Top 10 Differences Between Canadian and U.S. Trade-mark Application Procedures

As a leader of the G-8 in economic growth and the largest trading partner of the United States, Canada has become an increasingly important market for many international companies. While Canadian trade-mark laws and rules bear many similarities to those in the United States, there are also important differences that one should keep in mind when filing and prosecuting trade-mark applications in Canada. The following outlines some of the most important differences:

1. **Madrid Protocol**
   
   To date, Canada is not a member of the Madrid Protocol. Accordingly, registration in Canada can only be obtained through a Canadian application.

2. **No Classes**
   
   Canada does not use a classification system. Therefore, an unlimited range and number of goods and services can be included in a single Canadian application without an increase in government fees.

3. **First Use Date**
   
   When filing an application in Canada, it is important to correctly indicate whether or not the trade-mark has been used in Canada. If there has been use of the trade-mark in Canada, a date of first use must be claimed. Unlike in the U.S., it is improper to file an application on the basis of proposed use or intent-to-use if the mark has been used in Canada; a third party can successfully oppose an application on this basis. It is also important not to claim a date of first use in Canada that is too early (i.e. before the actual date of first use) since this could provide a ground of opposition and result in an invalid registration. Since it is often difficult or impossible to amend the filing basis or date of first use after filing, it is important to include the correct information at the time of filing. An "at least as early as" date is acceptable and is often used when the date is uncertain. It does not preclude the later proof of an earlier date.

4. **Multiple Bases**
   
   A Canadian application and the resulting registration can be founded on more than one basis for filing. As each of these bases is treated independently, reliance on multiple bases can lead to a more durable registration. For example, a registration based on domestic use and foreign use and registration will remain in force, even if one of these two bases is found by a court to be incorrect in fact or law.
5. Foreign Registration Basis
Unlike under U.S. Section 44(e), an Applicant relying on a foreign application or registration in Canada must also indicate that the trade-mark has been used. However, this use does not need to have been in Canada or in the Applicant’s home country; use in any country will suffice.

6. No Divided Applications
In Canada, an application cannot be divided such that a child application proceeds to registration for a subset of goods or services while a parent application stays pending for the remaining goods or services. Therefore, if use for one subset of goods or services in a proposed use application is expected before another, and it is commercially important to obtain registration for that subset of goods or services at an early date, filing separate applications may be warranted.

7. No Supplemental Register
As Canada only has the equivalent of the U.S. Principal Registry, a descriptive mark cannot be registered unless it has gained a certain level of distinctiveness in Canada.

8. Extensions of Time
The Canadian Trade-marks Office tends to be very lenient in the provision of time extensions during prosecution. This includes extensions to respond to office actions, as well as to commence use in a proposed use application.

9. Simple Renewal Procedure
A trade-mark registration in Canada only needs to be renewed once every 15 years, and has no interim proof of use requirement (similar to U.S. section 8). Further, unless a registration is attacked, it is never necessary to prove use or provide specimens of use.

10. Nationwide Protection
Unless it is geographically restricted, a Canadian trade-mark registration is enforceable in every region of the country regardless of whether the mark has been used or has otherwise become known in that particular region.

Kohji Suzuki, Ottawa

Famous (and Not Quite Famous) Trade-marks in Canada
Trade-mark law has received increased attention from the Supreme Court of Canada as of late. In addition to releasing a decision on November 17, 2005 in the well publicized LEGO case, Kirkbi AG v. Ritvik Holdings Inc., (2005 SCC 65) (a summary of which appears on page 4 of this newsletter), the Supreme Court also heard two cases on October 18, 2005, dealing with famous trade-marks: Veuve Clicquot Ponsardin v. Boutiques Clicquot Ltée (2004 FCA 164) and Mattel Inc. v. 3894207 Canada Inc. (2005 FCA 13).

In Veuve Clicquot, the well known manufacturer of champagne sued the owner of women’s retail clothing stores that were operating under the names CLIQUOT and LES BOUTIQUES CLIPQUOT for trade-mark infringement, passing off and depreciation of goodwill. The Plaintiff had used its VEUVE CLICQUOT trade-mark for many years in connection with champagne and promotional items, such as scarves and other fashion articles. The Plaintiff had also advertised its champagne in fashion magazines and had sponsored fashion events. Despite these facts, both the Federal Court and the Federal Court of Appeal found that there was no risk of confusion in consumers’ minds and dismissed the claims of Veuve Clicquot. The key factor in this analysis was the difference between the parties’ wares and services.

In Mattel, the manufacturer of the famous plastic doll BARBIE opposed the trade-mark application of a Montreal area restaurant owner seeking to register the trade-mark BARBIES & Design in association with restaurant services. The Trade-marks Office, the Federal Court and the Federal Court of Appeal all rejected Mattel’s opposition and held that there is no reasonable likelihood of...
confusion between the parties’ trade-marks, largely due to differences in their wares and services.

Both Veuve Clicquot and Mattel are appellants before the Supreme Court in their respective proceedings, and are arguing that their trade-marks are famous and therefore deserve a broad scope of protection that goes beyond an association with any particular wares or services. The appeals were argued on October 18, 2005, and the decisions are under reserve.

There is no existing Canadian legislation that specifically defines the scope of protection afforded to famous trade-marks. The primary battleground is the general concept of “confusion” as set out in section 6 of the Trade-marks Act (the “Act”). Section 6(5) of the Act specifically enumerates “the nature of the wares, services or business” and “the nature of the trade” as factors that must be considered in assessing confusion. However, Veuve Clicquot and Mattel are arguing that the courts have improperly introduced a requirement that a connection must exist between the parties’ wares and services in order for confusion to exist, contrary to the wording of section 6(2) of the Act, which states that confusion as to the source of wares and services may be inferred “whether or not the wares or services are of the same general class”.

Interestingly, in two recent decisions rendered since the Supreme Court’s hearings (Remo Imports Ltd. v. Jaguar Cars Limited and Ford Motor Company of Canada (2006 FC 21) and Vibe Ventures LLC v. 3681441 Canada Inc (2005 FC 1650)), the Federal Court has demonstrated its willingness to bridge the gap and find confusion with famous (or at least well known) trade-marks, notwithstanding the parties’ seemingly disparate wares.

First, in Jaguar (issued January 16, 2006), Jaguar Cars has succeeded in both enjoining a Montreal-based luggage company (Remo) from using the trade-mark JAGUAR and in expunging their JAGUAR trade-mark registration for luggage and related wares.

In this case, which spanned 14 years of litigation and involved more than 6,000 exhibits, the Federal Court issued a 136 page decision that comprehensively considers the issues of famous marks and depreciation of goodwill in Canada.

The Federal Court held that the evidence established both confusion and depreciation of the goodwill in the trade-mark JAGUAR. In so doing, the Court indicated that there was a “natural brand extension from luxury cars into luggage”, and identified the following factors as being relevant: an overlap in the function and concurrent use of the parties’ JAGUAR wares; an industry practice worldwide establishing that other automotive brands have extended into the luggage field; that there was an actual extension by Jaguar Cars into the luggage field and this had been their intention for many years prior to Remo’s adoption of the JAGUAR mark; and that there was a connection in the attributes of the brand as perceived by consumers.

In the second case, the publisher of VIBE magazine sought to expunge a trade-mark that was registered by a clothing manufacturer. The trade-mark was identical to that used by the publisher on its magazines, website, and various promotional articles such as T-shirts and sweatshirts. On December 5, 2005, the Federal Court ordered that the registration be expunged and held that use of a trade-mark that is identical in appearance creates confusion in the same youthful clientele to which the products are targeted. However, the Federal Court declined to expunge a parallel registration for the word mark VIBE.

The Federal Court stated that regardless of the Supreme Court’s eventual conclusion in the Veuve Clicquot and Mattel cases, “[o]ne cannot use an identical script when targeting a specific clientele, even though one party’s wares are sold at newsstands and the other’s in stores”.

The decisions of the Supreme Court in the Veuve Clicquot and Mattel appeals are highly anticipated, and it is hoped that they will clarify the scope of protection of famous (and not quite famous) trade-marks in Canada. We will keep you fully informed once these decisions have been rendered.

Mark K. Evans and Rex M. Shoyama, Toronto
Lego Loses Trade-mark Battle in Canada

In a unanimous decision (2005 SCC 65) released in November 2005, the Supreme Court of Canada ruled that trade-mark law cannot be applied to prevent competitors from selling toy building blocks that look like the basic LEGO blocks. The decision emanates from an action brought against a Canadian company, Ritvik Holdings Inc. (now Mega Bloks Inc. (“Mega Bloks”)), by Kirkbi AG (“Kirkbi”), the Danish manufacturer of LEGO toys, and Lego Canada Inc., the Canadian distributor. The action was dismissed by the Federal Court, and appeals to both the Federal Court of Appeal and the Supreme Court of Canada were unsuccessful.

The well-known LEGO blocks have been manufactured and sold around the world for over 50 years. As part of the circumstances which appear to have influenced the Court, Kirkbi owned a number of (now expired) patents in Canada and elsewhere for its LEGO blocks which protected the pattern of studs on the top of the blocks. In Canada, the last of Kirkbi’s patents expired in 1988. After that date, Mega Bloks began to market a line of competing building blocks, virtually identical in size and shape to the LEGO blocks. Not only do the Mega Bloks blocks compete with the LEGO blocks, they can be used interchangeably with them. Within the past decade, Mega Bloks has become a major competitor to Kirkbi both in Canada and in many other countries.

Kirkbi had tried unsuccessfully to obtain a trade-mark registration in Canada for the shape or design of its LEGO blocks. Kirkbi also sued Mega Bloks for passing off under section 7(b) of the Trade-marks Act, a provision that can be used to protect unregistered trade-marks.

There was evidence of actual confusion, where consumers believed that the Mega Bloks products originated from Kirkbi. Thus, if the LEGO blocks were subject to trade-mark protection, it appeared that Kirkbi would succeed on the basis of passing off. However, a major hurdle was that the Kirkbi design was apparently acknowledged by both parties to be functional.

The issue before the Supreme Court was whether a purely functional design could be the subject of trade-mark protection in Canada. The Court confirmed that Kirkbi’s design was purely functional and held that “[a] purely functional design may not be the basis of a trade-mark, registered or unregistered.”

The Court was concerned that the “mark” in this case was not a symbol applied to a product, but rather was the product itself. The Court stated that trade-mark law is “not intended to prevent the competitive use of utilitarian features of products...”. Moreover, the Court emphasized that it is necessary for the public to be able to distinguish the mark from the product itself.

It appears to have been particularly damaging to Kirkbi that it had previously obtained patent protection relating to its blocks. The Court suggested that there is a presumption that the features claimed in a patent are purely functional. The Court reasoned that it would be inappropriate to apply trade-mark protection to those features as it would result in “overextending monopoly rights on the products themselves and impeding competition, in respect of wares sharing the same technical characteristics.”

The decision in this case is consistent with a case decided by the Federal Court of Appeal in 1995, Remington Rand Corp. v. Philips Electronics N.V. (1995), 64 C.P.R. (3d) 467 (F.C.A.). In that case, the validity of Philips’ trade-mark registrations was challenged. The registrations depicted three circular heads on an electric shaver oriented to form an equilateral triangle. The Federal Court of Appeal ruled that Philips’ trade-mark registrations were invalid because they related to features which were primarily functional.

As another ground of defense in the LEGO case, Mega Bloks challenged the constitutional validity of section 7(b) of the Trade-marks Act as being outside the jurisdiction of federal legislative power. The Court rejected this argument and upheld the validity of the provision.

While the Supreme Court has confirmed the prevailing view that features that are purely (or primarily) functional will not be protectable as trade-marks, the question remains regarding when such features are to be considered purely (or primarily) functional.

Philip D. Lapin, Ottawa
Obtaining Official Marks — Must be a “Public Authority in Canada”

An official mark is a form of intellectual property unique to Canada. Pursuant to section 9(1)(n)(iii) of the Trade-marks Act, a “public authority” can request that the Registrar of Trade-marks give public notice of any badge, crest, emblem or mark adopted and used by the public authority in Canada as an official mark for wares or services. Once public notice is given, no other person may adopt (in connection with a business, as a trade-mark or otherwise) any mark consisting of the official mark, or so nearly resembling the official mark as to likely be mistaken for it.

Until recently, the question remained open as to whether a public authority located outside Canada could obtain official mark protection within Canada. The Federal Court of Canada has now confirmed that in order to obtain official mark protection, the public authority must be “a public authority in Canada” that is subject to governmental control within this country.

In *Canada Post Corporation v. United States Postal Service* (2005 FC 1630), Canada Post Corporation (“Canada Post”) brought an application for judicial review of the decisions of the Registrar of Trade-marks to give public notice of the adoption and use of 13 official marks by the United States Postal Service (“U.S.P.S.”). As a preliminary issue, Canada Post argued that the Registrar erred in finding that the U.S.P.S. is a “public authority” for the purposes of section 9(1)(n)(iii).

In considering this issue, the Court took note that the English and French versions of section 9(1)(n)(iii) are not identical, as the English version contains a comma which is not present in the French version. The English version states that in order for a mark to be a proper official mark, it must have been “adopted and used by any public authority, in Canada”, while the French version provides that the mark must have been “adopté et employé par une autorité publique au Canada”.

The issue before the Court was whether the words "in Canada" modified the phrase "public authority". After reviewing the jurisprudence and the legislative history, the Court held that this was the case.

To determine whether the U.S.P.S. was a public authority in Canada, the Court considered the test for a “public authority” established in previous jurisprudence, which entailed an inquiry into whether the entity in question is subject to governmental control, and the extent to which its activities benefit the Canadian public. Ultimately, the Court held that in order to satisfy the test, the public authority must be subject to governmental control within Canada. The Court was influenced by the fact that the benefits accorded to the holders of official marks exist only within the geographic confines of Canada, and any resulting injury would be suffered by Canadian trade-mark owners or the Canadian public. There was no evidence before the Court that any level of government in Canada exercised any measure of power or control over the U.S.P.S. As such, the U.S.P.S. was held not to be a public authority in Canada for the purposes of section 9(1)(n)(iii) of the Trade-marks Act.

In the result, the Court allowed Canada Post’s application and set aside the decisions of the Registrar in respect of each of the official marks of the U.S.P.S. in issue. In view of this decision, the Canadian Trade-marks Office is currently circulating a draft Practice Notice which takes into account the decision of the Court. The decision has been appealed by the U.S.P.S.

Canada Post Corporation was represented by David Morrow and Jeremy Want of our Ottawa office.

Jeremy E. Want, Ottawa
Canadian Domain Name Disputes

First created in 1987, the .ca domain name space has grown to include over 635,000 .ca domain names. Although the Canadian Internet Registration Authority (“CIRA”) established its Domain Name Dispute Resolution Policy (the “Policy”) in 2001, there have only been 51 dispute resolution decisions to date. This number is considerably lower than the number of proceedings brought under ICANN’s corresponding Uniform Domain Name Resolution Policy (“UDRP”).

Consistent with CIRA’s policy of reserving .ca domain names for Canadians, a Complainant under the Policy must first meet the Canadian presence requirements for registering a .ca domain before it can initiate a dispute. This usually requires a foreign entity to have a Canadian incorporated subsidiary or a Canadian trade-mark registration for the .ca domain name. Complainants holding only pending Canadian applications are not eligible.

In order to succeed in a dispute, a Complainant must prove that:

(a) the Registrant’s .ca domain name is confusingly similar to a mark in which the Complainant had rights prior to the date of registration of the domain name;
(b) the Registrant has no legitimate interest in the .ca domain name; and
(c) the Registrant has registered the .ca domain name in bad faith.

Several difficulties arise with the bad faith requirement. The Policy considers a Registrant to have registered a domain name in bad faith if:

(a) the Registrant registered the domain name primarily for the purpose of selling, renting, licensing or otherwise transferring the Registration to the Complainant for valuable consideration in excess of the Registrant’s actual costs in registering the domain name;
(b) the Registrant registered the domain name in order to prevent the Complainant from registering one of the Complainant’s marks as a domain name, provided that the Registrant has engaged in a pattern of such conduct; or
(c) the Registrant registered the domain name primarily for the purpose of disrupting the business of the Complainant, who is a competitor of the Registrant.

It can be difficult for a Complainant to satisfy the bad faith requirement when dealing with sophisticated cybersquatters. The main reason for this is that unlike the UDRP, the categories of bad faith are restricted to those listed above. Novel arguments related to bad faith are almost always rejected by CIRA arbitration panels.

Cybersquatters with knowledge of the Policy will not typically initiate an offer to sell the domain name for a fixed price, but instead will sit back and wait for a trade-mark owner to make an offer. A knowledgeable cybersquatter can also register multiple domain names so that it is difficult to prove a pattern of conduct. However, with a proper investigation, a trade-mark owner may be able to make a connection between the different names used by a cybersquatter, and thereby prove the requisite pattern of conduct. Finally, a cybersquatter is unlikely to be a competitor of a trade-mark owner, and therefore the third requirement of bad faith can be difficult to apply.

The costs of initiating a CIRA dispute are quite high compared to a UDRP proceeding. The arbitrator’s fees alone for a three person panel are over $4,000. For a trade-mark owner, a payment of a few thousand dollars to a cybersquatter may represent a significantly lower cost than that of a CIRA dispute.

Given the difficulties of dealing with cybersquatters under the Policy, it is highly recommended that trade-mark owners, and especially trade-mark owners outside of Canada, take proactive steps to register their trade-marks as .ca domain names.

Timothy P. Lo, Vancouver
The Quebec Charter of the French Language

As is commonly known, Canada has two official languages: English and French. However, in the Province of Quebec, where the majority of French-speaking Canadians reside, French is the only official language.

The official status of the French language is established by provincial legislation referred to as the Quebec Charter of the French Language (the “French Charter”). Generally, the French Charter establishes that French is the official language of both the government and the workplace.

Any company that has, *inter alia*, (1) its head office in Quebec, (2) an address in Quebec, (3) an establishment in Quebec, (4) a P.O. Box in Quebec, or (5) agents in Quebec (for example, distributors and/or retailers), will be subject to the application of the French Charter. As such, as interpreted by the *Office de la langue française* (the governing body responsible for enforcing the French Charter), even the smallest connection to Quebec could suffice for a company to be subjected to the French Charter.

The French Charter requires that the following types of materials be drawn up in French: (1) every inscription on a product, its container or its wrapping, or on a document or object supplied with it, including directions for use and warranty certificates, (2) catalogs, brochures, folders, commercial directories, and other similar publications, and (3) public signs, posters and commercial advertisements.

The following information may appear exclusively in a language other than French on any of the materials listed above: (1) the name of a firm established exclusively outside of Quebec, (2) a name of origin, the denomination of an exotic product or foreign specialty, a heraldic motto or any other non-commercial motto, (3) a name designating a place situated outside of Quebec, or a place name in such other language as officialized by the *Commission de Toponymie du Québec*, a family name, a given name or the name of a personality or character or a distinctive name of a cultural nature, and (4) a recognized trade-mark within the meaning of the *Trade-marks Act*, unless a French version of said trade-mark has been registered in Canada.

In theory, the expression “recognized trade-mark” should encompass registered trade-marks, common law trade-marks and even trade-marks that are the subject of proposed use trade-mark applications. In practice, however, the *Office de la langue française* has begun adopting a relatively strict interpretation of the expression “recognized trade-mark” in that an application to register the trade-mark should have been filed in the Canadian Trade-marks Office and that simple use or making known would not suffice.

When intended for persons belonging to a specific ethnic group, the aforementioned materials may be written exclusively in the language of that ethnic group.

Certain additional exceptions exist for products destined for, or originating from, locations outside of Quebec. Specifically, where: (1) the product is intended for a market outside of Quebec, (2) the inscription appears on a container used in the interprovincial or international transportation of merchandise, (3) the product is from outside of Quebec, has not yet been marketed in Quebec and is being exhibited at a convention, conference, fair or exhibition, (4) the product is from outside of Quebec, is intended for incorporation into a finished product or for use in a manufacturing, processing or repair operation and is not offered in Quebec for retail sale, (5) the product is from outside of Quebec and is in limited use in Quebec and no equivalent substitute presented in French is available, or (6) the product is from outside of Quebec and the inscription is engraved, baked or inlaid in the product itself, riveted or welded to it, or embossed on it in a permanent manner.

The French Charter sets out the circumstances under which translations into other languages will be permitted:

- Every inscription on a product, its container or wrapping or on a document or object supplied therewith (including directions for use and warranty certificates) may be accompanied by a translation or translations, provided the translation(s) is/are not of greater prominence than the French inscription;
Catalogues, brochures, folders, commercial directories and/or any similar publications may be drafted in two separate languages, one exclusively in French and the other exclusively in another language, provided that the material presentation of the French version is available under no less favourable conditions of accessibility and quality than the version drafted in the other language; and

Public signs, posters and commercial advertisements may be in French and another language, provided the French version is markedly predominant.

Company Websites
The Office de la langue française also appears to have extended the application of the French Charter to company websites, classifying them in the same general category as “catalogues, brochures, folders, commercial directories and other similar publications”. Therefore, barring the application of any of the above exceptions, such websites would also need to be available in French.

Companies not otherwise located in Quebec as defined above are subject to the French Charter if (1) they sell their products and/or offer their services in Quebec through distributors and/or retailers which are themselves physically located in Quebec, and (2) these products and/or services are in any way promoted and/or advertised on their website. In such cases, the website advertising and/or promoting of these wares and/or services must be available in French. However, companies located outside of Quebec that simply sell their products on an interactive website, i.e. make their products available for sale online, may not be subject to this same requirement.

Beth J. Trister, Montreal

Single Infringer's Use of Confusing Mark Caused It to Lose Distinctiveness

Under Canadian trade-mark law, it is fundamental that a registered trade-mark remains distinctive of a single source throughout the country in order for the mark to be valid and enforceable.

In Suzanne’s Inc. v. Auld Phillips Ltd. (2005 FCA 429), the Federal Court of Appeal recently upheld a decision that emphasizes this concept, as well as the strictness with which it may be applied.

In a decision perhaps without Canadian precedent, the Court of Appeal recently confirmed that a single infringer’s use of a confusing mark can cause a registered mark to lose its distinctiveness, and thus render it invalid.

In this case, the registered trade-mark owner (Suzanne’s Inc.) had commenced operation of a women's clothing store in 1984 at a single location, in association with the trade-mark SUZANNE’S. However, the trade-mark owner delayed registering the trade-mark until 2003. By that time, Auld Phillips had been operating several retail clothing stores under the same name for several years. In response to a passing off suit, Auld Phillips brought an action in 2004 to expunge the registered mark. At trial, the Judge found that Auld Phillips’s use of the identical mark had been widespread and of a significant duration, and thus rendered Suzanne Inc.’s registered mark to be non-distinctive.

On appeal, the Court of Appeal reiterated the principle that distinctiveness is a question of fact. Although the Court stated that it will be a rare occurrence when a single party is in a position to cause a mark to lose its distinctiveness, nothing in principle prevents this result. Previously, the prevailing view was that infringing use could not impair the distinctiveness of a trade-mark.

By upholding the decision to expunge this registered trade-mark, the Court of Appeal has underscored the importance in Canada of not delaying in either registering a trade-mark or enforcing one’s rights against an infringer.

Mark K. Evans, Toronto
Preventing Importation of Grey Market Goods into Canada: By Copyright or Trade-mark?

A recent decision of the Federal Court of Appeal has confirmed the ability of rights holders to use copyright in works on product packaging to inhibit the importation of grey market goods into Canada. This provides a possible alternative for brand owners to address grey market goods other than under trade-mark law, which may not provide effective remedies in many situations, including where the trade-mark rights at issue are owned by the same entity in Canada and in the products’ originating country.

In Kraft Canada Inc. v. Euro Excellence Inc. (2005 FCA 427, among others), Kraft Canada, along with two European confection manufacturers, commenced proceedings against a former Canadian distributor for infringement of copyright in artistic works appearing on the packaging of genuine confections obtained by the Defendant from an unnamed source in Europe. The packaging of those products included the copyrighted works.

Prior to commencing the proceedings, copyright was registered in Canada and Kraft Canada was granted the exclusive right to reproduce the works in association with the sale of the confectionery products. Notice was given to the Defendant of the copyrights and licences, but the Defendant continued to sell the products. Kraft Canada then sought to enjoin the Defendant from distributing the products in packaging that included the works. The Court found infringement by commercial importation and distribution of the works in Canada, pursuant to section 27(2) of the Copyright Act, and the Defendant was enjoined from distributing products displaying the works.

Generally, copyright may be parsed into smaller bundles of rights. Copyright in label designs and packaging can be assigned or licensed to different entities in different countries. Further, section 27(2) of the Copyright Act provides that it is an infringement of copyright for any person to, inter alia, import into Canada for the purpose of distributing, offering for sale or selling, a copy of a work “that the person knows or should have known infringes copyright or would infringe copyright if it had been made in Canada by the person who made it.” Accordingly, when genuine goods subject to copyright in a foreign country are sold with authority from the copyright owner in that country, and then imported into Canada for commercial distribution, the Canadian right holder should have a good cause of action under section 27(2) if there is a different owner (or exclusive licensee) and the importer/distributor is aware of the ownership of the copyright in Canada.

Trade-mark rights, on the other hand, are often not effective to prevent the importation of grey market goods into Canada. The problem is that trade-mark rights are often owned by the same entity in all countries of the world. Further, once goods have been sold by the trade-mark owner anywhere in the world, the first sale or exhaustion doctrine applies and such goods are not infringing simply because they arrive in a geographical area where the owner does not wish them to be distributed. The use of trade-mark rights to prevent the importation of grey market goods into Canada has thus been quite limited.

There are two circumstances where Canadian courts may intervene in respect of the importation or distribution of grey market goods on the basis of trade-mark rights. First, if the trade-mark owner in Canada did not use the trade-mark itself, and did not directly or indirectly license or approve the use of the trade-mark on the wares in question, the products will be considered counterfeit or infringing and the courts will intervene.

Second, where the domestic goods are “materially different” from those being imported (such that the differences in the products render them “not genuine”) the courts may also intervene. For example, in Consumers Distributing v. Seiko Time Canada Ltd., [1984] 1 S.C.R. 583, the seminal case in Canada relating to grey market goods, Seiko Time Canada (“Seiko”) maintained a worldwide distribution network for watches. Consumers Distributing (“Consumers”), a Canadian retailer, purchased watches in the United States from a dealer in Seiko’s network, then imported the watches into Canada and sold them at its stores. The Court found that the product sold by Consumers was different from the product
available through Seiko’s distribution network since the former did not include an international warranty available through authorized dealers. Consumers was enjoined from “holding itself out as an authorized Seiko dealer or advertising and selling Seiko watches as internationally guaranteed”. Consumers was still able to advertise and sell Seiko watches in Canada, so long as it was clear that it was not an authorized Seiko dealer and that the watches were not internationally guaranteed by Seiko.

An example combining both exceptions is H.J. Heinz Co. of Canada Ltd. v. Edan Foods Sales Inc., (1991), 35 C.P.R. (3d) 213, in which H.J. Heinz Co. of Canada (“Heinz Canada”) was successful in obtaining an interlocutory injunction preventing the importation and sale of HEINZ ketchup by the Defendant. The HEINZ ketchup had been purchased by the Defendant from the Plaintiff’s United States parent company and imported into Canada. The Defendant’s ketchup was clearly labeled as having been imported. However, the HEINZ trade-mark was owned in Canada by Heinz Canada, and the Canadian formulation was different from the United States’ formulation due to the different taste preferences in Canada and the United States.

Whenever grey market issues arise in Canada, in addition to considering existing remedies under trade-mark law or otherwise, consideration should be given to assigning or exclusively licensing copyright in artistic works appearing on label designs and packaging to an entity other than the foreign manufacturer of the goods.

Brian P. Isaac and Geneviève M. Prévost, Toronto

**Internal Use of Trade-mark Does Not Constitute “Use” or Passing Off**

In Albian Sands Energy Inc. v. Positive Attitude Safety System Inc. (2005 FCA 332), the Federal Court of Appeal granted a motion for summary judgment to dismiss allegations of passing off, pursuant to paragraph 7(b) and (c) of the Trade-Marks Act (the “Act”).

In a unanimous decision, the Federal Court of Appeal determined that the motions Judge had erred in not granting summary judgment in favour of the Defendants. The Court stated that in order for there to be a contravention of paragraph 7(b) of the Act, evidence of confusion or a likelihood of confusion as defined in subsection 6(2) of the Act is necessary. The Court further stated that confusion would only arise from the use of a trade-mark in relation to goods, in the “normal course of trade” as defined in subsection 4(1) of the Act.

In its analysis, the Court noted that the motions Judge had made a finding of fact that any use of appellants’s trade-marks was exclusively internal to the appellants. Furthermore, the appellants did not sell, rent out, expose, nor offer for sale or rental the allegedly infringing goods. Due to the absence of external trading activity, there was no trade-mark “use”. Consequently, the Court held that no contravention of paragraph 7(b) or 7(c) was possible, and granted summary judgment.

This decision is significant to Canadian trade-mark law as this case establishes that internal use of a trade-mark within a company does not constitute use in association with wares, as defined in subsection 4(1) of the Act, unless the use is in the normal course of trade.

This case explicitly states that in order to find passing off under paragraphs 7(b) and 7(c) of the Act, section 4 “use” must exist. This requirement creates a seeming difference between statutory passing off under the Act and passing off under the common law, despite existing earlier Canadian jurisprudence that indicates that section 7(b) of the Act merely codifies the common law test of passing off.

The Plaintiff was successfully represented by Michael D. Manson of our Vancouver office, and Nicholas Fyfe Q.C., Of Counsel.

Mark K. Evans and Rex M. Shoyama, Toronto

(This article originally appeared in the World Trademark Law Report’s October 2005 issue.)
The Importance of Naming Predecessors in Title in Canadian Trade-mark Applications

The Canadian Trade-marks Opposition Board has issued a decision in which it refused a trade-mark application on the basis that the application failed to name a predecessor in title of the trade-mark, as required by the Trade-marks Act. In Gemstar Development Corporation v. Dierks, (2004) 42 C.P.R. (4th) 466 (T.M.O.B.), Dierks filed an application to register the trade-mark DVD PLUS on the basis of use and registration of the trade-mark in France. Gemstar Development Corporation opposed the application. One of the grounds of Gemstar’s opposition was that the application failed to comply with section 30(d) of the Trade-marks Act in that Dierks had not named his predecessor in title. The relevant provision reads as follows:

30. An applicant for the registration of a trade-mark shall file with the Registrar an application containing:

... 

(d) in the case of a trade-mark that is the subject in or for another country of the Union of a registration or an application for registration by the applicant or the applicant’s named predecessor in title on which the applicant bases the applicant’s right to registration, particulars of the application or registration and, if the trade-mark has neither been used in Canada nor made known in Canada, the name of a country in which the trade-mark has been used by the applicant or the applicant’s named predecessor in title, if any, in association with each of the general classes of wares or services described in the application. (emphasis added)

It was clear from the certified copy of the French registration that the foreign application was not filed by the Applicant, as alleged in the application, but by the Applicant’s predecessor. The Board ruled that the Applicant’s failure to name his predecessor in title rendered the application contrary to section 30, and it refused the application on that basis.

This decision highlights the importance of properly naming predecessors in title, if any, in a Canadian trade-mark application, as failure to do so may result in the refusal of the application.

Geneviève M. Prévost, Toronto

New Trade-marks Wares and Services Manual

Canada does not use a classification system in order to identify the wares and services with which a trade-mark is used. Rather, the Trade-marks Act requires that a trade-mark application include a statement, in ordinary commercial terms, that describes the relevant wares and services. In order to assist Applicants in preparing this description, the Trade-marks Office publishes a Wares and Services Manual which provides an extensive list of suitable definitions of various wares (goods) and services. The Manual provides particularly helpful guidance in determining the level of specificity which is required when describing a particular good or service. For example, the Trade-marks Office will not allow definitions such as “computer software” or “clothing” unless the terms are further specified.

The Canadian Trade-marks Office issued a new Wares and Services Manual in January 2006. The new Manual is only the second to be published by the Trade-marks Office. Most of the definitions that were acceptable in the previous manual remain acceptable. However, some terms now require further specificity. For example, whereas previously “business consultation services” and “telecommunication services” were acceptable, they now must be described in further detail.

It is not necessary to use the particular definitions provided in the Manual. However, the Trade-
In granting a licence, a trade-mark owner consents to its use by a third party. A license contract allows a licensee to use the trade-mark to perform acts that might otherwise constitute infringement of the trade-mark, dilute the distinctive character of the mark, constitute unfair competition, or depreciate the goodwill attached to the mark. Section 50 of the Act serves to protect the rights of the trade-mark owner and reads, in part, as follows:

“(1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

(2) For the purposes of this Act, to the extent that public notice is given of the fact that the use of a trade-mark is a licensed use and of the identity of the owner, it shall be presumed, unless the contrary is proven, that the use is licensed by the owner of the trade-mark and the character or quality of the wares or services is under the control of the owner.” (emphasis added)

Subsection 50(1) can be crucial in overcoming an action against a trade-mark owner for summary cancellation or expungement based on lack of distinctive character by reason of the use by the licensed third party.

The right of control required under subsection 50(1) can be expressed in terms of a general right to control the character or quality of the wares or services, or in terms of specific standards to be observed by the licensee. The control can extend to approval of all advertising or promotional material used by the licensee. The right of control is usually accompanied by a right of pre-approval before commercialization, and a right to inspect or obtain samples in order to verify that the standards are being observed.

While a written agreement is not a requirement, it is strongly recommended in order to facilitate proof of the licence. However, the existence of an oral or implied licence, or the actual exercise of control by the owner during the term of the contract, may satisfy section 50.

Subsection 50(2) provides a benefit to a trade-mark owner who has provided public notice of ownership and licence, in that it creates a dual presumption that the use is licensed and that the necessary control exists. However, a presumption is just a rule of evidence, and does not replace the need for actual control under the licence.

However, subsection 50(2) does not address the preferred manner of announcing public notice. In practice, it is generally sufficient that the name of the trade-mark owner and that the mark is used
under licence be stated on the product or its packaging. It is customary to use the symbol ® (or its French equivalent MD) if the mark is registered, or TM (or its French equivalent MC) next to the trade-mark if it is not. A legend on the product or packaging could also appear and be worded as follows:

- “[MC or MD: TRADE-MARK] est une marque de commerce de [name of owner], employée sous licence”;
- “[TM or ®: TRADE-MARK] is a trade-mark of [name of owner], used under licence”

The licensing scheme provided by the Act is both comprehensive and flexible in that it covers both registered and unregistered trade-marks as well as trade-names, and in that it allows a wide variety of licensing schemes to exist, provided that they include the necessary element of control.

Christian Bolduc, Montreal
(With thanks to Florence Maran-Bullot (French jurist).)

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**Firm Achieves Top Level Rankings in Four International Surveys**

*Chambers Global Guide*

The *Chambers Global Guide*, has recently been released, and for the first time includes rankings of Canadian intellectual property firms. Smart & Biggar/ Fetherstonhaugh was not only ranked as a top tier firm in the area of intellectual property, but a number of our partners were also singled out for individual recognition as leading practitioners in their practice areas:

**John Bochnovic**
Patents, Trade-marks and Copyrights relating to communications, computers and electronics

**Mark K. Evans**
Trade-marks

**Gunars Gaikis**
Pharmaceutical Litigation

**François Guay**
Patent Litigation

**Michael D. Manson**
Intellectual Property Litigation

**A. David Morrow**
Intellectual Property Litigation

**Joy D. Morrow**
Biotechnology

*International Who’s Who of Trademark Lawyers*

Law Business Research Limited recently released the 2006 edition of *Who’s Who Legal – The International Who’s Who of Trademark Lawyers*. Only professionals who are highly nominated and meet strict independent research criteria are recommended and listed. We are pleased to report that Robert D. Gould and A. David Morrow of our Ottawa office and Michael D. Manson of our Vancouver office were recognized in the survey results.

*Managing Intellectual Property’s World IP Survey*

Managing Intellectual Property recently released the results of its World IP Survey, and Smart & Biggar/Fetherstonhaugh has been ranked as a tier one firm in all three Canadian categories: Patent Prosecution, Patent Contentious and Trademarks/Copyrights.

*PLC Which Lawyer?*

In the *PLC Which Lawyer? Yearbook 2006*, Smart & Biggar/Fetherstonhaugh has been ranked as a leading firm in the areas of Intellectual Property and Life Science – Intellectual Property. Several of our professionals were recognized as leaders in the Canadian intellectual property field:

**John Bochnovic**
Intellectual Property (Leading)

**Gunars Gaikis**
Intellectual Property (Highly Recommended)

**A. David Morrow**
Life Science – Intellectual Property (Leading)

**Joy D. Morrow**
Biotechnology

**International Who’s Who of Trademark Lawyers**

[...]
Announcements

Jeffrey F. Slater has joined our Ottawa office as a technical consultant. Mr. Slater obtained a B.Sc. from the University of Manitoba and an M.A.Sc. from Carleton University, both in the area of electrical engineering. Mr. Slater’s practice focuses on patent matters related to the electrical industry.

Andréanne Auger has joined our Montreal office as a technical consultant. Ms. Auger obtained her B.Sc.Hons. in biochemistry from McGill University, an M.Sc. in biochemistry/molecular biology from Dalhousie University and a Ph.D. in molecular/cellular biology from Université Laval. Her practice focuses on patent matters related to the biotechnology and pharmaceuticals industries.

Émilie Dubreuil has joined our Montreal office as an associate. She obtained her B.C.L./LL.B. from McGill University. Ms. Dubreuil was called to the Québec Bar in 2005. Her practice focuses on patents, trade-marks, copyright & media, and litigation.

In November 2005, Jonathan N. Auerbach from our Ottawa office and Scott A. Beeser from our Toronto office became registered patent agents in Canada.

Steven B. Garland was a judge of the Ottawa University Law School 1st Year Moot Court Competition on November 12, 2005.

Steven B. Garland and Colin B. Ingram taught the Patent Law Course at the Ottawa University Law School in the fall 2005 session.

John R. Morrissey
Intellectual Property (Recommended)

A. David Morrow
Intellectual Property (Leading)
Life Science – Intellectual Property (Recommended)

Joy D. Morrow
Life Science – Intellectual Property (Leading)

J. Christopher Robinson
Life Science – Intellectual Property (Recommended)

We are proud of this independent recognition of our strength in Canadian intellectual property law, and thank all of our clients and colleagues who have recommended our services.

New Partner at Smart & Biggar/Fetherstonhaugh

The partners of Smart & Biggar/Fetherstonhaugh are pleased to announce that effective January 1, 2006, Marc Gagnon has become a partner of the firms.

Marc Gagnon practises in the Montreal office, primarily in the area of patents, trade-marks, industrial designs, litigation, and licensing & IP transactions, with a particular focus in the area of industrial/mechanical patents. Mr. Gagnon was educated at Université Laval, where he received his B.A. Sc. (Mechanical Engineer) and at Université de Montréal, where he received his LL.B. He was called to the Quebec Bar in 1996. Mr. Gagnon is a registered patent and trade-mark agent and is registered to practise before the United States Patent and Trademark Office. He is a Professional Engineer (Ordre des ingénieurs du Québec). He is a Fellow of the Intellectual Property Institute of Canada, and a member of the Association du jeune Barreau du Québec and the Canadian Bar Association.

Notes

Announcements

Jeffrey F. Slater has joined our Ottawa office as a technical consultant. Mr. Slater obtained a B.Sc. from the University of Manitoba and an M.A.Sc. from Carleton University, both in the area of electrical engineering. Mr. Slater’s practice focuses on patent matters related to the electrical industry.

Andréanne Auger has joined our Montreal office as a technical consultant. Ms. Auger obtained her B.Sc.Hons. in biochemistry from McGill University, an M.Sc. in biochemistry/molecular biology from Dalhousie University and a Ph.D. in molecular/cellular biology from Université Laval. Her practice focuses on patent matters, particularly in the biotechnology and pharmaceuticals industries.

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Steven B. Garland and Colin B. Ingram taught the Patent Law Course at the Ottawa University Law School in the fall 2005 session.

Colin B. Ingram, Philip D. Lapin and David E. Schwartz are teaching a course titled “Intellectual
Property & Technology Law for Engineers” at the University of Ottawa from January to April 2006.

L. Catherine Eckenswiller has been invited to join the Steering Committee of the Ottawa Chapter of the CATA Women in Technology Forum.

Elliott S. Simcoe has been elected to the Board of Directors of The Ottawa Network, a networking organization supporting the Ottawa high-tech community.

Seminars and Presentations

Michael D. Manson spoke on the topic of “Intellectual Property Due Diligence Audits” at a joint dinner meeting of the British Columbia section of the Canadian Corporate Counsel Association and the Canadian Bar Association held in Vancouver on November 22, 2005.

Mark G. Biernacki provided an introductory seminar on intellectual property to members of the Business Enterprise Network in Toronto on December 2, 2005.


A. David Morrow co-wrote an update on recent developments in patent law in Canada. This paper was delivered by Mr. Morrow at the Law Society of Upper Canada’s 10th Annual Intellectual Property Law – The Year in Review held in Ottawa on January 13, 2006.


Christian Bolduc gave a presentation on the topic of “Considérations pratiques concernant leur protection et leur emploi” at a Parc technologique du Québec métropolitain conference held in Quebec City on January 19, 2006.


A. David Morrow gave a lecture on patentable subject matter to students at York University’s Osgoode Hall Law School in Toronto on February 23, 2006.

Steven B. Garland moderated a panel on the topic of “Patent Protection Strategies” at the Best Practices in Intellectual Property for Canadian Companies Forum held in Toronto on February 24, 2006. He will be moderating for the same forum when it is held in Ottawa on March 24, 2006.

Daphne C. Ripley authored a paper titled “Chemical and Biomedical Patenting in Canada: From Procurement to Enforcement”, to be delivered by John R. Morrissey to the Royal Society of Chemistry in London, England on March 14, 2006.

Sanjay D. Goorachurn will be giving a presentation on the topic of “IP Due Diligence in Financing and M&A Transactions” at the Canadian Institute’s Intellectual Property License Agreements conference to be held in Montreal on March 29-30, 2006.

Gunars Gaikis will speak on the topic of “Preparing for the Proposed Amendments to the Patented Medicines (Notice of Compliance) Regulations and the Data Protection Regulations of the Food & Drugs Act” at a conference titled “Pharmaceutical & Biotechnology Regulatory Compliance”, hosted by Insight Information to be held in Toronto from March 30-31, 2006. L. Catherine Eckenswiller will be a co-chair of the conference.

François Guay will be speaking on the topic of “Valoriser et commercialiser les actifs de propriété intellectuelle” at a conference organized by Insight Information titled “Les contrats de cession” to be held in Montreal from April 4-5, 2006. At the same conference, Christian Bolduc will be speaking on the topic of “Contrats de licence de propriété/marque de commerce: L’importance d’obtenir des marques fortes et de l’approche multidisciplinaire”.

Elliott S. Simcoe will moderate a panel discussion titled “Controlling Your IP in a Borderless
Electronic World” at the Canadian Corporate Counsel Association’s National Spring Meeting being held in Ottawa at the Château Laurier from April 23 - 25, 2006.

Michael D. Manson will be speaking on the topic of “North American Comparative Trade-mark Review” at the Annual International Trademark Association conference to be held in Toronto from May 6-10, 2006. At the same conference, Brian P. Isaac will participate in a panel discussion on the topic of “What U.S. Trademark Lawyers Must Know About Anticounterfeiting, Customs and Crossing the Border”, and Mark K. Evans will be chairing a roundtable discussion on “Trade-mark Licensing in Canada”.

Barristers & Solicitors, Patent & Trade-mark Agents

A. David Morrow
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Ronald D. Faggetter
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J. Sheldon Hamilton
Philip Lapin
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Franc Boltezar+ Peter A. Eliyoh
Jonathan N. Auerbach
Kelly L. Miranda
David A. Gileff+
Daniel M. Anthony
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