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Dear Ms. Goyette:

**Re: Inherent Distinctiveness and the Trademark Examination Manual**

We write on behalf of the Intellectual Property Law Section of the Canadian Bar Association (the CBA Section) to express concern about CIPO's issuance of multiple examiners' reports holding that a trademark application is not inherently distinctive and requires evidence of acquired distinctiveness.

The Canadian Bar Association is a national association representing over 36,000 jurists, including lawyers, notaries, law teachers, and students across Canada. We promote the rule of law, access to justice, effective law reform and provide expertise on how the law touches the lives of Canadians every day. The CBA Section promotes a greater awareness and understanding of 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.

**The Problem**

Anecdotal evidence suggests that Examiners base up to one third of substantive objections on the ground that the trademark is "not inherently distinctive" (NID), a new objection added in recent amendments to the *Trademarks Act* (the Act). The Registrar's authority to raise an objection that a trademark is not inherently distinctive stems from paragraph 32(1)(b). No equivalent previously existed.

Significant consequences for an applicant include increased costs to respond to reports and to file evidence of acquired distinctiveness, if available. In most cases, evidence preparation costs exceed, many times over, the total cost of registration absent such an objection. Evidence must be gathered and broken down on a provincial basis, a time-consuming and expensive process. The objection can be an insurmountable barrier to registration of a "proposed use" mark. Further, the multitude of reports raising this ground and the required responses adds to application delays and prevents timely processing.

We believe multiple reports asserting the ground that the trademark is not NID have been issued because the Trademarks Examination Manual (the Manual) lacks clear direction for Examiners and the public.

### **The Statutory Framework**

The statutory framework for distinctiveness objections is correctly described in the Manual at section 4.9.1:

The Registrar’s authority to raise an objection that a trademark is not inherently distinctive stems from paragraph 32(1)(b) of the Trademarks Act (the “Act”) which states:

An applicant shall furnish the Registrar with any evidence that the Registrar may require establishing that the trademark is distinctive at the filing date of the application for its registration if any of the following apply: the Registrar’s preliminary view is that the trademark is not inherently distinctive

The term “distinctive” is defined in section 2 as:

in relation to a trademark, describes a trademark that actually distinguishes the goods or services in association with which it is used by its owner from the goods or services of others or that is adapted so to distinguish them.

Paragraph 37(1)(d) provides that an application for registration shall be refused if the Registrar is satisfied that the trademark is not distinctive. If the Registrar is not satisfied that the trademark is not distinctive, then the application must be advertised.”

The wording of the Act, set out in the Manual, clearly states that to issue a report, the Examiner must consider the mark to be NID. In other words, a mark must be devoid of any inherent distinctive character whatsoever to justify an objection. A weak mark with limited inherent distinctiveness still retains that characteristic and should not be the subject matter of a report.

### **Specific Issues with the Manual**

Despite quoting the correct statutory framework, the Manual sets too high a threshold level of “distinctiveness”, which an applicant must satisfy to avoid an NID objection. Stating this threshold level for distinctiveness has contributed to the excessive number of objections issued by Examiners since this ground came into force. The Manual overstates the threshold by:

1. stating a “some inherent distinctiveness” test that conflicts with Federal Court and Federal Court of Appeal case law in *United Artists Pictures Inc v Pink Panther Beauty Corp*,<sup>1</sup> [1998] F.C.J. No. 441 (FCA) (*Pink Panther*); and
2. relying on a confusion provision analysis of the Act (in particular, s. 6(5)(a)), without considering the provision’s purposes and how it differs from Examiner’s determination under ss. 32(1)(b) and 37(1)(d).

First, section 4.9.3, of the Manual appears to set out a minimum threshold for determining which marks have “some inherent distinctiveness”. This statement resembles, in some respects, the findings of the Federal Court of Appeal in *Pink Panther* and *Compulife Software Inc v Compuoffice Software Inc*.<sup>2</sup> However, the statement in the Manual is inconsistent with the statements in these prior decisions:

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<sup>1</sup> United Artists v. Pink Panther

<sup>2</sup> 2001 FCT 559 at para. 19.

- The FCA’s statement about “inherently distinctive” marks in *Pink Panther* is an example of a trademark which is clearly inherently distinctive – often called a “strong mark” – and at one end of the spectrum of distinctiveness.
- By contrast, the Manual recognizes a binary test to determine if a trademark possesses “some” inherent distinctiveness, where marks are inherently distinctive if and only if “nothing about them” refers to many sources, and where marks have no inherent distinctiveness if they “may refer to many sources.” *Pink Panther* does not state this latter category of trademarks lacks inherent distinctiveness, only that such trademarks are afforded less protection.

Second, the different pronouncements in *Pink Panther* and in the Manual underline the differences between that case law and the question of inherent distinctiveness. In a s. 6(5)(a) confusion factor analysis, Courts do not determine whether a trademark lacks inherent distinctiveness. Rather, a Court or Hearing Officer’s evaluation determines a trademark’s protection by assessing where it falls on a spectrum of inherent distinctiveness. As illustrated in the *Pink Panther* quotation, the tribunal assesses the protection afforded to a senior user’s mark, or a junior user’s mark’s capability to function as a distinctive indication of source. It does not assess whether either mark reaches a threshold level of distinctiveness. As a result, a Court or Hearing Officer considering s. 6(5)(a) decides a different issue than an Examiner making an assessment under ss. 32 or 37, and one which is not necessarily relevant to determining a threshold level of distinctiveness. Examiners must consider the different purpose and context of comments on distinctiveness made in prior decisions relating to s. 6(5)(a) when they seek to apply these decisions in the context of a “not inherently distinctive” objection.

## Recommendations

We believe the Manual’s approach sets the distinctiveness bar too high by grounding its analysis in s. 6(5)(a). Under a preferable approach, considering the issuance of a report would closely resemble the Court or Hearing Officer’s evaluation of an opposition ground alleging a mark is not distinctive under subsection 38(2)(d),<sup>3</sup> or an application to expunge a registration on the same basis under subsection 18(1)(b).

For example, section 4.9.3 of the Manual cites the *ITV Technologies Inc v WIC Television Ltd*<sup>4</sup> decision for its statements on section 6(5)(a). However, *ITV* provides a potentially more helpful analysis to determine distinctiveness in its determination of the registered owner’s trademark’s validity pursuant to s. 18(1)(b) of the Act. The s. 18(1)(b) analysis in *ITV*, and other such cases, includes the following legal propositions which could assist the Examiners’ determination of a threshold level of distinctiveness not currently in the Manual:

- distinctiveness is to be determined from the point of view of an everyday user of the goods or services in question, and must be considered in its entirety and as a matter of first impression;<sup>5</sup>
- distinctiveness must be assessed from the perspective of the general public, and not on the understanding of experts or persons within an industry who have specialized knowledge;<sup>6</sup>
- distinctiveness of a trademark must be measured in the Canadian marketplace alone;<sup>7</sup> and

<sup>3</sup> See for example *Muffin Houses Inc. v. Muffin House Bakery Ltd.* (1985) 4 C.P.R. (3d) 272

<sup>4</sup> 2003 FC 1056; aff’d 2005 FCA 86 (“*ITV*”).

<sup>5</sup> *Molson Breweries, a Partnership v John Labatt Ltd.*, [2000] FCJ No 159 (FCA) at para. 61.

<sup>6</sup> *Conorzio Del Prosciutto Di Parma v Maple Leaf Meats Inc.*, [2001] FCJ No 89 (FCTD)(“*Conorzio*”) at para 35, aff’d 2002 FCA 169; *ITV* at para. 119.

<sup>7</sup> *Conorzio* at para. 35.

- it is not necessary for the owner of the trademark to show itself to be the sole user of the mark to demonstrate distinctiveness. Use of the same mark by others in association with similar wares is relevant, but exclusivity is not essential.<sup>8</sup>

In light of these relevant legal propositions, we propose a revision of the Manual to better reflect the applicable law and remove current language we believe may be causing many of the frequent NID objections since June 17, 2019.

For that purpose, a blackline copy of proposed revisions to the Manual's sections on distinctiveness is enclosed.

### **Conclusion**

The CBA IP Section appreciates the time and care taken in reviewing this correspondence and the enclosed proposed revisions to the Manual. We trust that our recommendations are helpful and welcome the opportunity to discuss them in more detail if necessary.

*(original letter signed by Julie Terrien for Erin Best)*

Erin Best  
Chair, Intellectual Property Section

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<sup>8</sup> *ITV* at para. 114.

### 4.9.3 Inherently distinctive

The phrase “not inherently distinctive” in paragraph 32(1)(b) refers to a trademark having “no inherent distinctiveness” (not registrable) as opposed to a trademark possessing a “low degree of inherent distinctiveness” (registrable).

There is a spectrum of inherent distinctiveness, ranging from no inherent distinctiveness to high inherent distinctiveness. A trademark has some inherent distinctiveness where, considered as a whole, it is capable of communicating to the public that the applicant is the source of the associated goods or services.<sup>1</sup> Even where portions of a trademark may be laudatory or suggestive of associated goods or services, the trademark nevertheless may have some inherent distinctiveness. ~~Trademarks possess some inherent distinctiveness when nothing about them refers the consumer to a multitude of sources when assessed in relation to the associated goods or services. Where a trademark may refer to many sources, it is considered to have no inherent distinctiveness.~~

As stated by the Federal Court in *ITV Technologies Inc. v. WIC Television Ltd.*, 2003 FC 1056 (CanLII), *aff'd* 2005 FCA 96 (CanLII) at paras 119-121:

The inherent distinctiveness of a mark refers to its originality. A mark that is composed of a unique or invented name, such that it can only refer to one thing, will possess more inherent distinctiveness than a word that is commonly used in the trade.

For a trademark to lack inherent distinctiveness, it is not necessary that the trademark contravene paragraphs 12(1)(a), (b) or (c) of the Act. For example, in *Canadian Council of Professional Engineers v. Apa - The Engineered Wood Assn.*, 2000 CanLII 15543 (FC), the Federal Court noted that

while it may be true that a purely descriptive or a deceptively misdescriptive trademark is necessarily not distinctive, it is not correct to hold that merely because a mark is adjudged not to be either purely descriptive or deceptively misdescriptive, it is therefore distinctive.

Where a trademark does not have inherent distinctiveness, it may still acquire distinctiveness through for example, continuous and long-standing use. To establish this acquired distinctiveness, it must be shown that the trademark has become known to consumers as originating from one particular source.

### 4.9.4 Examination

Any assessment as to whether a trademark is inherently distinctive requires consideration of the trademark in association with the goods or services assuming no use (as defined in section 4 of the Act). Distinctiveness must be determined from the point of view of an ordinary consumer, and the trademark must be considered in its entirety and as a matter of first impression.<sup>2</sup> Distinctiveness must be assessed from the perspective of the general public, and not based on the understanding of experts or persons within an industry who have specialized knowledge.<sup>3</sup> ~~In other words, is it the sort of~~ If a trademark, considered as a whole, which can distinguish the source of the goods or services without first educating the public that it is a trademark acquiring distinctiveness through use, that trademark will have at least some degree of inherent distinctiveness.<sup>2</sup>

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<sup>1</sup> *Auld Phillips Ltd v Suzanne's Inc.*, 2005 FC 48, *aff'd* 2005 FCA 429 at para. 43

<sup>2</sup> *Molson Breweries, a Partnership v John Labatt Ltd.*, [2000] FCJ No 159 (FCA) at para. 61.

<sup>3</sup> *Conorzio Del Prosciutto Di Parma v Maple Leaf Meats Inc.*, [2001] FCJ No 89 (FCTD) (“*Conorzio*”) at para 35, *aff'd* 2002 FCA 169; *ITV Technologies Inc v WIC Television Ltd.*, 2003 FC 1056 (“*ITV*”) at para. 119, *aff'd* 2005 FCA 96.

One of the questions an Examiner must answer when deciding whether a trademark is inherently distinctive is whether other traders should be able, in the ordinary course of their businesses, to use the same trademark in association with the same goods or services.

~~While the fact that other traders are not currently using a trademark in association with their goods or services is not determinative, it is one of the factors that should be considered in assessing distinctiveness. The ultimate question is whether other traders should be free to use that trademark in association with their goods and services.~~

It is not necessary for the owner of the trademark to show itself to be the sole user of the mark to demonstrate distinctiveness. Use of the same mark by others in association with similar wares is relevant, but exclusivity is not essential.<sup>4</sup> Alternatively, If research points to widespread use in Canada by others in the trade, however, the trademark is likely to may have no inherent distinctiveness as if the public would not respond to the trademark as be able to identifying only one the applicant as the source of the associated goods and services. A trademark is inherently distinctive when nothing about it refers the consumer to a multitude of sources (Compulife Software Inc. v. Compuoffice Software Inc., 2001 FCT 559 (CanLII) at para 19). Such widespread use would not typically include unauthorized use by third parties of a trademark which originates from the applicant, unless a substantial degree of third party use is evident.<sup>5</sup>

The question of whether a trademark is distinctive (whether inherent or acquired) cannot be considered in the abstract but rather must be considered in relation to the goods or services for which registration is sought. It must also consider the first impression of the average Canadian consumer of those goods or services. In this regard, distinctiveness of a trademark must be assessed within the context of the Canadian marketplace alone.<sup>6</sup>

When raising an objection, examiners must provide a clear explanation why the trademark is not inherently distinctive. Examiners must also indicate whether the objection relates to all the associated goods or services, or only to some (in which case examiners should specifically identify those goods/services to which the objection relates). Moreover, if the Registrar's preliminary view is that the trademark is not inherently distinctive due to use of the trademark by others in the marketplace, that view must be informed by objective evidence which should be provided to the applicant, including the results of any research by the examiner. If only a portion of the trademark is considered not inherently distinctive, but other portions have at least some inherent distinctiveness, the trademark as a whole will be considered to have some inherent distinctiveness and an objection under paragraphs 37(1)(d) and 32(1)(b) of the Act will not be raised.

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<sup>4</sup> *ITV supra* note 4 at para. 114.

<sup>5</sup> *Gary Gurmukh Sales Ltd v Quality Goods IMD Inc*, 2014 FC 437 at para. 36; *Mr P's Mastertune Ignition Services Ltd v Tune Masters Inc*, [1984] 82 CPR (2d) 128 (FCTD) at para. 90.

<sup>6</sup> *Conorzio supra* note 4 at para 35.