amended to remove sections 330, 339, and 345.

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.