



# Intellectual Property

## *Doing Business In Canada*

Canada has a comprehensive legislative scheme to protect trademarks, copyright, patents and industrial designs.

### Trademarks

The Federal *Trademarks Act* (the “**TMA**”) grants exclusive rights to trademark owners and provides public notice of those rights. Canadian trademark law provides protection for both registered and unregistered trademarks. The Government of Canada recently passed significant amendments to the TMA. Those amendments, which are anticipated to be implemented in late 2018, are set to fundamentally transform the Canadian regime.

The amended TMA defines a trademark as “(a) a sign or combination of signs that is used or proposed to be used by a person for the purpose of distinguishing or so as to distinguish their goods or services from those of others, or (b) a certification mark,” with the word “sign” being separately defined as including “a word, a personal name, a design, a letter, a numeral, a colour, a figurative element, a three-dimensional shape, a hologram, a moving image, a mode of packaging goods, a sound, a scent, a taste, a texture and the positioning of a sign.”

### Registered Trademarks

#### Scope and Term

The TMA provides the owner of a registered trademark with nationwide protection for the mark as registered. Unless it is challenged as discussed below, a Canadian trademark registration is valid for 15 years from the date of registration, although the new TMA shortens this term to ten years. The term is renewable for subsequent fifteen (or, after the new TMA comes into force, ten) year periods.

#### Filing Basis

While the current Act provides for several application grounds, under the new TMA, an application to register a mark may be filed if the applicant uses or intends to use the trademark in Canada. Under the new TMA, an applicant does not need to identify when its mark was first used in Canada or file a declaration post-allowance stating that a mark is in use before it will issue to registration.

The TMA also provides for applications based on foreign priority. If an applicant with a pending application in its country of origin (and that country is party to the *Paris Convention*) applies to register the same or substantially the same trademark in Canada for use in association with the same kind of goods or services within six months from the date of first filing, then the date of filing in that country becomes the effective Canadian filing date. Foreign priority must currently be explicitly claimed within the six-month window in order to be valid. The new TMA provides for the possibility of a short extension.

The new TMA also provides for Canada to become a party to the *Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks*, or the “**Madrid Protocol**.” Once the Madrid Protocol is implemented by government regulations, this will allow applicants to obtain protection in Canada by filing an “international application,” as is currently allowed in jurisdictions such as the United States and Europe.

#### Goods & Services

An application must contain a statement, in ordinary commercial terms, of the goods or services in association with which the trademark has been (or is proposed to be) used. The amended TMA provides that the listing of



goods and services in a Canadian application are to be grouped according to the classes of the Nice Classification system, much like in countries such as the United States. Currently, there is some uncertainty as to how this new requirement will be implemented. For example, it remains to be confirmed whether Canada will adopt a class-based filing fee structure, although consultation papers published by the Government of Canada suggest that this will be the case. Similarly, there are questions as to whether the Registrar of Trademarks (“**the Registrar**”) will require owners of existing registrations to re-classify the goods and services according to the classification codes and at what point they will be required to do so.

### **Examination & Opposition**

Once filed, a trademark application undergoes examination with the Canadian Intellectual Property Office (“**CIPO**”). In addition to reviewing the application for technical compliance with the provisions of the TMA, an examiner will conduct a search of the Canadian register to assess whether the mark is registrable and whether the applicant is entitled to seek registration. Examples of registrability and entitlement issues include:

- ◆ The mark is likely to cause confusion with an existing registration or pending application;
- ◆ The mark too nearly resembles a prohibited mark or designation (discussed below);
- ◆ The mark is primarily merely the name or surname of an individual who is living or has died within the past 30 years; or
- ◆ The mark is clearly descriptive or deceptively misdescriptive of the character or quality of the associated goods or services of the conditions of or the persons employed in their production or of their place of origin.

The new TMA also permits the examiner to consider whether or not the trademark actually distinguishes or is capable of distinguishing the goods and/or services of the applicant from those of others. In this regard, draft regulations to the amended TMA propose that the Registrar will be entitled to receive correspondence from a third party other than the applicant any time before advertisement. If the third party submission is pertinent, the examiner will be required to forward that correspondence onto the applicant. The examiner then

issues a report outlining any objections to the application, typically within six to eight months of the filing date. The applicant then has an opportunity to amend the application or argue against any objections.

If the examiner raises no objections or if the applicant overcomes any objections raised, the application will be approved and advertised in the Trademarks Journal. During the two-month period after advertisement, any third party may oppose the application based on several grounds including deficiencies in the application itself, the fact that the trademark is not registrable and/or distinctive, or the fact that the applicant is not the person entitled to registration. If there are no successful oppositions, the application will issue to registration on payment of a registration fee and filing of a declaration of use (if applicable).

### **Summary Cancellation of Registrations**

Section 45 of the TMA provides a summary procedure for determining whether a registration is actually in use. If a trademark owner has not used a registered trademark in Canada within any three-year period following registration, the registration can be summarily expunged. This procedure is not intended to create or rescind substantive rights; rather, the procedure is designed to clear “dead wood” from the Canadian register.

### **Enforcement of Registered Trademark Rights**

Both the Federal Court and provincial courts have jurisdiction to hear and determine an action or application for trademark infringement provided the infringement does not take place wholly abroad. A plaintiff who is ordinarily resident outside of Canada may be ordered to pay security for the defendant’s costs; either in lump sum or on a scheduled milestone basis. However, applications or counterclaims seeking to expunge a registered trademark can only be advanced in the Federal Court.

### **Unregistered Trademarks**

Canadian law also recognizes common law trademark rights acquired through actual use of an unregistered mark in Canada in association with goods or services. The owner of such a mark may assert claims against others who use confusing trademarks in the specific region or area where the common law trademark owner has built up goodwill,



even if the mark is not used in Canada. This type of claim is referred to as “passing off” and is recognized both in the Canadian common law and under the TMA.

A claim for passing off at common law is restricted to the area in which the plaintiff can establish the existence of goodwill. An action for passing off under the TMA may be brought in the Federal Court or in a provincial court of competent jurisdiction. As with any other enforcement proceeding in Canada, a plaintiff who is ordinarily resident outside of Canada may be ordered to pay security for the defendant’s costs.

### Prohibited & Official Marks

Canadian trademark law has a unique regime for certain marks adopted by public authorities, universities and certain other organizations. Specifically, the TMA prohibits the adoption, which includes use and application for registration, of a variety of regal, governmental or public words, crests, symbols, marks or other devices. No person may adopt — in connection with a business — as a trademark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for, a prohibited mark.

Prohibited marks that are adopted and used by a public authority as a mark are termed “official marks.” Public notice of adoption and use of an official mark does not retroactively prohibit the use of an existing mark; however, it does preclude the expansion of an existing registration to additional wares or services, or the registration of any pending application which was not registered at the time of the publication of the official mark, even if previously adopted, used and applied for.

### Prohibited Designations

Section 10 of the TMA states that where a mark has by ordinary and *bona fide* commercial usage become recognized in Canada as designating the kind, quality, quantity, destination, value, place of origin or date of production of any wares or services, no person shall adopt it as a trademark in association with such wares or services or others of the same general class or use it in a way likely to mislead.

## Copyright

The federal *Copyright Act* (“**the Act**”) governs rights associated with copyright law in Canada. Copyright protects the owner of a work from the unauthorized production or reproduction, public performance, or publishing of musical, literary, dramatic and artistic works. The Act also protects various rights in performances, communication signals and sound recordings. Additionally, an author is granted moral rights in the work, including the right to integrity of the work and the right to be associated with the work as its author. Copyright protects the material expression of an author’s original work, and does not extend to the protection of ideas or concepts.

Copyright protection commences upon creation and fixation (i.e., establishment of the work into some material form) of the work. However, with exceptions, there is a residency requirement in order to be afforded protection. The author must have been a citizen of or ordinarily resident in Canada, or a treaty country, at the time of creation of the work. A treaty country includes parties to the *Berne Convention*, the *Universal Copyright Convention* and members of the World Trade Organization.

Although registration of copyright is not required, an optional and inexpensive registration application provides a certificate of registration, which evidences ownership and subsistence of the copyright. This may create a presumption that an infringer has knowledge of the existence of a copyright. Additionally, it is common practice to mark a work with a copyright symbol. The appropriate mark is the symbol “©” along with the name of the copyright owner and year of first publication. In general, copyright subsists in Canada for 50 years following the end of the calendar year of the author’s death, or last author’s death in the case of joint-authorship. Moral rights subsist for the same term as the economic copyright in the work.

Ownership of a copyright may vary, depending on the circumstances. In general, the author of a work is the first owner of the copyright. Of note is that in Canada we do not recognize the concept of a “work made for hire” as it exists in other jurisdictions, like the United States. However, if the author is an employee and creates the work during the course of his or her employment, the employer can be the first owner of the copyright. There are exceptions to the employment rules under the Act,



such as where the work is an article or a contribution to a newspaper, magazine or periodical. Additionally, copyright may be assigned or licensed. Any transfer in ownership must be in writing and should be recorded with CIPO. Note that moral rights may not be assigned, but they may be waived, in whole or in part.

Infringement occurs if a person, without consent of the copyright owner, acts contrary to the Act or infringes the moral rights of the author. Third parties may also be subject to secondary infringement liability if they sell, rent, distribute or import a copy of the work that they ought to have known infringes copyright or would infringe copyright if it had been made in Canada. However, there are numerous statutory exceptions to infringement under the Act, some of which include: fair dealing for the purpose of research, private study, education, parody or satire; news reporting; non-commercial user-generated content; reproduction for private purposes; reproduction for instruction; and creation of backup copies. Additionally, it is not an infringement if an impugned work is in the public domain. Available remedies include temporary and permanent injunctive relief, damages (including statutory damages), rights to profits earned by the infringing party, delivery up and destruction of infringing works and punitive damages.

## Patents

The federal *Patent Act* governs Canadian patent law and the rights associated with protecting inventions. The grant of a patent to a person by the Patent Office of CIPO excludes others from making, constructing, using or selling the patented invention in Canada. A patent is, in other words, a government-issued monopoly to a claimed invention in exchange for disclosure of that invention to the public.

In order for an invention to be patentable, it must comprise patentable subject matter and be novel, useful, and non-obvious. To be novel (and thus unanticipated), an invention must not have been previously disclosed to the public in Canada or elsewhere. The exception to this rule is that if the patent applicant was the one who made the first disclosure, then the applicant may file a patent application within one year of the that disclosure. To be useful, the invention must be functional. Mere scientific principles or abstract theorems cannot be patented.

Finally, the invention cannot have been obvious (i.e., there must be an inventive step) to a person skilled in the art or science to which the invention relates.

There is no protection for unregistered rights to an invention, so a patent application must be filed with CIPO either as a domestic Canadian patent application or pursuant to a timely national phase Canadian entry under a Patent Co-Operation Treaty (“**PCT**”) patent filing for the invention. A complete application will include a statement that a patent is being sought, the applicant’s background information, a clear and full description and drawings of the invention, the intended operation or use of the invention, a claim or claims to the invention setting out the monopoly sought, and a filing fee. If the information required for a complete application is not available, certain minimal requirements are necessary for an applicant to be granted an official filing date. Canadian patent registration works on a first-to-file basis and, therefore, receipt of an official filing date is crucial.

After filing, a request for examination, along with necessary fees, must be made within five years of the filing date. This is necessary in order for CIPO to review the application. If the five year period expires, CIPO will not review the application and will consider the application abandoned. The applicant would then be required to make a request for reinstatement.

Similar to the Canadian law of trademarks discussed above, filing applications in various countries is facilitated by Canada’s membership as a party to the *Paris Convention*. The filing date of an application in one country will be recognized by other member countries, as long as a subsequent filing is made in the desired countries within one year of the first “priority” filing. Consequently, various filings in different countries and at separate times will all be subject to the first filing date. Canada is also a member state to the Patent Co-Operation Treaty, and many Canadian patent applications find their genesis in national phase Canadian entry notifications under PCT patent applications (Canadian national phase entry having to be elected within 30 months of the earliest claimed priority date in the corresponding PCT application).

Once a patent is granted, it has a non-renewable term in Canada of 20 years from the filing date. Although not required by the *Patent Act*, it is common practice to mark a work with a patent number or “patent pending” symbol.



However, it is illegal to mark an article as patented when it has not yet been granted a patent.

Patent infringement occurs if a person makes, constructs, uses, or sells a patented invention without the permission of the patent owner within the granting country. Remedies for infringement may include damages, profits earned by the infringing party as a result of the infringement, delivery up and destruction of infringing goods, injunctions and, uncommonly, punitive damages. Where primary infringement is found, those who encouraged or solicited the infringement may also be found liable for inducing infringement. As well, importing into Canada goods that were legitimately produced off-shore but that might have infringed a valid Canadian process patent had they been made in Canada may also expose the importer or user in Canada to a patent infringement claim.

A patent may be assigned and licensed in whole or in part. To be fully effective, an assignment or license must be in writing and should be recorded with CIPO.

## Industrial Designs

The federal *Industrial Design Act* (the “**IDA**”) affords protection to industrial designs in Canada. An industrial design is a visual, non-utilitarian feature of a finished article, including shape, configuration, pattern or ornament. The IDA does not protect ideas, features of an article that solely serve a utilitarian function, or materials or methods used in the construction of the article.

To make a legal claim of ownership in Canada, an industrial design must be registered under the IDA with the Industrial Design Office. Registration provides an exclusive right to the industrial design for a non-renewable 10 year term. The full 10 year term is subject to payment of maintenance fees prior to the expiration of five years from the date of registration. Non-payment of maintenance fees may result in the expungement of the registration under the IDA. Registration prevents others from making, importing for the purposes of trade or business, selling, or renting any article that is not substantially different from the article subject to the registration. At the expiry of the 10 year period, anyone may make, import, sell or rent the industrial design within Canada.

An application to register must be filed with CIPO by the current proprietor of the design along with appropriate application fees. If the article associated with the design has been published, in Canada or elsewhere, the application for registration must be made within one year of publication.

The “current” proprietor can be either the first or subsequent owner of the design. The first proprietor is the author of the design, or the person for whom the design was executed for good and valuable consideration. A subsequent proprietor is a person who acquired ownership of the design from the first (or later) proprietor. The registration application includes a declaration that the applicant is the proprietor and that, to their knowledge, the design had not been used by another person. If the design was jointly created, the designers may register as joint proprietors.

To be registered, a design must be original. An accurate description of the design and article to which the design applies must be included in the registration application. The description must include the features of the design and where they reside on the article, along with at least one high quality drawing or photograph of the design as applied to the finished article. Drawings or photographs must display the completed article in full.

Although not required, after registration is complete, a product may be marked to indicate that it is registered as an industrial design. Without a mark, remedies for infringement may be limited to injunctive relief, as a defendant can argue that they were unaware and had no reasonable grounds to suspect that the design was registered. In general, a registrant may enforce their rights against any person who infringes the registered industrial design in Canada. Legal action must be brought within three years of the alleged infringement. Remedies for infringement may include damages, profits earned by the infringing party as a result of the infringement, delivery up and destruction of infringing goods, injunctions and, uncommonly, punitive damages.

As with the other forms of intellectual property discussed above, industrial designs may be assigned or licensed. Any transfer in ownership should be recorded with CIPO. Assignments may be recorded against both pending and registered designs.



## French Language Considerations

The Québec Charter of the French Language generally requires that commerce and business in Québec be conducted in French. Firm names, product labelling, publications, contracts, signs, posters and commercial advertising must be written in French. A corporation may, in public posting and commercial advertising, use a trademark in a language other than French if such trademark is recognized (i.e., registered) under the TMA and a French version of it has not been applied for or registered in Canada. A corporation may also use a trademark in its business name in a language other than French under similar circumstances provided that a French generic term describing the nature of the business is included in the business name.

## Trade Secrets

Trade secret rights that do not fall within the protections outlined above must be created by private contract. Also, at common law, certain relationships (i.e., employment relationships) may require confidentiality.

## Domain Names

A domain name is an identification label that identifies protocol resources on the Internet. The Internet Corporation for Assigned Names and Numbers (“**ICANN**”) manages the top-level development and architecture of the Internet domain name space. It authorizes domain name registrars, through which domain names may be registered and reassigned. Recently, ICANN began allowing anyone to apply for and, subject to ICANN approval, administer new generic top level domains, or “**gTLD**”s. There are, as a result, a virtually unlimited number of gTLDs available to be registered.



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