



THE CANADIAN
BAR ASSOCIATION
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May 5, 2014

Via email: banc@sen.parl.gc.ca; indu@parl.gc.ca

The Honourable Irving Gerstein
Chair, Banking, Trade and Commerce Committee
The Senate of Canada
Ottawa, ON K1A 0A4

Mr. David Sweet, M.P.
Chair, Industry, Science and Technology Committee
Sixth Floor, 131 Queen Street
House of Commons
Ottawa, ON K1A 0A6

Dear Senator Day and Mr. Sweet:

Re: Bill C-31, Economic Action Plan 2014 Act, No. 1, Part 6 Division 25 – Trade-marks Act amendments

I write on behalf of the Intellectual Property Law Section of the Canadian Bar Association (the CBA Section) to express concern about amendments to the *Trade-marks Act* in Bill C-31, Part 6, Division 25. The proposed amendments will cause such serious problems that we recommend they be removed from Bill C-31 for further consultation.

Other CBA Sections will address other parts of Bill C-31 in separate letters.

The Canadian Bar Association is a national association representing over 37,500 jurists, including lawyers, notaries, law teachers and students across Canada. The Association's primary objectives include improvement in the law and in the administration of justice. The CBA Section deal with law and practice relating to all forms of ownership, licensing, transfer and protection of intellectual property and related property rights, including patents, trademarks, copyright, industrial designs, plant breeders' rights, as well as trade secrets.

As lawyers practicing in this area of law, we are proud to work with a Canadian trademark law that is fair and internationally respected as effective to protect the rights of trademark owners. The fundamental requirement that a trademark be used before its owner will be granted exclusive rights has been a cornerstone of Canadian trademark law since the first statute was enacted in 1868. This has been recognized by the Supreme Court of Canada on numerous occasions and is consistent with the common law cause of action for passing off which is the predecessor of trademark protection and continues to provide parallel protection. This principle has guided

judicial reasoning in Canada and is central to the jurisprudence on the *Trade-marks Act*. To jettison these rights without even so much as a specific consultation is problematic on several fronts.

Canada's government has undertaken some ongoing consultation and discussion about changing certain aspects of trademark law. Bill C-8, currently before Parliament, proposes changes to copyright and trademarks laws to combat counterfeiting and to modernize aspects of the *Trade-marks Act*. The general approach proposed in which Canada seeks to adhere to the Madrid Protocol has been considered for some time and has gained some acceptance. These matters have been the subject of consultations in which the CBA Section has participated.

However, some changes in Part 6, Division 25 are completely new. They allow an applicant for a trademark to obtain a registration without any requirement to declare 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.

The CBA Section is not aware of any specific consultations with any interested parties on the effect of these amendments. It has been suggested that the change is at the request of Canadian Intellectual Property Office and may be more driven by internal efficiency for the Trade-marks Office than protection of Canadian business interests. There is no apparent policy reason behind these changes, and the changes are not required to adhere to the Madrid Protocol nor the Singapore Treaty.

Negative Impact on Canadian Business

The proposed amendments will have a negative impact on Canadian business. Canadian business people and those seeking to protect trademarks in Canada will face additional expense and economic disadvantage vis-à-vis business people in other jurisdictions. The 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 cost for Canadian businesses, 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, as well as 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", as applicants will be able to register a mark and the right to enforce it under the Act without having to declare use;
- e) while deadwood registrations – those not supported by use – can be removed under section 45 of the Act, this generally cannot occur until three years have passed;
- f) the effectiveness of the section 45 system will be in doubt, since nothing prevents the deadwood registration owner filing a new application, frustrating the intended function of the system; and
- g) the amendments, which create trademark rights "in gross", which will further jeopardize the effectiveness of the entire trademark system.

At the same time that Canadian businesses face these increased costs and uncertainties, they will also likely face increased filing fees for separate class fees and more frequent renewals.

Canada's International Position

The recognition and enforcement of trademark rights in the US (Canada's largest trading partner) is based on use, as is currently the case in Canada. An abrupt change from a use-based system, without consultation and analysis by stakeholders, serves only to disrupt the economic relationship between Canada and the US. CBA Section members have been contacted by American Bar Association members who were shocked to hear that these changes were in progress.

In light of these problems, it is the view of the CBA Section that Part 6, Division 25 should be removed from Bill C-31 and be the subject of detailed consideration and consultations with all interested parties. The CBA Section would welcome the opportunity to work collaboratively with the government to improve the law in this area.

Yours truly,

(original signed by Rebecca Bromwich for Angela Furlanetto)

Angela Furlanetto
Chair, National Intellectual Property Section

cc. The Honourable Joseph A. Day, Chair, Senate Committee on National Finance, nffn@sen.parl.gc.ca
Mr. James Rajotte, M.P., Chair, Standing Committee on Finance, FINA@parl.gc.ca