



Canada's New Trademark Regime: Bad Faith in Opposition Cases

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With effect from June 17, opponents will no longer have available to them many grounds of opposition pointing to technical deficiencies in an application or flawed “use” claims. However, they will have one new “tool in their toolbox” when filing a statement of opposition against a trademark application advertised for opposition on or after June 17. This new ground of opposition, added by Bill C-86, will permit an application to be opposed on the basis that it was filed in bad faith.

“Bad faith” is not defined in the new legislation and the Trademarks Opposition Board (board) will need to build its own body of case law on this point. However, the notion of bad faith is well established in other jurisdictions and in other contexts so parties and the board will be able to look to a number of sources for guidance.

These resources include: past board decisions (principally dealing with non-compliance with subsection 30(i)), decisions rendered under the Canadian Internet Registration Authority’s (CIRA) domain name Dispute Resolution Policy (CDRP), case law from other jurisdictions and simple common sense.

The body of board case law which has grown around the now defunct ground of opposition asserting that an applicant could not properly have been satisfied that it was entitled to use the trademark applied for generally hinged success on quite exceptional fact-specific circumstances which evidenced bad faith (e.g., the applicant’s use would violate a federal statute or the applicant operated as a distributor of the opponent’s goods).

Under CIRA’s Dispute Resolution Policy, the fact that the registrant registered the contested domain name in bad faith is one of the elements that must be established in order to prevail in a domain name dispute.

Clause 3.5, while not exhaustive, identifies a number of circumstances, any one of which will be evidence that the domain name was registered in bad faith. The list of circumstances include evidence of: intent to traffic, intent to usurp legitimate rights, intent to disrupt business and intent to create confusion/divert traffic to the registrant’s website.

Accordingly, the case law that has developed about bad faith in the context of CDRP’s will be instructive to those involved in pursuing or defending oppositions involving allegations of bad faith.

The notion of bad faith as a ground of invalidity or opposition is also quite well developed in other jurisdictions, including the U.S., Australia and elsewhere. Generally, as in Canada, bad faith is not defined — but behaviour which is fraudulent, dishonest or which represents a deviation from norms of acceptable commercial conduct will most often satisfy the threshold.

The World Intellectual Property Organization (WIPO) upholds “good faith” as a general principle in the context of the registration and use of trademarks generally.

Lastly, we should also look to apply simple common sense as we seek to develop a body of Canadian trademark opposition case law in this area.

The conduct of the applicant, evidence of past interactions between the applicant and opponent, documents or statements filed by the applicant with CIPO during the prosecution of an application, the scope and number of classes covered by a specification, the nature of the applicant’s business, number of marks owned by an applicant, past decisions involving the applicant as a party, whether the mark contains a deliberate misspelling or comprises the name of a celebrity all could be relevant in a dispute and relied upon to seek to discharge an opponent’s evidentiary burden.



At a macro level, and in terms of guiding principles, the evidentiary burden on an opponent to support an allegation of bad faith should arguably be light since many of the relevant facts will be within the knowledge of the applicant.

Similarly, there may be appropriate cases where bad faith should be presumed (for example, where the applied for mark has no meaning other than as the name of a famous living person or whether the mark contains a misspelling and is similar overall to a known prior mark).

Evidence of use and/or registration abroad, while not generally relevant to entitlement, should be relevant to a ground of opposition alleging bad faith. This is particularly true given the explosion of Internet commerce and rising globalism.

Further, and while perhaps self-evident, evidence of deception or an intention to mislead the Registrar or the public should serve to shift the legal burden to the applicant to satisfy the board that the conduct does not constitute bad faith.

Brand owners and trademark professionals will watch with interest as the case law develops in Canada to see whether this new bad faith ground of opposition can be effective in combating squatters, trademark “trolls” and other unscrupulous applicants. Even more interesting to speculate is whether bad faith will provide an enhanced footing for protection of famous marks in Canada.

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