November 22, 2018

Standing Senate Committee on Banking, Trade and Commerce
The Senate of Canada
Ottawa, Ontario
Canada, K1A 0A4

Email: banc@sen.parl.gc.ca

Re: Bill C-86 Budget Implementation Act, 2018, No. 2

The International Trademark Association (“INTA”) has reviewed the trademark provisions in Bill C-86, the Budget Implementation Act, 2018, No. 2 ("the Bill"). Overall, INTA welcomes the initiatives set out in the Bill since they offer many clarifications and improvements to both the current Trade-marks Act, and amended Trademarks Act that will be implemented in June, 2019. However, INTA has several comments and suggestions, set out in detail below, that it believes will improve Canada’s trademark regime, especially for small and medium enterprises. INTA hopes that its comments below will receive the attention of Members of Parliament, Senators and the Government before the Bill is given Royal Assent.

INTA is a membership association of more than 7,200 trademark owners and professionals from more than 191 countries. INTA has 243 members in Canada, as well as numerous international members who do business in, or represent companies who do business in Canada. INTA total membership collectively contribute almost US $12 trillion to global GDP annually. The Association’s member organizations represent some 31,000 trademark professionals and include brand owners from major corporations as well as small- and medium-sized enterprises, law firms and nonprofit entities. INTA undertakes advocacy work throughout the world to advance trademarks and related rights, and offers educational programs and informational and legal resources of global interest. INTA's mission is dedicated to supporting trademarks and related intellectual property (IP) to foster consumer trust, economic growth, and innovation.

Specific Comments

INTA has restricted its comments to those provisions amending Canadian trademark law, found in Part 4, Section 7, Subdivision B.

In brief, INTA supports the amendments to section 9 of the Trade-marks Act, the addition of “bad faith” opposition and expungement grounds, the ability to obtain confidentiality orders, and the specific inclusion of “use” in Canada as a requirement of enforcement. While INTA is not opposed to the concept of costs in opposition and non-use cancellation proceedings, it is concerned that the potential for a cost award, in addition to the expenses already incurred in the proceeding, may deter many parties, and especially small and medium entities (SMEs) from proceedings before the Registrar. INTA is also concerned that imposing a general rule requiring leave from the Federal Court to accept evidence in all appeals from the Registrar will particularly disadvantage SMEs, and add to the already significant costs of such proceedings.
In particular, INTA would like to address the following provisions of Bill C-86.

**Section 215 – Amendments to section 9 of the Trade-marks Act impacting official marks.**

INTA welcomes limitations on the rights of public authorities who have published their official marks pursuant s. 9(1)(n)(iii). However, the proposed amendments do not go far enough to cure the significant abuse and disruption to trademark registration and use caused by permitting public authorities to publish official marks, without any limitation on goods and/or services, and no examination, opposition, renewal or cancellation provisions. INTA proposes the following for consideration:

(i) In addition to permitting the Registrar to find that section 9(1)(n)(iii) does not apply if the entity is not a public authority or does not exist, this right also should extend to published official marks that are not in use. There are many holders of official marks that do not use many marks, yet such published marks remain obstacles to registration and use.

(ii) The procedure by which the Registrar will make this determination should be set out in the Act. Since the decision has the potential to remove from a public authority the rights granted under s.9, a clear and fair procedure must be followed. More details are required, or clarification that the procedure will be outlined in Regulations. For example, will any entity with a published official mark need to file evidence of its status, and if so, how will that be done, and under what guidelines?

(iii) The proposed new s.9(4) should provide more information on the circumstances in which the Registrar will give public notice on his or her own initiative.

(iv) If there is a “request of a person …,” will such person have the right to participate in any way in the decision of the Registrar to find that a notice under s.9(1)(n)(iii) does not apply?

(v) There should be no fee for any request by a person, as suggested in proposed new s.9(4). INTA notes that the fee will be determined by new Regulations. However, it is not clear why a fee would be required. It seems unjust to require payment, in addition to regular application fees, if the entity with rights under s. 9(1) (n)(iii) was not a public authority or no longer exists, and the decision of the Registrar to find that the subsection does not apply will benefit all, and not merely a single applicant.

(vi) There should be a mechanism to clearly communicate the decision of the Registrar under proposed new ss. 9(3) and 9(4). Rights under s. 9 are not “on the Register”, and INTA requests that any change to such rights be available as soon as possible.

Sections 217(2), s.221 and s. 222, permitting the Registrar to make awards of costs following an objection to protection of a geographic indication, following opposition proceedings and s.45 non-use proceedings.
INTA notes that the new sections all confirm that any award of costs will be “subject to the regulations”, so it may be premature to raise comments about these proposals. Nevertheless, INTA is concerned that this provision has the potential to significantly disadvantage both individual applicants and SMES, whose participation in the IP system in Canada is to be encouraged. The rationale for these amendments, and potential problems that these provisions may remedy, are unclear. Especially in the case of s. 45 non-use proceedings, which are intended to be summary, the fear being that costs may be awarded against a party simply for attempting to clear an unused mark from the Register and may deter parties from selecting, using and/or registering such marks, thus perpetuating the problem of a Register that does not reflect active marks.

Sections 218 and s. 220, adding new “bad faith” opposition and expungement grounds.

INTA supports this amendment, but notes that the onus will be on the person seeking expungement to prove facts supporting bad faith. Practically, this may be difficult, and it may take some time for the Courts and Registrar to create predictable guidelines on what amounts to bad faith. Accordingly, INTA recommends that the Bill be amended to state specifically that in the event of a claim of bad faith, the onus will be on the registrant to prove that its registration was not obtained in bad faith, and in the event of an opposition, that its application was not filed in bad faith. Furthermore, it is recommended that the Trademarks Office provide guidelines in a Practice Notice on non-exhaustive factors that will be viewed as showing bad faith.

Section 225, adding a new requirement to s.53.2 of the Trade-marks Act to show use, or special circumstances excusing non-use, when enforcing a registration from the date of registration until the third anniversary of the registration.

INTA supports this amendment, which stipulates that the owner of a registration that is less than three years old must show that its mark was in use in Canada if it makes an application claiming that an act has been done contrary to ss. 19, 20 and 22 (subject to special circumstances excusing non-use).

However, the section, as drafted, is ambiguous, and INTA recommends that the following be addressed:

(i) It should be clarified that a registration may be enforced if some goods and/or services are in use, and that it is not necessary for all goods/services to be in use.

(ii) It should be clarified “how” a determination of “use” will be made, and by whom. Since this provision amends s. 53.2 of the Trade-marks Act, it is assumed that this determination will be made by the Court, but this should be confirmed. In addition, will this determination to be made during, or before the proceeding alleging actions contrary to ss. 19, 20 and 22? INTA recommends that the Court first determine that the registration in question was in use in Canada during the term in question, or if not, that special circumstances exist that excuse the absence of use in Canada during that period. Practically, parties to any legal proceeding relating to ss. 19, 20 and 22 will invest very significantly, in terms of fees, time and the personal involvement of the parties and their legal advisors, on the determination of those issues and related calculation of damages. It would be preferable if the issue of “use” as proposed by
this amendment is considered before making any determination of compliance with those sections.

(iii) The wording of the section refers to an “application” by the registrant. An application is a specific form of litigation, and that term does not necessarily apply to all proceedings brought in the courts. The wording should be amended to “…the owner of the registered trademark brings any proceeding in a court relating to acts done contrary to section 19, 20 or 22…”

Section 226, adding a requirement for leave from the Federal Court to file new evidence on appeal from any decision of the Registrar (in objection, opposition or s. 45 non-use proceedings) and adding that the Court may exercise, with respect to additional evidence, any discretion vested in the Registrar.

INTA supports the amendment that the Federal Court may exercise its own discretion for any new evidence filed on appeal. This will simplify the assessment of new evidence on appeal.

However, regarding the proposed request for leave, INTA notes that any application for leave adds not only costs, but uncertainty to any proceeding, and will also slow down the hearing of appeals from the Registrar. In addition to legal fees associated with preparing an application for leave, the Federal Court would presumably have the discretion to award court costs following the leave application. This will especially disadvantage SMEs, as well as any party in a proceeding before the Registrar who has, for many reasons, failed to file evidence found to be relevant in the Registrar’s decision, but may have such evidence.

Also, requiring an order in the event of an appeal from a decision in section 45 non-use proceedings may be unfair for several reasons. First, the courts have already found that sections 45 is a summary proceeding, and that only some, and not all, evidence needs to be provided by or on behalf of a registrant. It is not uncommon for individual registrants and SMEs to represent themselves in s. 45 proceedings, and to make simple mistakes in the submission of their evidence before the Registrar that result in an order for cancellation, which is reversed when more complete evidence is filed on appeal. Also, it is not uncommon for registrants to not receive the original notice of the commencement of non-use proceedings under s. 45 of the Trademarks Act, resulting in the Registrar’s decision to expunge, despite the use of their marks. In both cases, requiring a specific leave application, and the related costs and uncertainty may discourage registrants from appealing when in fact, they have evidence that their marks are in use.

The rationale for this amendment is not clear, particularly since the Federal Court already has the discretion to review any new evidence filed on appeal, and make an appropriate award of costs should there be any inappropriate conduct of the parties. As an alternative, INTA recommends that the wording of proposed new s.56 (5) be amended to provide as follows:

(5) If, on an appeal under subsection (1), new evidence is adduced by any party, the Federal Court may exercise any discretion vested in the Registrar with respect to such additional evidence, including the discretion to make an order of costs relating to the filing of such evidence.”

INTA supports the other provisions regarding trademarks in Bill C-86 (but takes no position on Subdivision D, relating to the College of Patent Agents and Trade-mark Agents Act).
However, INTA notes that these amendments continue to make the public and brand owners, and not the Registrar, responsible for the integrity of the Register. For example:

- applicants will not be required to state that applications are filed in good faith;
- examiners in the Trademarks Office cannot examine or comment on the applicant’s *bona fide* intent to use its mark;
- applicants are no longer required to state or show use;
- registrations issue without any proof of use; and
- evidence of use in Canada, or anywhere, is not required to renew a registration.

Apart from the amendment requiring proof of use to enforce a registration, the only way that use or bad faith becomes relevant is if those issues are raised by third parties, and they must do so at their own cost. In fact, under the proposals in Bill C-86, any party involved in proceedings before the Registrar or the Courts now risks an award of costs against them. Given the advantages of registration, it is not unreasonable for registrants to be required to take active steps to show use in Canada, either before or after registration or on renewal, to maintain their rights.

**Conclusion**

INTA appreciates the opportunity to provide comments on Bill C-86 and your consideration of its positions.

This document was drafted by the INTA Legislation and Regulation Committee Canada Subcommittee. Please do not hesitate to contact Senior Director, Government Relations Deborah Cohn at dcohn@inta.org if you have any questions or concerns.