International Trademark Association

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EU-Canada Comprehensive Economic and Trade Agreement (CETA)

The International Trademark Association (INTA) offers the following comments in connection with the upcoming Dialogue on Intellectual Property Rights in the framework of the EU-Canada Comprehensive Economic and Trade Agreement (CETA).

The International Trademark Association (INTA) is a global association of brand owners and professionals dedicated to supporting trademarks and complementary IP to foster consumer trust, economic growth, and innovation, and committed to building a better society through brands. Members include nearly 6,000 organizations, representing more than 33,500 individuals (trademark owners, professionals, and academics) from 181 countries, who benefit from the Association's global trademark resources, policy development, education and training, and international network. Founded in 1878, INTA is headquartered in New York City, with offices in Beijing, Brussels, Santiago, Singapore, and the Washington, D.C. Metro Area, and representatives in Amman, and New Delhi.

INTA suggests that the following topics be discussed:

1. **Québec's Bill 96**: This law created new, problematic, and unclear requirements and may harm trademark owners and consumers with respect to three categories:

    - even if a trademark is federally registered, non-French words in the trademark that are considered "generic" or "descriptive" must be translated into French.
    - signs outside stores and manufacturing facilities displaying registered non-French trademarks must include a "predominance of French" (twice the size of non-French words).
    - inscriptions on a product from outside Québec that are engraved, baked or inlaid in the product itself, riveted or welded to it or embossed on it in a permanent manner and that are necessary for the use of the product must now be translated into French.

    In June 2022, Québec amended its provincial law, the *Charter of the French language* ("Charter"), and in January 2024, published for comment a draft regulation (the "Proposed Regulation") that proposed amendments to the existing regulations made under the Charter, called the *Regulations respecting language of business and commerce*, to implement the Charter amendments. Importantly, the law includes a new consumer right of action with the possibility of class action litigation and punitive damages for any Québec resident who feels their rights have been violated.

    Regulations in final form are expected to be published in two tranches: the first set of final regulations are expected to be published in the summer of 2024 dealing with public signage, posters and commercial advertising; with the second set of final regulations dealing with products, packaging and labelling being published later this year. Final regulations will come into force on June 1, 2025, with certain provisions coming into force on the 15th day following their publication in the *Gazette Officielle Du Québec*.

- Brands communicate powerful signals which are key to consumer recognition and consumer protection and are rightfully at the center of companies' identities and go-to-market strategies globally. Bill 96 compliance will force companies to assume a different identity and create an opening for counterfeiters to prey on increasingly confused consumers.

- Both the law itself and the regulations implementing the law appear to violate Canada's international obligations under multiple treaties.

- CETA incorporates various provisions of the World Trade Organization's Technical Barriers to Trade (TBT) Agreement. *See, e.g.*, Articles 4.1 and 4.2. Recall that Article 3.5 of the TBT confirms that Members are fully responsible for compliance with the TBT by "other than central government bodies". As such, Canada would be responsible for Québec's measures.

    - First, Canada appears not to have complied with the TBT's (and CETA's) procedural obligations. Article 2.5 of the TBT entitles the EU to request that Canada provide justification for Section 51.1 of the Charter. Additionally, Article 2.9.4 of the TBT requires Canada to consider comments received from EU members, discuss such comments, and take into account those comments and discussions.

    - Second, Canada may be in substantive violation of the TBT and CETA. In particular, the measures under the Charter:
        - Are trade-restrictive. Brand owners are already incurring costs and facing legal uncertainty even before the amendments to the Charter come into force;
        - Are more restrictive than necessary to fulfil a legitimate objective. Bill 96 objectives were expressly limited to development of a "linguistic policy of the province" and such regulatory objectives are not treated on par with those on the TBT shortlist expressly presumed to be legitimate; and
        - Are devoid of meaningful analysis of the impact of the proposed changes and, as such, the proposed measures are arbitrary.

- Likewise, CETA confirms that its provisions supplement Member obligations under TRIPS. *See* Article 20.2 (provisions of Chapter Twenty complement the rights and obligations between the parties under TRIPS).

- Bill 96 raises multiple concerns under TRIPS, including:
    - Under Article 15(1) of TRIPS, Members can elect to protect unregistered trademarks. Protection of unregistered trademarks is generally dependent on use. If use of certain (non-French) unregistered trademarks is expressly banned in a province (and has practical spillover effects across the whole country), it amounts to a *de facto* limitation on the scope of protectable subject-matter in Canada.
    - Sections 51.1 and 58.1 of the Charter expressly mention trademarks and regulate aspects of trademark wording and visual presentation ("protection" includes matters affecting the "availability", "acquisition", "scope", and "maintenance" of trademarks and wording and visual presentation relate to all of these).

- The measures raise national treatment concerns, including:
    - Article 2.3 of CETA requires that, among other things, provincial governments must themselves observe the principle of national treatment in the treatment of goods from the EU.

    - Although the Charter and Proposed Regulation may not, on their face, treat Canadians more favourably than foreign nationals, they will in practice have such an effect.

    - Nearly 70% of Canadian trademark applications are filed by non-Canadians and approximately 13 times as many Canadian trademark applications are filed in English as are those filed in French. Approximately 20% of applications filed by Canadians are filed by applicants with a Québec address. It stands to reason that Canadians are far more likely to use and register French-language trademarks than are non-Canadians and further that Québec-based applicants are far more likely to file French-language trademark applications than are non-Canadians. Given that the Charter and the Proposed Regulation mandate, at least in some circumstances, the use of French-language trademarks, their requirements will be easier to meet for Canadian businesses and, in particular Québec-based businesses (which are more likely to have chosen, cleared, used and registered French-language trademarks) than for non-Canadian businesses.

- Significantly, Bill 96 appears to conflict with Canada's federal trademark law:
    - Unregistered trademarks are protected and enforceable at the federal level (paragraph 7(b) and section 16 of the *Trademarks Act*).
    - Brand owners have a right to the exclusive use of their registered trademarks throughout Canada under Section 19 of the *Trademarks Act*.

While trade associations like INTA and industry have repeatedly engaged with legislators and Québec regulators, it is clear that the government has not considered the complexities of trademark law in crafting the new rules. INTA's growing coalition of businesses, practitioners, and trade associations will continue to communicate with government officials, to provide our technical expertise on the law and explain the real-world impact upon consumers and businesses. For now, we hope that DG TRADE will raise this issue in discussions as it represents a major trade irritant for EU Members exporting goods and services to Canada in non-French languages.

2. Prioritizing the detention of counterfeits

a) *Background*

INTA members report that detentions of suspected counterfeit goods at the Canadian border by Canadian Border Services Agency ("CBSA") have significantly reduced in recent months with no indication they will increase. According to detention data for the period January to May 2024, only 89 detentions relating to counterfeit products were made. This compares to the previous numbers, which were also alarmingly low: a total of 630 detentions in 2023 with 323 for the same January to May period.

INTA notes that this downward trend was also cited the US Special 301 Report for 2024 which stated "*The low number of seizures of counterfeit goods at the border and lack of training for border enforcement officials suggest that Canadian authorities have yet to take full advantage of expanded ex officio powers.*"

INTA members report that some ports that were previously very active in detecting and detaining suspected counterfeit products, for instance those in the Prairie Region, have in recent times have been unable to protect consumers in the region and disrupt future imports of counterfeits from the same source.

INTA members also report that rights owners increasingly find it challenging to collectively take action against consolidated counterfeit shipments that comprise multiple brands, where there may be some brands with one or two goods and others with larger amounts. Members report that customs officers are unwilling to open packages if there is a possibility they may have to return counterfeit goods to consignors if some rights owners whose brands are found within the shipment choose not to take action.

b) *Recommendations*

INTA recommends that **identifying and intercepting counterfeit products** remain a priority for Canada. This protects consumers, Rights Owners and inward investment into Canada related to authentic products.

An **increase in information sharing** between CBSA and right's owners appointed legal representatives is also recommended. This could facilitate more action on products already detained (and often released), and should include the consignor and consignee information.

One example highlighted by INTA members where information sharing would be beneficial, is when consolidated shipments of counterfeits are found. In such cases, multiple rights owners and their agents could be informed to facilitate collective decision-making on proceeding against such a shipment. Rights owners would like the option to "opt-in" to agree that CBSA officers can share their legal representatives' contact information with other rights owners' legal representatives when multiple found in the same shipment.

Furthermore, INTA members and Rights Owners would welcome the opportunity to **provide regular customs officer training** in Canada for counterfeit products and the association and its members are ready and able to support such initiatives.

3. Simplified border procedure relating to detention and destruction of imported counterfeit goods

a) *Background*

INTA has historically[1] and continues to advocate for a streamlined procedure to destroy confirmed counterfeit goods detained through the CBSA RFA program.

[1] https://www.inta.org/wp-content/uploads/public-files/advocacy/testimony-submissions/INTA-PMB-Submission.pdf

The *Trademarks Act* currently requires rights holders commence costly litigation proceedings to destroy counterfeit goods detained by the CBSA. In the absence of a written agreement with the known person(s) in Canada involved in the importation of the goods, a rights holder must obtain a Court Order directing the person(s) to abandon the goods for destruction. For rights owners who have filed Requests for Assistance and positively identified the goods in question as counterfeit, obtaining such an agreement or Court Order is time consuming and unnecessarily costly. In addition, rights holders are liable for the storage fees payable until such time as the CBSA releases or destroys the goods.

The need to conclude a written agreement with, or prosecute a civil action against, the known person(s) in Canada involved in the importation of the goods in question is a deterrent, and discourages Rights Holders from filing Requests for Assistance in Canada.

b) *Recommendations*

The following procedure is proposed, and which (in INTA's view) would significantly increase rights holder participation, and ultimately reduce costs for all parties, including CBSA:

- CBSA contacts the rights holder with information about the imported goods and their origin;
- The rights holder has 3 days to confirm if the goods are counterfeit;
- If the rights holder does not respond, the goods are released (i.e., *no different than the current procedure*);
- If the goods *are* identified as counterfeit by the rights holder, CBSA then notifies the importer that the Rights Holder has determined the goods are counterfeit AND the *importer* is given 10 days to dispute that the imported goods are counterfeit (and advised of the consequences of failure to respond);
- If the importer fails to respond, the goods shall be deemed abandoned, and can be destroyed;
- If the importer contests that the imported goods are counterfeit, then CBSA notifies the Rights Holder, and the current RFA procedure resumes — i.e., the Rights Holder is given 10 days to resolve the matter or commence court proceedings.

The Association is ready to facilitate any discussions between rights holders who are familiar with simplified procedures in other jurisdictions and the Canadian government to work towards the above-proposed simplified procedure.

We welcome the opportunity to provide further comments to support this important topic as it develops. Please contact the following: Tat-Tienne Louembe Chief Representative Officer, Europe and IGOs tlouembe@inta.org