

## NOTE

### THE CANADIAN TRADEMARK REGIME: AMENDMENTS TO THE TRADE-MARKS ACT AND THE THREAT TO CANADA AND THE UNITED STATES

*Stephane Abitbol\**

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#### I. INTRODUCTION

The Canadian Government is currently in the process of implementing its most sweeping and controversial trademark reform (hereinafter “Amendments”) in 50 years,<sup>1</sup> the effect of which will

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\* Executive Editor, *Cardozo Journal of International and Comparative Law*. Candidate for Juris Doctor, Benjamin N. Cardozo School of Law, May 2016; B.A., McGill University, June 2011. I would like to thank all of the editors and staffers for their excellent work in preparing the Articles and Notes for publication, and my family for their continued support.

<sup>1</sup> Cynthia Rowden, et al., *Bill C-31: What Are the Practical Issues of Trademark*

likely culminate in a problematic and unfeasible trademark regime. This new regime will likely place the country at a comparative disadvantage with its most vital economic partner, the United States.<sup>2</sup> In an effort to bring Canada in line with the following three international intellectual property (“IP”) treaties: the 1) Madrid Protocol<sup>3</sup>; 2) Nice Agreement<sup>4</sup>; and 3) Singapore Treaty<sup>5</sup>, Bill C-31, and the Amendments to the Trade-Marks Act (hereinafter the “Act”)

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*Rights in a Non-Use Regime?*, LEXOLOGY (Apr. 9, 2014), <https://www.lexology.com/library/detail.aspx?g=377823ae-f2c8-4fef-abb0-51939d5bf13d>.

<sup>2</sup> FOREIGN AFF., TRADE AND DEV. CAN., CANADA’S STATE OF TRADE: TRADE AND INVESTMENT UPDATE 2013 (2013) *available at* [http://www.international.gc.ca/economist-economiste/assets/pdfs/performance/state\\_2013\\_point/SoT\\_PsC-2013-Eng.pdf](http://www.international.gc.ca/economist-economiste/assets/pdfs/performance/state_2013_point/SoT_PsC-2013-Eng.pdf).

<sup>3</sup> *Madrid Protocol*, INT’L TRADEMARK ASS’N (June 2014), <http://www.inta.org/TrademarkBasics/FactSheets/Pages/MadridProtocol.aspx>. The International Trademark Association defines the Madrid Protocol as “an international treaty [that] was adopted in 1989 in order to remove the difficulties that were deterring some countries from acceding to the Madrid Agreement (Agreement), the 1891 treaty that established the system for the international registration of trademarks. The Protocol, which has been in force since April 1, 1996, has become a convenient and economical means of securing trademark registration in member countries in Asia, Africa, Europe, the Middle East, the Pacific Rim and the Western Hemisphere.”

<sup>4</sup> *About the Nice Classification*, WORLD INTELL. PROP. ORG., <http://www.wipo.int/classifications/nice/en/preface.html> (last visited Oct. 12, 2015) (“The countries party to the Nice Agreement constitute a Special Union within the framework of the Paris Union for the Protection of Industrial Property. They have adopted and apply the Nice Classification for the purposes of the registration of marks. Each of the countries party to the Nice Agreement is obliged to apply the Nice Classification in connection with the registration of marks, either as the principal classification or as a subsidiary classification, and has to include in the official documents and publications relating to its registrations of marks the numbers of the classes of the Classification to which the goods or services for which the marks are registered belong.”).

<sup>5</sup> INTELLECTUAL PROP. INST. OF CAN., ALIGNING CANADA’S TRADEMARK REGIME WITH MODERN BUSINESS PRACTICES 9 (March 15, 2010), *available at* [https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/15122009commentaires7-commentaires7-eng.pdf/\\$FILE/15122009commentaires7-commentaires7-eng.pdf](https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/15122009commentaires7-commentaires7-eng.pdf/$FILE/15122009commentaires7-commentaires7-eng.pdf). The Singapore treaty simplifies and standardizes many formalities and procedures relating to the administration of trademarks. It regulates the maximum number of requests by an office and makes procedures more user-friendly, more consistent internationally, and thus, less time-consuming for applicants. The treaty outlines “common rules for recording, amending and cancelling trade-mark licenses.” It also introduces new mandatory relief measures for trademark office procedures to alleviate procedural errors made by applicants including missed time limits and covers new forms of marks, including holograms, position marks, sound marks, and olfactory marks.

buried deep within the bill, passed without debate in Parliament.<sup>6</sup> What the government views as a necessary step in modernizing Canadian intellectual property law is in fact threatening to destabilize a decades-old regime of trademark law and practice.<sup>7</sup> Of the numerous forthcoming changes, there is little doubt that the elimination of the use requirement<sup>8</sup> (i.e. showing that one has used or intends to use a particular mark in Canada regarding particular goods or services) to register a trademark will have the most significant impact.<sup>9</sup> Additional changes included in the Amendments are the following: 1) trademark renewals must be done after 10 years as opposed to 15; 2) examination of a mark may be conducted to determine if a mark is non-distinctive; 3) certain service requirements during opposition proceedings have been altered; and

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<sup>6</sup> Rowden et al., *supra* note 1.

<sup>7</sup> See Victoria Carrington, *Changes to Canadian Trademark Law: There's Good News and Bad News*, WORLD INTELL. PROP. REV. (July 29, 2014), <http://www.worldipreview.com/article/changes-to-canadian-trademark-law-there-s-good-new-and-bad-news>.

<sup>8</sup> When speaking of “usage requirement” this may refer to the need to file a date of first use of a mark under §30(b) or a “statement” that the applicant intends to use the mark in Canada under §30(e) as defined under the current version of the Act. The following passage details the types of information required in an application of a mark based on several different types of use: “(a) a statement in ordinary commercial terms of the specific wares or services in association with which the mark has been or is proposed to be used; (b) in the case of a trade-mark that has been used in Canada, the date from which the applicant or his named predecessors in title, if any, have so used the trade-mark in association with each of the general classes of wares or services described in the application; (c) in the case of a trade-mark that has not been used in Canada but is made known in Canada, the name of a country of the Union in which it has been used by the applicant or his named predecessors in title, if any, and the date from and the manner in which the applicant or named predecessors in title have made it known in Canada in association with each of the general classes of wares or services described in the application; (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; (e) in the case of a proposed trade-mark, a statement that the applicant, by itself or through a licensee, or by itself and through a licensee, intends to use the trade-mark in Canada.” Trade-marks Act, R.S.C., 1985, c. T-13, §30(a) – 30(e) (Can.).

<sup>9</sup> Peter Gibbins, *Changes to Canada’s Trademark Law Explained*, 69 INTA BULL., no. 13, (July 15, 2014), <http://www.inta.org/INTABulletin/Pages/ChangestoCanadasTrademarkLawExplained.aspx>.

4) the “allowance” period following the opposition period (i.e. when parties may may oppose a particular registration) will be eliminated, permitting unopposed marks to proceed directly to registration.<sup>10</sup>

At risk is recent Supreme Court of Canada jurisprudence, the ability of both domestic and foreign entities to protect their trademarks in Canada, the long-standing practice of trademark attorneys, as well as the current dynamic between the trademark regimes of Canada and the United States. As a result, there may be a significant impact on the economic relationship between both countries. If the fears of legal scholars and practitioners across Canada prove correct, Canada will be burdened with rectifying a newly established trademark process riddled with complications, most notably a significant increase in trademark-based litigation and trademark hoarding “trolls.”<sup>11</sup> The intention of the Government of Canada is certainly not to destabilize the country’s intellectual property law and there are those who have argued in favor of the Amendments.<sup>12</sup> A case can always be made for both sides, but at this preliminary yet critical juncture, it appears as if the Canadian Government will come to regret this decision. Accordingly, this Note will be organized in the following manner: Part II will discuss Canadian trademark law as it currently stands with regard to the use requirement and where the Amendments will likely take the law moving forward; Part III will then analyze the relevant jurisprudence of the Supreme Court of Canada on the use requirement and the impact the changes will portend to have on this case law; Part IV will conduct an in-depth comparison between the trademark regimes of

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<sup>10</sup> *Id.* (Please note that these additional changes, though significant, are not within the scope of this Note in an effort to further narrow the issues addressed and focusing specifically on the elimination of the use requirement.)

<sup>11</sup> Rowden et al., *supra* note 1 Trademark “trolls” are commonly defined as entities who buy trademarks with the sole intent to threaten and/or sue entities with the sole purpose of extracting licensing fees. *See also* Arty Rajendra, *Trademark Trolls – a new phenomenon*, ROUSE, [http://www.rouse.com/media/120436/trademark\\_trolls\\_a\\_new\\_phenomenon\\_art\\_y\\_rajendra.pdf](http://www.rouse.com/media/120436/trademark_trolls_a_new_phenomenon_art_y_rajendra.pdf).

<sup>12</sup> Chad Finkelstein, *How will changes to Canada’s trademark law affect your franchise?*, FINANCIAL POST, (May 20, 2014 11:49 AM), <http://business.financialpost.com/2014/05/20/how-will-changes-to-canadas-trademark-laws-affect-your-franchise/> (Even though Finkelstein points out that the amendments could present significant benefits for franchise owners in Canada as facilitating international commerce and intellectual property protection, he is also quick to note the many issues, both predictable and unpredictable, that will result from the new trademark regime.).

the United States (under the Lanham Act)<sup>13</sup> and Canada and any ramifications on the relationship between the countries; Part V will set forth two options for Canada in light of the changes; and lastly, Part VI will then summarize any final conclusions.

The changes which the Canadian Government seeks to implement are far-reaching and impact numerous aspects of the Trade-Marks Act in its current form. However, the most relevant sections within the Act, for purposes of this Note, are §16 (Persons Entitled to Registration of Trade-Marks) and §30 (Application for Registration of Trade-Marks).<sup>14</sup> Both the content and interplay of these two sections makes them critical to the Amendments in general. Section 16 specifies the numerous types of trademark uses which are eligible for registration in Canada, including marks used or made known in Canada (§16(1)), marks registered and used abroad (§16(2)), and marks proposed to be used in Canada (§16(3)).<sup>15</sup> Accordingly, subsections (a) through (e) of §30 clearly delineate the content of an application for registration, the particular types of use of a mark which will be permitted for registration, and that the applicants entitled to registration of their marks pursuant to §§16(1), 16(2), and 16(3) must have all filed applications in accordance with §30.<sup>16</sup> Therefore, changes to these sections of the Trade-Marks Act (which will be clarified further in later sections) are likely to have the most significant impact on Canadian intellectual property law and, most notably, prior trademark jurisprudence of the Supreme Court of Canada (though I argue that they will not lead to the overruling of certain trademark precedent). Though additional sections of the Trade-Marks Act may be affected in the decision *infra*,<sup>17</sup> it is in relation to sections 16 and 30 that the Supreme Court of Canada decision in Part III will be evaluated. Furthermore, the decision has been utilized for its clear and recent delineation of the relevant law.

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<sup>13</sup> Lanham Act, 15 U.S.C. (2005).

<sup>14</sup> *Id.*

<sup>15</sup> Economic Action Plan 2014 Act, No. 1, S.C. 2014, c 6 (Can.).

<sup>16</sup> Trade-marks Act, R.S.C., 1985, c. T-13, §30 (Can.).

<sup>17</sup> *Masterpiece, Inc. v. Alavida Lifestyles, Inc.*, [2011] S.C.R. 387 (Can.) (Case cited here merely to note that other sections of the Trade-Marks Act are dealt with in the case).

## II. THE REGIME IN CANADA: THE INITIAL RESPONSE TO THE AMENDMENTS

The Government of Canada, through its Canadian Intellectual Property Office (hereinafter “CIPO”), has decided to pursue considerable change to an aspect of its trademark law that has almost never come into question. Its reasoning behind the decision has been under close scrutiny, as evidenced by the considerable backlash that has ensued following the tabling of the Amendments as part of Bill C-31 on March 28, 2014.<sup>18</sup> Due to the overwhelming amount of concern following the grant of Royal Assent<sup>19</sup> on June 19, 2014, CIPO published a Questions & Answers document that cited the government’s desire to accede to the aforementioned intellectual property treaties and provide Canadian businesses “access to a trademark regime that is aligned with international best practices, reduces costs and administrative burden, facilitates their expansion in foreign markets, and that attracts foreign investment to Canada.”<sup>20</sup> Though the treaties, which Canada will be joining, are widely followed by ninety-two (92) countries around the world, the concern of the Canadian legal community arises not with the accession to the treaties<sup>21</sup> but rather the belief of the Government that much of the changes are necessary if Canada is to accede to these treaties.

This is precisely where the negative response to the Amendments begins to take hold and lawyers around Canada are

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<sup>18</sup> Justin Wiebe, *Budget Bill Contains Further Wide-reaching Changes to Canadian Trademark Law & Practice*, BORDEN LADNER GERVAIS (Mar. 31, 2014), [http://www.blg.com/en/newsandpublications/publication\\_3691](http://www.blg.com/en/newsandpublications/publication_3691).

<sup>19</sup> Royal Assent is a symbolic ceremony taking place in the Parliament of Canada just before a particular piece of legislation is set to become law. The ceremony sees a representative of the sovereign, either the Governor General of Canada or a justice of the Supreme Court of Canada, enter the Senate chamber whereby the Usher of the Black Rod summons the members of the House of Commons to the Senate Chamber so that members of both houses witness, as representatives of the populace, the bill become law. See, e.g., Susan Munroe, *Royal Assent*, ABOUT NEWS (2014), <http://canadaonline.about.com/cs/parliament/g/royalassent.html>.

<sup>20</sup> CANADIAN INTELLECTUAL PROPERTY OFFICE, AMENDMENTS TO THE TRADEMARKS ACT: QUESTIONS & ANSWERS: GENERAL INFORMATION ON THE AMENDMENT (June 20, 2014), available at <http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr03799.html>.

<sup>21</sup> *Members of the Madrid Union*, WORLD INTELL. PROP. ORG., (Oct. 15, 2014), [http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid\\_marks.pdf](http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf).

trying to determine how they are going to cope with the changes. Daniel Bereskin, partner at intellectual property leader Bereskin & Parr LLP, has exclaimed that the “changes undermine the foundation of our trademark law” and “abandons 140 years of trademark jurisprudence.”<sup>22</sup> By eliminating the usage requirement and the requirement to specify a date of first use or statement of use, practitioners fear a potential cost increase that is likely to result from the need for more thorough investigations into the viability of trademarks.<sup>23</sup> Therefore, this will lead to higher costs for opinions on risk assessment or chances of success in an opposition proceeding against the applicant of a particular mark.<sup>24</sup> In fact, concerns over the changes were so grave that the Chair of the Intellectual Property Section of the Canadian Bar Association, Angela Furlanetto, penned a letter to the Parliament of Canada imploring them to remove the Amendments to the Trade-Marks Act under Bill C-31.<sup>25</sup> Furlanetto cited numerous difficulties that would result due to the imposition of the Amendments, including the adjustments of the usage requirement and especially with regard to trademark “trolls” who seek to register marks only to force litigation and settle with a bona fide user of the marks they are hoarding.<sup>26</sup>

Accordingly, for all of the uproar that has ensued following the passage of the Amendments, the changes have not been put into effect. The most recent estimates have the Amendments coming into full force and implementation at the end of 2016 or early 2017.<sup>27</sup> In

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<sup>22</sup> Julius Melnitzer, *Canada Proposes Radical Changes to Trademark Law, Lawyers Warn*, FINANCIAL POST (Apr. 16, 2014, 6:21 AM), <http://business.financialpost.com/legal-post/canada-proposes-radical-change-to-trademark-law-lawyers-warn>. Melnitzer also quotes Sheldon Burshtein, a partner at multi-national Canadian law firm Blakes, Cassels & Graydon LLP, who has slammed the recent changes, especially the elimination of the requirement to show use of a mark in order to register for it as a trademark. Burshtein says, “Doing away with use means that as long as someone is prepared to pay the application fee of several hundred dollars, they can register a trademark” and as such is voicing his concern as to what the alterations to the usage requirement can mean for Canada. By not being required to show use of a mark, trademark applicants are likely to have a much easier time obtaining trademark that they may have never used nor intent to use i.e. “trolling.” See Rowden et al., *supra* note 1.

<sup>23</sup> Melnitzer *supra* note 22.

<sup>24</sup> *Id.*

<sup>25</sup> E-mail from Angela Furlanetto, Chair, National Intellectual Property Section of The Canadian Bar Association, to The Honorable Irving Gerstein Chair, Banking, Trade and Commerce Committee and David Sweet, Chair, Industry, Science and Technology Committee (May 5, 2014) (on file with author).

<sup>26</sup> *Id.*

<sup>27</sup> Meghan Dillon & Mina Chana, *Canada: preparing for change*, LEXOLOGY

fact, the CIPO conducted consultation period to engage the opinions of both the legal community and the public, which expired on November 30, 2014.<sup>28</sup> Canada will then have to bear the brunt of the changes, barring significant alterations, as the CIPO works to determine how the new laws will take effect. In closing this initial section, two keys questions pervasive in the debate over the Amendments are: 1) why does the Canadian Government feel that it is necessary to implement changes to the Trade-marks Act in order to accede to the international treaties, especially the Madrid Protocol?; and 2) could the changes not be made without such comprehensive reform to a long-standing system? At this point in time, many of the pressing questions surrounding the Amendments have been met with the same response from CIPO, that “Canada’s trademark legislation was changed to allow Canadian trademark owners to obtain registration in multiple jurisdictions and international trademark owners to designate Canada as a country where they would like to

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(July 1, 2015), [www.lexology.com/library/detail.aspx?g=8a42c37a-5d06-4856-ade1-88182e24bab](http://www.lexology.com/library/detail.aspx?g=8a42c37a-5d06-4856-ade1-88182e24bab). Though there is no definitive date, it is clear that the Canadian Government, and the Canadian Intellectual Property Office will be taking its time in determining how it would like to enforce the amendments. Accordingly, some Canadian intellectual property practitioners have taken the time to note the benefits of the amendments. Suzanne Antal, of the intellectual property group at Fasken Martineau DuMolin LLP, feels that the elimination of the usage requirement when registering a trademark will make “the headaches of determining the dates of use when filing an application for registration are a thing of the past”<sup>28</sup> applicants no longer have to request extension after extension in order to be able to start using the trademark in association with all of the goods and services listed in the application.” However, Antal is also quick to point out the changes which are not likely to render any benefits to the Canadian trademark regime and expresses a sentiment very similar to many of the other intellectual property lawyers in Canada. See Suzanne Antal, *Trademark Use: an Important Shift in Canada*, FASKEN MARTINEAU (Sept. 18, 2014), <http://www.fasken.com/en/trademark-use-shift-canada/>.

<sup>28</sup> CANADIAN INTELLECTUAL PROPERTY OFFICE, PROPOSED AMENDMENTS TO THE TRADE-MARKS REGULATIONS 2014: DISCUSSION DOCUMENT OCTOBER 2014, Gov’t of Canada (2014), available at [http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h\\_wr03851.html](http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr03851.html). Following the passage of the consultation deadline, the CIPO published documents emanating from some of Canada’s top intellectual property firms. These documents outlined many of the concerns of practitioners already discussed as well as several recommendations for how the Trade-Marks Act should be further altered to avoid the pitfalls of the proposed amendments. The CIPO has explicitly disclaimed that the published recommendations are not the product of the CIPO but rather that of the individual firms themselves. Therefore, it remains to be seen how these recommendations will be utilized before full-scale implementation of the amendments.

obtain trademark protection.”<sup>29</sup> The sincerity of such a goal is admirable and likely not doubted, but the means utilized to obtain such an end certainly are.

### III. THE POTENTIAL FOR CHANGE: HOW THE AMENDMENTS ARE LIKELY TO IMPACT CANADIAN CASE LAW AND PRECEDENT

Considering that the Amendments to the Trade-Marks Act have not yet come into force,<sup>30</sup> commenting on them at this point requires one to predict how the changes are going to affect prior Supreme Court of Canada trademark decisions. This is the most that can be done until the courts have the opportunity to address the issue once the Amendments have been implemented and enforced. Accordingly, the following Supreme Court of Canada decision, *Masterpiece, Inc. v. Alavida Lifestyles, Inc.* (hereinafter “*Masterpiece*”)<sup>31</sup> was specifically chosen due to the it’s handling of the use requirement and how its analysis for determining whether two trademarks are confusing, i.e. the confusion analysis, relies on this requirement.<sup>32</sup>

What follows is an in-depth analysis to determine whether the Amendments are likely to lead to an alteration of the Supreme Court of Canada’s precedent in a future case presenting similar facts or whether the theoretical underpinnings of the decision are likely to remain in place.

#### *A. Masterpiece, Inc. v. Alavida Lifestyles, Inc.*

As recently as 2011, the Supreme Court of Canada took steps to reaffirm its commitment, and indeed Canada’s commitment, to rewarding users of trademarks who establish first use of a trademark

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<sup>29</sup> CANADIAN INTELLECTUAL PROPERTY OFFICE, *supra* note 20, at 1. I find the rather short and generic response provided by CIPO to be concerning. The above quoted answer was given in response to the following question: “Why does the Madrid Protocol require changes to Canada’s trademark legislation?” Given that the ability to obtain trademark registrations in all 92 member nations of the Madrid Protocol is likely the most critical function of the treaties which Canada is joining, there is nothing in such a response that appears to warrant such jarring alteration to the Canada’s trademark legislation.

<sup>30</sup> See Melnitzer, *supra* note 22.

<sup>31</sup> *Masterpiece, Inc.*, S.C.R. 387 (Can.).

<sup>32</sup> *Id.*

in commerce rather than those who have simply applied for or managed to register a particular mark.<sup>33</sup> In fact, the scenario presented by *Masterpiece* was not only one which the Supreme Court of Canada thought wise to address as a precedent setting trademark case, but is one that is very likely to rear its head again.<sup>34</sup> In *Masterpiece*, the dispute arose when two parties involved in the operation of retirement residences, *Masterpiece* and *Alavida*, began using certain trademarks for their respective businesses, eventually coming into conflict with each other.<sup>35</sup> *Masterpiece* was operating in the province of Alberta and made use of several unregistered trademarks including “*Masterpiece the Art of Living*.”<sup>36</sup> *Alavida* was operating in the province of Ontario and applied to register the mark “*Masterpiece Living*” on December 1, 2005.<sup>37</sup> *Masterpiece Inc.* had been using its mark in commerce since 2001, well before *Alavida* had applied to register its mark on the basis of proposed use, which was granted to *Alavida* on March 23, 2007.<sup>38</sup> Merely a month after *Alavida* had applied for registration, *Masterpiece Inc.* began to use the “*Masterpiece Living*” mark as well and applied to register “*Masterpiece*” in January 2006 and “*Masterpiece Living*” in June 2006, both of which were eventually denied by CIPO for possible confusion with the already-registered “*Masterpiece Living*” mark owned by *Alavida*.<sup>39</sup>

As seen in the facts above, the problem is quite clear. *Masterpiece, Inc.* had in fact been using the term “*Masterpiece*” in relation to its business of operating retirement residences in Alberta and was doing so well before *Alavida* began using the “*Masterpiece*” mark in Ontario. Ultimately, the Court had to consider whether the marks were likely to be confusing to consumers before making a determination as to which party should control the rights to the

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<sup>33</sup> *Id.* at para. 113 (Can.).

<sup>34</sup> INTELLECTUAL PROPERTY INSTITUTE OF CANADA, PROPOSED AMENDMENTS TO THE TRADE-MARKS ACT PER PART 6, DIVISIONS 25 AND 26 OF BILL C-31 (ECONOMIC ACTION PLAN 2014 ACT, No. 1): SUBMISSION TO THE STANDING COMMITTEE ON INDUSTRY, SCIENCE AND TECHNOLOGY BY THE INTELLECTUAL PROPERTY INSTITUTE OF CANADA (May 2014), available at [http://www.parl.gc.ca/Content/HOC/Committee/412/FINA/WebDoc/WD6526468/412\\_FINA\\_C-31\\_Briefs%5CIntellectualPropertyInstituteOfCanada-e.pdf](http://www.parl.gc.ca/Content/HOC/Committee/412/FINA/WebDoc/WD6526468/412_FINA_C-31_Briefs%5CIntellectualPropertyInstituteOfCanada-e.pdf).

<sup>35</sup> *Masterpiece, Inc.*, S.C.R. 387, paras. 12-13 (Can.).

<sup>36</sup> *Id.* at paras. 8-9.

<sup>37</sup> *Id.* at paras. 8-10.

<sup>38</sup> *Id.* at para. 10.

<sup>39</sup> *Id.* at paras. 11-12.

“Masterpiece” mark.<sup>40</sup> Therefore, the Court found that Masterpiece Inc. “may only rely on those trade-marks that it had *actually used* and the trade-name under which it had been carrying on business, and which had not been abandoned up to that date .”<sup>41</sup> In keeping with this finding, the Court concluded that there was a likelihood of confusion between the marks and<sup>42</sup> decided to award trademark rights to Masterpiece, Inc. on the basis that Masterpiece’s use preceded Alavida’s proposed use.<sup>43</sup> Masterpiece, Inc. had “*actually used*” the marks in commerce before Alavida, even though they had not acquired a registration for either the “Masterpiece” or “Masterpiece Living” marks.<sup>44</sup> Once a likelihood of confusion between the marks was established, the Court concluded that, “because Masterpiece Inc.’s use preceded Alavida’s proposed use, Alavida was not entitled . . . to registration of its trade-mark.”<sup>45</sup>

Alavida was held to the proposed use standard when it applied for the “Masterpiece Living” mark and § 30 of the Trade-marks Act sets out what must be included in an application for registration on the basis of proposed use. This section states that an applicant seeking registration of a trademark for proposed use must file a statement, either by the applicant or a licensee, in its application for registration that one parties intends to use the mark in Canada,<sup>46</sup> hence the designation “proposed use.” Under the Amendments to the Trade-marks Act, §30 will be replaced by language which would allow for the registration of a trademark of goods or services based on whether the applicant is using, proposes to use, or is entitled to use this trademark in Canada with respect to such goods or services. Nothing in the amended section requires any sort of statement/declaration of use or proof of intent to use the trademark in

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<sup>40</sup> *Id.* at para. 39.

<sup>41</sup> *Id.* at para. 60 (emphasis added).

<sup>42</sup> *Id.* at para. 64. The Court made the determination that there was a likelihood of confusion between the marks based on the fact that the operative term, or the term that distinguishes Alavida and Masterpiece, Inc. from other retirement home services in Canada was “Masterpiece.” In the “context of the retirement residence industry, the idea evoked by the word ‘Masterpiece,’ high quality retirement lifestyle, is the same for both Alavida and Masterpiece, Inc.” Therefore, there was a likelihood of confusion between the two marks, which then prompts the Court to consider which of the parties used the mark in commerce first.

<sup>43</sup> *Id.* at para. 114.

<sup>44</sup> *Id.*

<sup>45</sup> *Id.*

<sup>46</sup> Trade-marks Act, R.S.C. 1985, c. T-13, § 30 (Can.).

Canada.<sup>47</sup> The result of the Amendments would be that trademark applicants could simply assert, rather than certify, that they are either using or propose to use a certain mark within Canada and that they are entitled to do so.<sup>48</sup>

If trademark applicants are not required to prove use, applications could be granted for marks that the applicant does not actually use and perhaps does not intend to use at all.<sup>49</sup> Surprisingly, the elimination of the pre-registration use requirement is not counter-balanced by ensuring that once a registration is allowed for a particular mark without showing use or intent to use, that the applicant later provide proof of use of the mark in commerce, in relation to the applicable goods or services, before finally clearing the mark for registration.<sup>50</sup> Essentially, an applicant could gain rights to a mark and prevent others within Canada, who in fact have used or intend to use the mark in commerce, from obtaining a registration for the same mark.<sup>51</sup>

Complicating matters even further is that any applicant who gains rights to a trademark with no intent to use it can only have their registration challenged on the basis of non-use after a period of three years.<sup>52</sup> Under §45(3) of the Trade-marks Act, should it come to the attention of the Registrar of trademarks that a certain mark “was not used in Canada at any time during the three year period. . .and that the absence of use has not been due to special circumstances that excuse the absence of use, the registration of the trade-mark is liable to be expunged or amended accordingly.”<sup>53</sup> Therefore, though there

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<sup>47</sup> Bill C-31, S.C. 2014, c. 20 § 339 (Can.).

<sup>48</sup> *Id.*

<sup>49</sup> *Id.*

<sup>50</sup> Giddens, *supra* note 9.

<sup>51</sup> *Id.* (Giddens explains that in comparison with the Amendments to §30 of the Trade-marks Act mentioned above, the requirements for a registration application under the current regime include the date from which the applicant or his predecessors have used the mark in association with the relevant goods or services where registration is sought for a mark already used in Canada, a statement of the intent to use a mark with regards to applications for marks under a proposed use, as well as the requirements for marks used in foreign countries. He also explains that the importance of such statements cannot be ignored as they provide a substantial check on the ability of parties to register marks with improper intentions by forcing applicants to prove, rather than simply declare, use of a particular mark.)

<sup>52</sup> Adrienne M. Blanchard & Daniele Boutet, *Amendments to the Canadian Trade-marks Act are coming: what trademark owners should do*, LEXOLOGY, (Oct. 16, 2014) <http://www.lexology.com/library/detail.aspx?g=202246bb-4ccb-458e-b411-5b379e43a2ea>.

<sup>53</sup> Trade-marks Act, R.S.C. 1985, c. T-13, §45(3) (Can.).

is a way in which the rightful owner and user of a mark may seek the cancellation of a registered but non-used mark, forcing parties to wait 3 years before initiating cancellation proceedings of a hoarded mark appears to play right into the hands of those who would take advantage of the system in order to prevent others from obtaining rights, i.e. “trolls.”<sup>54</sup> With regard to opposition proceedings, these are permitted within the first two months of the Registrar advertising the trademark application pursuant to §38 of the Trade-marks Act.<sup>55</sup> However, regardless of these apparent safeguards against trademark trolls, the elimination of the usage requirement makes the institution of an opposition proceeding significantly more burdensome if one cannot be certain as to the date of first use of a potentially trolling mark due to the lack of a requirement to specify a date under the Amendments.<sup>56</sup>

In light of the above, a key issue centers around the possible ramifications of the Amendments on landmark trademark cases which clearly and unequivocally define the requirement that a mark be used in commerce in order to be registered i.e. that disputes between similar and/or confusing marks will be decided based on a first-use as opposed to a first-to-file basis.<sup>57</sup> *Masterpiece* presents the quintessential scenario of a mark being used by two entities within the same industry and following the Court’s conclusion that the use of the mark by both parties would likely to cause confusion, the matter is resolved on the basis of use.<sup>58</sup> Yet, the Amendments work in almost direct contravention of the decision in *Masterpiece*.

Furthermore, the Amendments state that “an applicant may file an application if it is using, or proposes to use, and is entitled to use a mark in Canada for specific goods and services. No date of first use will be required.”<sup>59</sup> If proving a date of first use is no longer required, those who wish to challenge trademarks in Canada on the

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<sup>54</sup> See Melnitzer, *supra* note 22.

<sup>55</sup> Trade-marks Act, R.S.C. 1985, c. T-13, §38(1) (Can.).

<sup>56</sup> See Melnitzer, *supra* note 22.

<sup>57</sup> See *Masterpiece, Inc.* S.C.R. 387, para. 113-114 (Can.). Please note the critical difference between first-to-file and first-to-use trademark regimes. First-to-use calls for trademark rights in a particular mark or marks to be awarded to the party who first used the mark in commerce in connection with the relevant goods or services upon which the mark is placed. Contrarily, a first-to-file regime would award trademark rights to the party who first filed an application for registration of a particular trademark in connection with the particular goods or services upon which the mark is used.

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

basis of prior use will have no basis by which to determine whether their respective date of first use is before or after that of the party whose registration they seek to challenge. The Registrar of trademarks would now be quite unlikely to contain such information.<sup>60</sup> This is not to suggest that the date of first use of the opposing party cannot be established, it most certainly can, but that will require further investigation and lead to an increase in costs to trademarks would now be quite unlikely to contain such information.<sup>61</sup> This is not to suggest that the date of first use of the opposing party cannot be established, it most certainly can, but that will require further investigation and lead to an increase in costs to investigate the date of first use and may even force parties to initiate opposition proceedings without actually knowing the date of first use of the opponent.<sup>62</sup>

*B. What Comes Next For Canada? Towards or Away From  
Masterpiece, Inc.*

What should have been clear to the Government of Canada, and indeed CIPO in particular, are the types of problems that will see a proliferation under the new laws<sup>63</sup> given recently established precedents like *Masterpiece*. The law in *Masterpiece* is clear: following the implementation of a likelihood of confusion analysis under §6(5) of the Act,<sup>64</sup> should two marks be deemed confusing, use of the mark, not the party with the earlier filing date, will prevail.<sup>65</sup> This is what seems so puzzling about the elimination of the use requirement. If the relevant authorities are aware (as they should

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<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

<sup>62</sup> *Id.* Not knowing the date of first use before initiating opposition proceedings makes it significantly more difficult to assess the likelihood of success of an opposition proceeding before deciding to move forward with such an action.

<sup>63</sup> Rowden et al., *supra* note 1.

<sup>64</sup> Arthur B. Renaud, *Case Comment: Veuve Cliquot Ponsardin v. Boutique Cliquot Ltee and Mattel, Inc. v. 3894207, Inc.*, SUP. CT. L. REV. 247, 249 (2006). “The TMA [Trade-Marks Act] dictates that trade-marks may be confusing whether or not the wares or services associated with them are of the same general class. In the assessment of ‘confusion,’ the Court or tribunal is to have regard to “all the surrounding circumstances”, including a number of specifically enumerated criteria.” For the specifically enumerated criteria, *See infra* text accompanying note 74.

<sup>65</sup> *Masterpiece, Inc.*, S.C.R. 387, paras. 113-114 (Can.).

be) of the state of trademark law in Canada (i.e. the decision in *Masterpiece*), one would imagine that they would understand the ramifications of their actions and the increase in litigation that would result from the changes. The consequences these changes pose will significantly burden the trademark actors in Canada (CIPO), trademark practitioners, as well as those who seek to register and protect trademarks.<sup>66</sup> This forces one to consider whether the Amendments were truly made to allow for Canada's accession to international treaties like the Madrid Protocol, Singapore Agreement, and Nice Classification system.<sup>67</sup>

In determining the impact of a landmark case such as *Masterpiece*, it is also necessary to consider the significance of the case in its entirety. As mentioned, when two entities are competing over the rights to use a mark in connection with goods or services, the court is instructed to conduct a likelihood of confusion analysis.<sup>68</sup> Of the necessary factors under §6(5), §6(5)(b) has the most direct relation to the present matter as it examines "the length of time the trade-marks or trade names have been in use"<sup>69</sup> and is the only factor in the confusion test, which directly relates to *use* of a mark. When analyzing this factor, the Supreme Court of Canada was explicit in the error attributed to the trial judge saying, "the trial judge's consideration of Alavida's actual use of its mark was problematic. . . it takes into account a single form of the trade-mark that Alavida used after the relevant date. This single use did not reflect the entire scope of exclusive rights that were granted to Alavida under its registration."<sup>70</sup> What the Court is saying is that the confusion analysis must consider all the ways in which the trademark holding entity would be permitted to use the mark under the full extent of the rights granted to it under its registration and not merely based on how the mark is actually used by the owner. Analyzing the holding in *Masterpiece* in this light, as it relates to the granting of trademark rights based on first use, yields the conclusion that the holding in

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<sup>66</sup> Peter E.J. Wells, *What happens when they take the "trade" out of trademarks*, LEXOLOGY (Sept. 10, 2014), <https://www.lexology.com/library/detail.aspx?g=0c5ea72a-47b3-49a2-9106-6afdaba4430b>.

<sup>67</sup> Allison McLean, *Ch-ch-ch-ch-changes Coming to the Trade-Marks Act*, IP OSGOODE (June 5, 2014), <http://www.iposgoode.ca/2014/06/ch-ch-ch-ch-changes-coming-to-the-trade-marks-act/>.

<sup>68</sup> *Masterpiece, Inc.*, S.C.R. 387 para. 44 (Can.).

<sup>69</sup> *Id.*

<sup>70</sup> *Id.* at para. 53.

*Masterpiece* is surprisingly likely to remain good law.

The purpose of the confusion test is to determine if there is a likelihood of confusion based on the manner in which the opposing parties are using the mark *in commerce*, such as the impression a consumer gets when encountering the marks *as used by both parties*.<sup>71</sup> In a dispute over rights to a mark, it will not matter whether the owner of a mark has filed a date of first use or a declaration of use when applying for registration. This is because there are only two ways in which such a dispute would arise: 1) if both parties use the mark in commerce and confusion is found, the party to prove first use would prevail as in *Masterpiece*;<sup>72</sup> 2) if one party is not using the mark in commerce (i.e. a party has rights to a mark but has not made use of the mark in commerce), then there simply cannot be any consumer confusion as only one party would be using the mark. Of course, if nobody uses the mark in commerce, then whoever possesses rights to the mark should be able to maintain those rights barring a later dispute. Should such a dispute arise, the senior user will prevail as the date of first use is dispositive.<sup>73</sup> If one of the parties is not using the mark in commerce, there is simply no way for the public to be confused.<sup>74</sup> The result is the same under both the Trade-Marks Act (as it appears currently) and the Amendments, except that far more unnecessary disputes are likely to

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<sup>71</sup> *Id.* at 40; see also *Veuve Clicquot Ponsardin v. Boutique Cliquot Ltee* (2006) 1 S.C.R. 824, para. 20 (Can.) (“The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the [mark], at a time when he or she has not more than an imperfect recollection of the [prior] trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.”).

<sup>72</sup> See *supra* note 42.

<sup>73</sup> Cassels Brock Resources, *Trade-Mark Confusion Analysis and First-to-Use v. First-to File Clarified by the Supreme Court of Canada*, CASSELS BROCK (May 30, 2011), [http://www.casselsbrock.com/CBNewsletter/Trade\\_mark\\_Confusion\\_Analysis\\_and\\_First\\_to\\_Use\\_v\\_First\\_to\\_File\\_Clarified\\_by\\_Supreme\\_Court\\_of\\_Canada](http://www.casselsbrock.com/CBNewsletter/Trade_mark_Confusion_Analysis_and_First_to_Use_v_First_to_File_Clarified_by_Supreme_Court_of_Canada) (noting the Supreme Court of Canada’s confirmation of Canada as a first-to-use regime in *Masterpiece*); see also *Masterpiece v. Alavida*, [2011] 2 S.C.R. 387, para. 36. (“Under s. 16, a party normally gains a priority right to register a trade-mark when it first uses that trade-mark”).

<sup>74</sup> *Id.* at para. 60 (the Court makes sure to note that because the marks used by *Masterpiece, Inc.* were unregistered on December 1, 2005 (when *Alavida* applied to register its mark), it may only rely on the marks it was actually using and which had not been abandoned up to that date. Therefore, in conducting the confusion analysis, if *Masterpiece, Inc.* has not used its marks in commerce, there likely would have been no basis to conduct a confusion analysis.).

arise with the ability of parties to register marks without being required to file a declaration of use.<sup>75</sup> The Amendments do not purport to alter the practice that the first user will prevail in a rights dispute, only that use no longer needs to be shown to register a mark. This is why the effect that the Amendments will have on a critical decision such as *Masterpiece* should be neutral. Parties will be able to maintain their rights to a mark, and only upon an arising dispute will the need to determine which party first used the mark in commerce be required, whereby *Masterpiece* should control. However, it should be remembered that *Masterpiece* was chosen because it was one of the most recent decisions dealing with the use requirement under the current Trade-Marks Act.<sup>76</sup> The true impact on *Masterpiece* can only be fully gleaned once the Amendments are implemented and enforced, but the result reached above will not negate the potential harm that may result from the Amendments.

### *C. The Practical Effect of the Amendments: An Example*

Though the critical holding of *Masterpiece* likely remains on solid footing, it is a decision that is bound to create a significant proliferation in trademark disputes when adhered to in accordance with the Amendments. To illustrate, suppose there are two entities with owners named James, i.e. “James I” and “James II” respectively. If James I decides to use the unregistered mark “James’s Socks” in commerce and in conjunction with selling socks, followed by James II registering the “James’s Socks” mark in relation to socks as well, a dispute would likely (or obviously) ensue. Accordingly, once the relevant court determines that the marks were

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<sup>75</sup> Elaine Depow, *Canada Needs to be Smarter On Intellectual Property: New Trademark Law Widely Panned By Legal Community*, MACDONALD-LAURIER INSTITUTE (Sept. 23, 2014), <http://www.macdonaldlaurier.ca/files/pdf/InsidePolicyOCTOBER20140923DEPOW.pdf>.

<sup>76</sup> Though the neutral result may seem unexpected, I had used the phrase “at risk” (page 3) when referring to the potential impact of the Amendments on Supreme Court of Canada trademark jurisprudence. Though certain practitioners see the amendments as potentially reversing over a century of precedents, the neutral result is based on how I foresee the Amendments impacting *Masterpiece* itself irrespective of any additional negative impact of the amendments. This does not mean that the Amendments are the proper course of action nor that this result would not change once the amendments are in full force.

likely to cause confusion under the test set forth in *Masterpiece*,<sup>77</sup> it may be learned that the senior/first user attempted to search and clear the “James Socks” mark in order to register it as a result of its continued use in selling socks. However, under the Amendments, James I may not be able to determine any date of first use by James II as James II may have taken advantage of his right to register the “James’s Socks” mark without declaring a date of first use. Thus, under *Masterpiece*, James I will prevail only after being able to prove that he first used the mark, likely to require an extensive and expensive litigation, compounded by the need to determine the date which James II first used the mark in commerce. James I may still be able to establish first use and gain rights to the mark but, had the Amendments not been in place, James II would have had no way in which to register the “James’s Socks” mark without satisfying the declaration of use requirements under §30, and thus no avenue by which to assert any right to the mark.<sup>78</sup> Allowing James II the ability to register the mark without a declaration of use shows precisely why the Amendments are problematic for Canada.<sup>79</sup>

#### *D. Canada’s Critical Relationship with the United States*

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<sup>77</sup> *Masterpiece v. Alavida*, at para. 44 (the Court notes the factors which should be considered in a confusion analysis between two marks under §6(5) of the Trade-Marks Act as follows. In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including (a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known; (b) the length of time the trade-marks or trade-names have been in use; (c) the nature of the wares, services or business; (d) the nature of the trade; and (e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them); *see also* TRADE-MARKS ACT, R.S.C. 1985, c. T-13, §6(5).

<sup>78</sup> CAN. TRADE-MARKS ACT, R.S.C. 1985, c. T-13, §30(b) and §30(e). *See supra* text accompanying note 8.

<sup>79</sup> Please note that the example section was created entirely on my own accord with an example derived merely from my imagination in order to better illustrate the types of litigation that may result.

\*Though the relationship between Canada and the United States is being analyzed, there are two analyses that must be done. The first relates to the impact in Canada as in Part III, and the other is the impact on the Canada-United States dynamic in consideration of their vast economic relationship in Part IV. To merge both would make it difficult to differentiate the domestic and international implications for Canada.

Based on the situation as it currently stands, *Masterpiece* will likely remain good law in Canada, and the move towards or away from settled case law appears to come to a halt right in the middle, with no change. The only result in Canada will be that rightful trademark owners will have to take the long way home. Disputes between competing mark owners are likely to be resolved in the same manner as they are under *Masterpiece* - the Supreme Court of Canada stated that “registration itself does not confer priority of title to a trade-mark.”<sup>80</sup> At common law, it was the use of a trade-mark that conferred exclusive right to the trade-mark . . . registration is only available once the right to the trade-mark has been established by use.”<sup>81</sup> The Court could not have articulated this standard any better and though disputes are likely to be resolved with the first or senior user gaining/maintaining rights to a mark, the elimination of the use requirement and the resulting proliferation of disputes fly in the face of *Masterpiece*'s intent. As such, though precedent appears safe, trademark practice in Canada and the regime's compatibility with the United States may not be as fortunate.

#### IV. BEYOND CANADA: HOW THE AMENDMENTS ARE LIKELY TO IMPACT CANADA'S RELATIONSHIP WITH THE UNITED STATES

As a neighboring country sharing more than 5,530 miles of borders with 119 border crossings with the United States,<sup>82</sup> there can be no doubt that the relationship between Canada and the United States is one of the most extensive in the world,<sup>83</sup> Accordingly, this special dynamic is often measured by their significant economic relationship in which Canada is considered the most critical of the U.S. trading partners.<sup>84</sup> Any major economic alterations by either

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<sup>80</sup> *Masterpiece v. Alavida*, at para. 35.

<sup>81</sup> *Id.*; see e.g., Wells, *supra* note 66, at 2.

\*\*Please note this section will only deal with trademark law under the Lanham Act in the United States as it pertains to the use requirement as was done for the analysis of Canadian law under the Trade-Marks Act.

<sup>82</sup> CBC NEWS, *The Canada-U.S. Border: By The Numbers, Canadian Broad. Corp.*, <http://www.cbc.ca/news/canada/the-canada-u-s-border-by-the-numbers-1.999207> (last updated Dec. 7, 2011). (pointing out several key statistics regarding the US-Canada relationship).

<sup>83</sup> *Id.*

<sup>84</sup> See FOREIGN AFFAIRS, TRADE, AND DEV. CANADA, *supra* note 2, at 16.

nation are likely to have a profound effect on the other.<sup>85</sup> Accordingly, the impact of the Amendments must be considered with respect to the United States and the protection of intellectual property rights belonging to the entities from both countries, since these intellectual property rights form a key facet of the economic relationship between the U.S. and Canada.<sup>86</sup> The U.S. Government has listed Canada on its annual Special 301 Report, which details specific issues with the protection of intellectual property rights by certain trade partners,<sup>87</sup> since 1995.<sup>88</sup> Although Canada continues to make attempts at reforming its protection of intellectual property rights,<sup>89</sup> this report is a significant reminder of the importance of the intellectual property relationship between the two countries.<sup>90</sup> Accordingly, as Canada moves forward in its implementation of the Amendments, the following comparison and analysis of the current trademark regime in the United States will aid in further understanding the negative implications of the Amendments under Bill C-31.

Trademark law in the United States is governed by the Lanham Act.<sup>91</sup> A central requirement of the Lanham Act is that any applicant seeking the registration of a trademark must adequately demonstrate use (“use in commerce”)<sup>92</sup> or proposed use (a “bona fide intent to use”)<sup>93</sup> of a particular mark before obtaining a registration. Furthermore, it is no coincidence that the use requirements found in the Lanham Act are also strikingly similar to the use requirement in

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<sup>85</sup> *See id.*

<sup>86</sup> IAN F. FERGUSSON, CONG. RESEARCH SERV., RL33087, UNITED STATES-CANADA TRADE AND ECONOMIC RELATIONSHIP: PROSPECTS AND CHALLENGES 17 (2011) (speaking to the United States-Canada relationship as a whole while also recognizing the long-standing issue with Canada’s protection of Intellectual Property Rights (IPRs)).

<sup>87</sup> Office of the United States Trade Representative, *USTR Releases Annual Special 301 Report on Intellectual Property Rights*, EXEC. OFFICE OF THE PRESIDENT (April 30, 2015), <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/april/ustr-releases-annual-special-301>.

<sup>88</sup> EMBASSY OF THE UNITED STATES OTTAWA, CANADA, *Special 301 Report (Intellectual Property Rights)* (Apr. 2015), <http://canada.usembassy.gov/key-reports/special-301-report-intellectual-property-rights.html> (Canada is listed on the “Priority Watch List” in the 2012 report and has continued to be featured on the list in the most recent 2014 issue).

<sup>89</sup> *Id.*

<sup>90</sup> *See* FERGUSSON, *supra* note 86, at 20.

<sup>91</sup> *See* Lanham Act, *supra* note 13, at 1.

<sup>92</sup> 15 U.S.C. §1051(a)(3)(C) (2002). Please note that §1051 of the U.S.C. corresponds to §1 of the Lanham Act and will be used interchangeably.

<sup>93</sup> 15 U.S.C. §1051(4)(b)(1) (2002).

Canada as outlined in §30(b) and §30(e) of Trade-Marks Act.<sup>94</sup> Canada and the United States have consistently maintained this requirement as part of their respective trademark statutes<sup>95</sup> and at least some form of uniformity in their trademark regimes - especially as it relates to granting trademark registrations, - is likely a significant component to the success of the substantial economic relationship between both parties.<sup>96</sup>

However, it is important to remember the reasoning put forth by the CIPO as to why Canada is pushing forth with the Amendments. The Canadian Government has unequivocally stated that modernizing Canadian trademark law and allowing Canada to accede to international trademark treaties is a critical purpose for the implementation of the Amendments.<sup>97</sup> There is very little opposition to Canada positioning itself to ratify these treaties among the intellectual property community.<sup>98</sup> But, when considering the United States, it is telling that the United States has been able to accede to all of the treaties which Canada now seeks membership<sup>99</sup> yet have at

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<sup>94</sup> See CANADIAN TRADEMARKS ACT (specifying the main ways in which one may obtain a trademark registration in Canada under §30 of the Trade-Marks Act).

<sup>95</sup> See Antonio Turco and Sheldon Burshtein, *Fundamental Change to Trademark Law Opposed by Business and Trade-mark Professionals*, IP OSGOODE (July 13, 2014), <http://www.iposgoode.ca/2014/06/fundamental-change-to-trade-mark-law-opposed-by-business-and-trade-mark-professionals/>.

<sup>96</sup> See *Joint Comments of the Am. Bar Ass'n Section of Intellectual Property Law and Section of Int'l Law on Bill C-31, Part 6, Div. 25 Which Recently Enacted Amendments to the Can. Trade-Marks Act*, AM. BAR ASS'N (Sept. 11, 2014) [hereinafter *Joint Comments*], [http://www.americanbar.org/content/dam/aba/administrative/intellectual\\_property\\_law/advocacy/advocacy-20140911-comments-c31.authcheckdam.pdf](http://www.americanbar.org/content/dam/aba/administrative/intellectual_property_law/advocacy/advocacy-20140911-comments-c31.authcheckdam.pdf) (*Memorandum sent to the CIPO detailing the ABA's concern regarding the amendments, and the negative impact they will have on US-based mark owners*)

<sup>97</sup> See Can. Intellectual Prop. Office, *supra* note 20.

<sup>98</sup> See *Joint Comments*, *supra* note 96, at 3; Accordingly, the International Trademark Association has supported Canada's accession to the Madrid Protocol, Singapore Treaty, and the Nice Agreement for more than 10 years. The key issue is not whether Canada should actually join the treaties but rather the manner in which they should do so. The recommendations of the INTA were chosen as the INTA has 303 members firms and corporations in Canada and has been a key party in consulting with national trademark offices regarding adherence to the Madrid Protocol, Singapore Treaty, and the Nice Agreement and is thus one of the most qualified organizations to comment and make recommendations on the matter at hand. See INT'L TRADEMARK ASSOC. (INTA), *Submission by the International Trademark Association In Response to the Canadian Intellectual Property Office Consultation Paper: Proposed Amendments to the Trade-Marks Regulations 2014* (Nov. 29, 2014), [http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/INTA.pdf/\\$FILE/INTA.pdf](http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/INTA.pdf/$FILE/INTA.pdf).

<sup>99</sup> See Turco & Burshtein, *supra* note 95.

no point sought to eliminate the use requirement for the registration of a trademark under the Lanham Act.<sup>100</sup>

Further analysis of the language in the Singapore Treaty, Madrid Protocol, and the Nice Agreement yields no apparent restrictions on the ability of member countries to utilize a use requirement when examining marks for registration.<sup>101</sup> Use is considered a centerpiece of Canadian trademark law,<sup>102</sup> and seeking to eliminate the use requirement - whether for actual use or proposed use - is not only counterproductive, but entirely unnecessary. The Madrid Protocol and the Singapore Treaty explicitly allow for signatories to not only require a declaration of an intent to use the mark, and the Singapore treaty goes as far as allowing members to require “actual use” when examining applications.<sup>103</sup> “Actual use,” in the context of an application for registration of a trademark, is a far more exacting requirement than a declaration of use or declaration/statement of intent to use a mark in commerce.<sup>104</sup> Thus, if the very treaties which the Canadian Government seeks admission would allow for the maintenance of the use requirement, no legitimate reason has been put forth by the CIPO as to why Canada seeks eliminate the use requirement<sup>105</sup> and place Canada’s trademark

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<sup>100</sup> 15 U.S.C. §1051(2) (2002).

<sup>101</sup> See INT’L TRADEMARK ASSOCIATION, *supra* note 98, at 10.

<sup>102</sup> *Id.* at 8.

<sup>103</sup> *Id.* at 10-11. To be more specific, the INTA pointed out the following: Rule 7(2) of the [*Madrid Protocol*] permits Contracting Parties to require a declaration of intention to use a mark . . . Article 3 of the *Singapore Treaty* permits any Contracting Party to require an application contain some of all of a defined list, including (at (1) (a) (xvi)) “a declaration of intention to use the mark, as required by the law of the Contracting Party,” or instead, in Article 3 (1)(b) “[t]he applicant may file, instead of or in addition to the declaration of intention to use the mark referred to in (a) (xvi) a declaration of actual use of the mark and evidence to that effect, as required by the law of the Contracting Party.” It is worth noting that Article 3 (3) also permits a Contracting Party to require, where a declaration of intention to use has been filed under (1)(a)(xvi), evidence of actual use.” See also Bereskin & Parr LLP, *Submissions on Proposed Amendments to the Trade-Marks Regulations 2014* (Nov. 28, 2014), [http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/Bereskin\\_Parr\\_LLP.pdf/\\$FILE/Bereskin\\_Parr\\_LLP.pdf](http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/Bereskin_Parr_LLP.pdf/$FILE/Bereskin_Parr_LLP.pdf).

<sup>104</sup> Amy M. Fong & Cameron G. Funnell, *Protecting your trademark south of the border: Differences between Canadian and American Trademark law*, OYEN WIGGS GREEN & MUTALA LLP <http://www.patentable.com/protecting-your-trademarks-south-of-the-border-differences-between-canadian-and-american-trademark-law/> (last visited Sept. 24, 2015).

<sup>105</sup> See Joint Comments, *supra* note 96, at 3 (mentioning that the CIPO has only presented “administrative efficiency” as the rationale for the Bill C-31 amendments).

regime far away from its most vital economic ally.

Should Canada proceed with the Amendments as planned, the impact on US-based entities seeking to protect their marks in Canada will likely be considerable. In attempting to foster a harmonious and prosperous economic relationship, Canada and the United States have taken steps to reduce trade barriers, and implementation of a similar trademark regime is one of the key ways of doing so.<sup>106</sup> Trademarks act as a consumer protection device by informing consumers about the source of a good or service and improving the efficiency of the market through reducing consumer search costs into the source and quality of the good or service.<sup>107</sup> Therefore, removing the use requirement threatens to reduce the efficiency of the economy in favor of providing for a more efficient trademark registration system,<sup>108</sup> forcing entities based in the U.S. to worry about the effectiveness of the Canadian trademark regime in eliminating illegitimate trademark registrations. Companies and brands based in the United States will be forced to closely monitor the Canadian trademark register, significantly increasing the cost of clearing marks,<sup>109</sup> and may no longer rely on a usage requirement to protect their marks in Canada by preventing illegitimate registrations.<sup>110</sup>

The impact of such changes cannot be understated. Of the 50,000 trademark applications filed in Canada between 2011 and 2012, more than 15,500 (>31%) of these applications were submitted by entities based in the United States.<sup>111</sup> Thus, there is a considerable amount of U.S.-based mark holders who seek to protect their marks in Canada, often due to the expansion of their product line or service north of the border. The Amendments will not serve the interests of these entities who are now facing more uncertainty in clearing marks

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<sup>106</sup> Toni Polson Ashton & Andrew R.O. Jones, *Proposed Amendments to the Canadian Trade-Marks Act: Rethink Your Budgets*, SIM IP PRACTICE (May 12, 2014), <http://simip.com/publication/proposed-amendments-canadian-trade-marks-act-rethink-budgets/>.

<sup>107</sup> *Id.*

<sup>108</sup> *Id.* (“Efficient” in that eliminating the use requirement allows for swift trademark registrations).

<sup>109</sup> See Rowden et al., *supra* note 1, at 3.

<sup>110</sup> *Id.* at 2.

<sup>111</sup> See *supra* note 93, at 3 (the fact that more than 31% of trademark applications filed in Canada between 2011 and 2012 came from entities based in the United States prompted a response by the Section of Intellectual Property and Section of International law of the American Bar Association in anticipation of the significant and negative impact of the amendments to the Trade-Marks Act.).

in Canada and extensive litigation.<sup>112</sup> The result will be a trademark register cluttered with registrations no longer representing the actual marketplace.<sup>113</sup> U.S.-based entities will struggle to gain reliable information on whether their marks are likely to register in Canada and whether oppositions they may bring against potentially infringing marks in Canada will be successful.<sup>114</sup> Such oppositions will become more expensive, and U.S. mark owners will need to spare considerable expense should their marks fall victim to trademark “trolls” able to register the mark in Canada beforehand.<sup>115</sup>

It was previously noted that the CIPO opened a consultation period on the Amendments, which expired on November 30, 2014.<sup>116</sup> The consultation period ran for two months<sup>117</sup> - a relatively miniscule amount of time to engage in discussions regarding the implementation of Amendments that are destined to completely alter the Canadian trademark registration system. Contrarily, the United States, in seeking to accede to the aforementioned treaties while maintaining the integrity of its regime, spent over two years drafting implementing regulations for the Madrid Protocol.<sup>118</sup> In the process, it has been able to maintain a successful trademark system that ensures the utmost protection of trademarks, even requiring physical specimens of goods and services used in commerce which bear the mark sought to be registered.<sup>119</sup>

As Canada moves closer to the Amendments, it does not appear that its government is willing to completely eliminate the most controversial of changes, as evidenced by the numerous consultation papers.<sup>120</sup> Therefore, it appears that adopting additional mechanisms which can operate alongside the reformed trademark system will likely be the most effective means of allowing the Canadian government to further streamline the registration process while

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<sup>112</sup> *Id.*

<sup>113</sup> *Id.*

<sup>114</sup> *Id.*

<sup>115</sup> *Id.*

<sup>116</sup> See Antal, *supra* note 27.

<sup>117</sup> *Id.*

<sup>118</sup> See Turco & Burshtein, *supra* note 95, at 3.

<sup>119</sup> *Id.* at 9; see also 15 U.S.C. §1051(a)(1) or 15 U.S.C. §1051(b)(1).

<sup>120</sup> Canadian Intellectual Property Office (CIPO), *Amendments to the Trade-Marks Regulations 2014: Consultation Update*, <http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr03853.html> (last updated June 1, 2015) (shows the numbers of different consultation papers submitted throughout the consultation period in an effort to convince the CIPO against implementing amendments in their current form).

attempting to avoid many of the potential pitfalls. These additional mechanisms would be required in the likely event that the Amendments move forward as planned considering that the CIPO has made no overtures about possibly delaying implementation. However, there is still time to make a considerable change in direction. It would be incumbent upon the Canadian government, which has been warned of the potential negative impact,<sup>121</sup> to recognize the uphill battle they now face and seek alternative ways to adjust the Trade-Marks Act in their efforts to improve the registration system without sacrificing the protection of intellectual property rights.

#### V. THE OPTIONS FOR CANADA: IS THERE A BETTER WAY FORWARD?

The situation Canada currently faces is not only unprecedented for a country that has maintained its trademark system for over 150 years going back to common law,<sup>122</sup> but it will also have an impact yet to be felt as the Amendments are not currently in effect.<sup>123</sup> Indeed, much of what has been written regarding the matter is inherently speculative, and only once the changes are implemented will the entirety of the consequences be fully understood. Both practitioners and intellectual property organizations have made numerous recommendations<sup>124</sup> worthy of consideration. Essentially, there are two foreseeable paths Canada may take. The first would involve moving forward with the Amendments while making adjustments to lessen the impact of the elimination of the use requirement i.e. utilizing recommendations already made by the legal community.<sup>125</sup> The second option sets Canada on a completely different path that has yet to be given any serious consideration.<sup>126</sup> It would require Canada to work towards instituting a trademark

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<sup>121</sup> See Turco & Burshtein, *supra* note 95, at 2.

<sup>122</sup> See Turco and Burshtein, *supra* note 95, at 2.

<sup>123</sup> See CIPO, *supra* note 120.

<sup>124</sup> *Id.*

<sup>125</sup> See INTA, *supra* note 98, at 8.

<sup>126</sup> As the implementation of the amendments to the Trade-Marks Act has not yet taken place, the true impact of the amendments is not yet being felt. Therefore, the second option/path presented above is based on the opinion of the author as to how Canada should move forward rather than on any particular solution put forth by other legal commentators.

regime that closely mimics the United States, especially regarding the use requirement for registration.

*A. The First Possibility*

Many who have commented on the potential impact of the Amendments have submitted recommendations as well as altered certain sections of the Amendments to reflect the wording they feel would best serve the interests of the trademark system.<sup>127</sup> Two of the most prominent suggestions were put forth by the International Trademark Association (INTA) during the consultation period and were intended to address the issue of “use.”<sup>128</sup> The two suggestions were as follows: 1) permitting the voluntary filing of statements of use<sup>129</sup> whereby the CIPO would incentivize, rather than require, applicants to file statements of use in which they would be given a “rebuttable presumption that the trademark has been used in association with the goods/services in Canada from the date(s) stated in the statement(s) for the purposes of opposition and s.45 (cancellation) proceedings” (parentheses added);<sup>130</sup> and 2) the CIPO would initiate cancellation proceedings on its own following the ten-year renewal period<sup>131</sup> in an effort to eliminate marks on the register where the mark owner has provided no evidence of continued use.

Undoubtedly, the first suggestion would be a great incentive for applicants to file statements of use with their applications as such a presumption would be a critical weapon during any opposition or cancellation proceedings. A rebuttable presumption is defined as “a

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<sup>127</sup> *Proposed Amendments to the Trade-Marks Regulations 2014*, THE CANADIAN BAR ASSOCIATION (Dec. 2014), available at [http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/The\\_Canadian\\_Bar\\_Association.pdf/\\$FILE/The\\_Canadian\\_Bar\\_Association.pdf](http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/The_Canadian_Bar_Association.pdf/$FILE/The_Canadian_Bar_Association.pdf); see also Bereskin & Parr LLP, *Submissions on Proposed Amendments to the Trade-Marks Regulations 2014* (Nov. 28, 2014), [http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/Bereskin\\_Parr\\_LLP.pdf/\\$FILE/Bereskin\\_Parr\\_LLP.pdf](http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/Bereskin_Parr_LLP.pdf/$FILE/Bereskin_Parr_LLP.pdf).

<sup>128</sup> See INTA, *supra* note 98, at 10-11.

<sup>129</sup> *Id.* at 8-9.

<sup>130</sup> *Id.* at 9.

<sup>131</sup> Giddens, *supra* note 9, at 2; CAN. TRADE-MARKS ACT, R.S.C. 1985, c. T-13, §46(1) (showing §46 on renewal as originally requiring trademark renewals 15 years from the day of registration or more recent renewal). See Finkelstein, *supra* note 12. The Amendments have changed the renewal term from 15 years to 10 years.

particular rule of law that may be inferred from the existence of a given set of facts and that is conclusive absent contrary evidence.”<sup>132</sup> Thus, any applicant who filed a declaration of use while applying to register a mark would force the other party in an opposition or cancellation proceeding to present sufficient evidence to refute the presumption in favor of the applicant or risk losing the opposition/cancellation.<sup>133</sup> Regarding the registrar initiated §45 proceedings,<sup>134</sup> the Registrar shall issue notices under §45 of the Trade-Marks Act<sup>135</sup> to all registered mark owners within the year immediately preceding the ten-year anniversary of the registration of a mark and every ten years thereafter unless “(a) the registered owner has filed a statement of use in the prescribed form within the preceding three-year period or (b) the notice would be within three years of the date of issuance of a previous section 45 notice in cases in which the proceedings led to a final decision under section 45 of the Trade-Marks Act.”<sup>136</sup>

As for the first recommendation, the INTA has developed an inventive way to address the elimination of the use requirement, assuming the changes are enacted as expected. However, a key issue still remains - the recommendations may aid in reducing the negative impact that the INTA fears will follow the Amendments, but they are merely an attempt to revert to the pre-amendment system as much as possible by trying to maintain the amount of information available on the Register to incentivize applicants to file statements of use.<sup>137</sup> Furthermore, the second recommendation amends §45 of the Trade-

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<sup>132</sup> Legal Information Institute, *Rebuttable Presumption*, CORNELL UNIVERSITY LAW SCHOOL, [http://www.law.cornell.edu/wex/rebuttable\\_presumption](http://www.law.cornell.edu/wex/rebuttable_presumption). (last visited Sept. 19, 2015).

<sup>133</sup> FED. R. EVID. 301 (“in a civil case . . . the party against whom a presumption is directed has the burden of producing evidence to rebut the presumption.”). Furthermore, the Advisory Committee Notes state that the presumption places the burden on the opposing party to establish the nonexistence of the presumed fact. *See* FED. R. EVID. 301 Advisory Committee’s note.

<sup>134</sup> TRADE-MARKS ACT, R.S.C., 1985, c. T-13, §45.

<sup>135</sup> *Id.* §45 of the Trade-Marks Act relates to cancellation proceedings against the owner of a mark.

<sup>136</sup> *Id.*

<sup>137</sup> *See* INTA, *supra* note 98, at 9 (makes note of the potential benefits of the voluntary statements of use aiding in the elimination of the multitude of extension requests to file statements of use “endemic” in the current declaration of use regime. Although this would be a considerable benefit, it appears to be another scheme aimed at improving the efficiency of the registration system, the same goal of the CIPO in enacting the amendments which is clearly not always the most prudent course of action).

Marks Act to allow notice to all registered owners within one year following the ten-year renewal period, promoting quicker commencement of cancellation proceedings; although a positive step, such proceedings may only be initiated after a pre-defined number of years.<sup>138</sup> Lastly, it was also recommended that the new version of §30, specifically §30(d)(2), which reads that the contents of a trademark application shall contain “any prescribed information or statement” should be amended to permit information on proposed or actual use of the mark to be filed by the applicants “given the usefulness of ‘use’ information to those who access the register.”<sup>139</sup> Again, such an amendment only appears to provide the same information on the Register as under the pre-amendment version of the Act - the date of first use (§30(b)) or a statement of use (§30(e)).<sup>140</sup> If Canada truly wants to make a positive change in how it protects intellectual property rights, it must go one step further and focus on acceding to the relevant international treaties while developing a stricter trademark regime.

#### *B. The Second Possibility: A Safer Solution*

Canada is a country that is unequivocally reliant on its economic relationship with the United States,<sup>141</sup> so its trademark regime, though entitled to its own uniqueness in line with the particularities prevalent in Canada, should mirror that of the United States, especially with regard to the use requirement. As evidenced by the commentary submitted during the consultation period, the use requirement is the most critical of changes under the Amendments.<sup>142</sup> Since Canada has a vested interest in strengthening its economic ties with the United States, a complete deviation from its current path is required. The focus should be on establishing a use

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<sup>138</sup> *Id.* at 10-11.

<sup>139</sup> Bereskin & Parr LLP, *supra* note 127, at 6.

<sup>140</sup> TRADE-MARKS ACT, R.S.C., 1985, c. T-13, §30.

<sup>141</sup> Eugene Beaulieu, *Has North American Integration Resulted in Canada Becoming Too Dependent On the United States?* POLICY OPTIONS (Oct. 1, 2007), <http://policyoptions.irpp.org/issues/free-trade-20/has-north-american-integration-resulted-in-canada-becoming-too-dependent-on-the-united-states/> (arguing that although Canada’s reliance on the United States is decreasing, there is no doubt that the United States remains the Canada’s largest trade partner by a large margin).

<sup>142</sup> *See* INTA, *supra* note 98, at 8.

requirement as stringent as the one utilized in the United States under the Lanham Act.<sup>143</sup> The United States Patent Trademark Office (USPTO) requires actual “specimens” of a good/service being rendered in commerce to prove use, and the only time in which a declaration of use is permitted is under an application of intent to use.<sup>144</sup> Furthermore, under §1(d)(1) of the Lanham Act, if an applicant has specified a bona fide intent to use a mark under §1(b)(1), the applicant will be required to file a statement of use in commerce “within six months after the date on which the notice of allowance with respect to a mark is issued . . . [and] the applicant shall file . . . together with such number of *specimens or facsimiles* of the mark as used in commerce as may be required by the Director” (emphasis added).<sup>145</sup> Therefore, there is no way for the applicant to

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<sup>143</sup> 15 U.S.C. §1051 (2002). Section 1 of the Lanham Act clearly delineates the requirements of use necessary for registration. Accordingly, §1(a)(2) specifically states: “The application shall include specification of the applicant’s domicile and citizenship, the date of the applicant’s first use of the mark, the date of the applicant’s first use of the mark in commerce, the goods in connection with which the mark is used, and a drawing of the mark.” Thus, a date of first use is required in addition to the “specimens or facsimiles” of the mark “as used in commerce” under §1(a)(1). This requirement of providing not only a declaration of use but also actual specimens is far more stringent than the standard found under §30(a) and §30 of the Trade-Marks Act. Section 30(a) requires only “a statement in ordinary commercial terms of the specific wares or services in association with which the mark has been or is proposed to be used” and §30(b) “in the case of a trade-mark that has been used in Canada, the date from which the applicant or his named predecessors in title, if any, have so used the trade-mark in association with each of the general classes of wares or services described in the application.” As is seen by these sections, Canada only requires a statement of use specifying the date by which the applicant has first used the mark. This may seem to be a trivial distinction, but there is no doubt that the Lanham Act standard of also requiring physical “specimens” of the mark on the relevant good or services as used in commerce is a more exacting standard, making it more difficult to register marks. *See also* U.S. Patent & Trademark Office, “*Specimen*” *Refusal and How to Overcome This Refusal*, DEP’T OF COMMERCE, <http://www.uspto.gov/trademark/laws-regulations/specimen-refusal-and-how-overcome-refusal>.

<sup>144</sup> 15 U.S.C. §1051(b)(1) (2002).

<sup>145</sup> 15 U.S.C. §1051(d)(1) (2002). Contrarily, §40(2) of the current version of the Trade-Marks Act is quite similar to §1(d)(1) of the Lanham Act, which makes the acceptance of an application for registration based on proposed use contingent on the receipt of a declaration of use of the trademark in Canada in association with the goods or services listed in the application. *See* TRADE-MARKS ACT, R.S.C., 1985, c. T-13, §40(2) (“When an application for registration of a proposed trademark is allowed, the Registrar shall . . . issue a certificate of registration on receipt of a declaration that the use of the trade-mark in Canada, in association with the goods or services specified in the application, has been commenced”). However, §40(2) has been replaced in its entirety under Bill C-31 and no longer concerns

avoid an affirmative showing of actual use as even with an intent to use application under §1(b) of the Lanham Act, the applicant will be subjected to the same standard as an applicant alleging actual use under §1(a) of the Lanham Act.<sup>146</sup>

Requiring “specimens”<sup>147</sup> of goods or services is what makes the US use requirement a safer and more effective example for Canada to follow. Applicants who cannot show that they have used, will use, and will continue to use a mark in commerce, while also producing a specimen, will not be afforded trademark protection.<sup>148</sup> The end result is a United States trademark register which accurately reflects the marketplace, reduces the search costs of those seeking to clear and register their marks, increases the effectiveness of the registration process, and promotes investment by mark owners to maintain the quality of their goods or services as they can trust that their marks will be protected.<sup>149</sup> As mentioned, nearly a third of trademark applications in Canada between 2011 and 2012 were filed by US-based applicants,<sup>150</sup> and having a system which fails to eliminate the registration of marks in Canada without proving use would certainly hinder economic ties between Canada and the United States and potentially lead to the pitfalls associated with the elimination of the use requirement.<sup>151</sup> Conceivably, there would be nothing to prevent individuals in Canada from registering marks from the United States and “trolling” in hopes of being paid to turn over rights to the mark.<sup>152</sup>

It is difficult to understand why Canada seeks to pursue the Amendments with minimal consultation with the intellectual property community,<sup>153</sup> when the United States is a prime example of a nation capable of acceding to the Madrid Protocol, Singapore

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statements of use. *See* Economic Action Plan 2014 Act, No. 1, S.C. 2014, C. 15 (Can.).

<sup>146</sup> 15 U.S.C. §1051(a)(3)(C) (2002) (requires a verified statement that the mark is in use in commerce under an “Application for use of trademark” under §1(a), in addition to specimens under §1(d)(1)).

<sup>147</sup> *Id.*

<sup>148</sup> 15 U.S.C. §1051(a)(1) (2002).

<sup>149</sup> *See* Joint Comments, *supra* note 96, at 1.

<sup>150</sup> *Id.* at 3.

<sup>151</sup> *Id.*

<sup>152</sup> *Id.*

<sup>153</sup> *See* INTA, *supra* note 98, at 11 (discussing the significant amount of time utilized by other countries, especially the United States, taken for consultations before pushing forth with the implementation of treaties such as the Madrid Protocol).

Treaty, and Nice Agreement while maintaining its stringent use standards. Canada should be looking to the United States as an example to be followed and be less concerned with streamlining the registration process<sup>154</sup> than with the protection of intellectual property rights to form a more prosperous and trustworthy relationship with its most vital economic partner. No concrete reason has been put forth as to why Canada cannot adopt a use requirement similar to the U.S. regime and ensure that anyone who registers a trademark in Canada is able to prove use or a bona fide intent to use a mark. The CIPO must rethink its position and alter its course towards a regime that is in line with the United States.<sup>155</sup> Recommendations similar to those put forth by the INTA during the consultation period<sup>156</sup> will only act as a “Band-Aid” in an attempt to lessen the negative impact of a wholly unnecessary initiative by the Canadian Government. Furthermore, merely reverting to the previous use requirement under the Trade-Marks Act will not be enough. The issues with the protection of intellectual property rights between Canada and the United States are still present as evidenced by the Section 301 Report(s).<sup>157</sup> Accordingly, if the negative ramifications associated with the Amendments come to fruition, they will likely exacerbate Canada’s existing issues with intellectual property right protection.

Allowing the trademark rights of U.S.-based entities who conduct business in Canada to be handed out to those who have no legitimate claim to the mark will likely be unsustainable and result in the eventual need for further changes, regardless of the ability to bring cancellation proceedings after three years.<sup>158</sup> The damage will

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<sup>154</sup> Melissa M. Dimilta & L.E. Trent Horne, *Bill C-31 Proposes Major Changes to Canada’s Trade-Marks Act*, BENNETT JONES (April 16, 2014), [http://www.bennettjones.com/Publications/Updates/Bill\\_C-31\\_Proposes\\_Major\\_Changes\\_to\\_Canada\\_s\\_Trade-marks\\_Act/](http://www.bennettjones.com/Publications/Updates/Bill_C-31_Proposes_Major_Changes_to_Canada_s_Trade-marks_Act/) (pointing out that the amendments key intention is to “simplify and expedite” the registration process).

<sup>155</sup> See FOREIGN AFFAIRS, *supra*, note 2, at 16 (detailing how the United States is responsible for more than half of the imports into Canada and accounting for nearly 75% of Canada’s merchandise exports).

<sup>156</sup> See generally INTA, *supra* note 98.

<sup>157</sup> Office of the United States Trade Representative, *2012 Special 301 Report*, EXEC. OFFICE OF THE PRESIDENT 25 (April 2012), <http://www.ustr.gov/about-us/press-office/press-releases/2014/April/USTR-Releases-Annual-Special-301-Report-on-Intellectual-Property-Rights> (noting the “limitations with Canada’s trademark regime” that has led to significant issues with the protection of intellectual property rights in Canada).

<sup>158</sup> TRADE-MARKS ACT, R.S.C. 1985, c. T-13, §45(3). (“Where . . . it appears to

have already been done. Though the U.S. trademark registration system is not perfect, a regime closely resembling the U.S. system is a far better alternative to the present Amendments. Such a system would allow Canada to place the protection of the rights of trademark owners and most importantly, the economic interests of Canada, before the efficiency of the trademark system.

## VI. CONCLUSION

The issues facing Canada in light of the Bill C-31 Amendments to the Trade-Marks Act are complex and present benefits that simply do not appear to outweigh the costs at this point in time. There is too much at risk for Canada both domestically and internationally to justify such large-scale adjustments to the Act. Though it will take some time before the true impact of the Amendments is known, Canada's current track has the potential to be disastrous, regardless of the seeming invulnerability of its most recent significant trademark jurisprudence, such as *Masterpiece*. Additional options are on the table, but the key question that remains is whether Canada will understand that perhaps its best alternative lies directly south of the border with its most critical economic ally, the United States.

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the Registrar that a trade-mark, either with respect to all of the goods or services specified in the registration or with respect to any of those goods or services, was not used in Canada at any time during the three year period immediately preceding the date of the notice and that the absence of use has not been due to special circumstances that excuse the absence of use, the registration of the trade-mark is liable to be expunged or amended accordingly." The section clearly shows that only after three years can non-use of a mark lead to its cancellation, thus, "squatters" or "trolls" would only be subject to such proceedings after three years).