



## Protecting Fashion: a Rounded IP Strategy

September 10, 2018

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Canada presents options for those seeking to protect and enforce rights in luxury brands, including effective mechanisms and alternatives for strategic defence and enforcement.

Canada can present challenges for fashion and luxury brand owners seeking to protect their intellectual property through trademark registrations. Restrictions on registering names, signatures, portraits and the shape of goods mean that fashion brands may need to commence use of their mark in Canada before filing and provide evidence to support an acquired reputation in Canada. Once registered, strategies for enforcing such rights must also be carefully considered. Understanding the challenges that fashion brands might face in seeking trademark registrations and enforcing those rights, as well as alternative avenues for protection (eg, industrial design protection), can help brand owners build a rounded strategy to protect their fashion- related intellectual property in Canada.

### Registration challenges

Fashion brands often seek to register designer names and product designs as trademarks. Section 12(1)(a) of the Trademarks Act (RSC, 1985, c T-13) prohibits the registration of marks that are “primarily merely a name or surname” of a person who is living or has died in the preceding 30 years. Examiners routinely object where it is clear that the mark sought to be registered is the name of a person, or where there are more than 25 entries in the Canadian telephone book for persons with the same name. Names of fictional persons may be allowed – the Federal Court in *Gerhard Horn Investments Ltd v Registrar of Trademarks* (1983, 73 CPR (2d) 23 (FC)) limited the restriction to names of real persons living or dead in the past 30 years. Adding a design component can also help to move a mark beyond the scope of this restriction. If the objection cannot be overcome by argument, evidence supporting the mark having acquired secondary meaning in each province and territory in Canada must be submitted by way of an affidavit or statutory declaration. The burden of proof on applicants is quite high. It can be challenging for brands new to Canada, or where sales are limited to certain areas of Canada, to show a satisfactory amount of acquired distinctiveness.

Where the mark could suggest a connection with someone living (eg, a name), Section 9 of the Trademarks Act requires that person’s consent for the mark to be adopted, used or registered. Consent is similarly required to use and register the portrait or signature of someone living or who has died in the preceding 30 years. The Trademarks Office has become increasingly particular about what is acceptable consent and frequently requires that the trademark application’s particulars be reflected in the document. This can be challenging where worldwide consent has already been acquired and the person whose name, portrait or likeness is being used is difficult to track down.

Designs that are the shape of the goods or their container, or a mode of wrapping or packaging the goods, are considered to be ‘distinguishing guises’. These typically include the design of clothing or accessories. Marks considered to be distinguishing guises must be used in Canada so as to have become distinctive of the applicant before they can be protected. As with name marks, proof of use and acquired distinctiveness must be filed with the Trademarks Office as a condition of registration. Distinguishing guises are distinct from three-dimensional trademarks, patterns or colours applied to an object, which can be treated as ordinary trademarks.

Pending changes to the Trademarks Act (anticipated to come into force in 2019) will eliminate the ‘distinguishing guises’ category. However, these changes will also present new challenges for fashion brand owners looking to register their trademarks in Canada. In particular, once the changes are implemented, examiners will be entitled to raise objections based on a mark’s distinctiveness, in which case, evidence of the mark’s acquired distinctiveness would need to be filed.



Even if not registered, trademarks may still be used and could be enforced through the common law cause of action known as 'passing off'. However, such enforcement would be limited to the geographic area in which the mark has acquired goodwill. With registration, rights holders gain the benefit of national protection and access to additional causes of action (particularly infringement and depreciation of goodwill).

### **Alternative protections**

Where it may be difficult to secure trademark registration, particularly for clothing and accessory designs, other types of intellectual property could be used to fill the gaps. For example, the Industrial Design Act (RSC, 1985, c I-9) provides for up to 10 years' registration of designs that consist of or incorporate "features of shape, configuration, pattern or ornament and any combination of those features that, in a finished article, appeal to and are judged solely by the eye". Protection will be available only if the application to register the design is filed within one year following publication or public disclosure of the design. Because Canadian jurisprudence has established that industrial design protection and trademark protection are not mutually exclusive, many rights holders in the fashion industry have chosen this route to initially protect new clothing and accessory designs, using the 10-year monopoly to establish the design's distinctiveness before applying for trademark registration.

Similarly, patents could be relied on to protect new, useful and non-obvious technologies incorporated into the clothing or accessories.

Protection under the Copyright Act (RSC, 1985, c C-42) is another potential route for protecting original works (eg, designs). In Canada, copyright protection lasts for the life of the work's author plus 50 years and provides for set statutory damages in cases of infringement. While original artistic works such as logos would likely be able to claim the benefit of copyright protection, this may be limited where the artistic work is a design applied to useful articles. In particular, Section 64 of the Copyright Act deems that copyright in designs for useful articles is not enforceable after the rights holder has manufactured this article over 50 times. Case law has clarified that this '50+1' threshold applies to authorized reproductions made anywhere in the world. In the fashion industry, such a threshold likely poses little issue for couture designs produced in a limited number, but it does raise challenges where designs are manufactured on an industrial scale. That said, there are exceptions for "material that has a woven or knitted pattern or that is suitable for piece goods or surface coverings or for making wearing apparel", as well as representations of real or fictitious beings, events or places. Matters that are trademarks are also exempt and could still be protected through copyright, further underscoring the benefits of obtaining registration.

### **Enforcement**

Owners of registered trademarks can enforce rights through infringement and depreciation of goodwill actions, as well as the common law tort of passing off. Recent changes to the Trademarks Act designed to assist rights holders with enforcing against counterfeiters saw an expanded definition of 'infringement', which now explicitly includes the sale, offering for sale and distribution of labels and packaging bearing a trademark that the person knows or ought to know is intended to be associated with goods or services that are not those of the owner of the registered trademark, and similarly explicitly prohibits the import of such goods. Whether a counterfeit or just another similar mark, rights holders must show that use of the mark is likely to cause consumer confusion regarding the source of the goods to succeed in a trademark infringement action.

Where a mark is not registered, a common law passing-off action can assist with enforcement. To succeed, the rights holder must demonstrate acquired goodwill in the trademark, name or dress; that the defendant made a misrepresentation likely to lead the public to believe that the goods offered are those of the rights holder; and that such misrepresentation was likely to cause damages. For fashion brands, the flexibility provided by this common law cause of action is advantageous, as it allows claims to be brought with respect to a brand's general look and feel (eg, trade dress) that may not be protectable through registration but that consumers associate with the brand anyway.

Actions to stem the flow and sale of counterfeit goods present unique challenges. A recent court decision suggests that Canadian judges are alive to the challenges posed by recidivist sellers and bringing claims against landlords of places where counterfeits are known to be sold. In *Lam v Chanel S de RL* (2017 FCA 38) the Federal Court of Appeal issued an award of C\$250,000 in punitive damages personally against the landlord of a property housing a business which was found to have repeatedly sold counterfeit Chanel products, including in violation of a prior court order.

Additionally, a new procedure, the 'request for assistance' (RFA), is designed to give holders of copyrights and registered trademarks a more effective avenue through which to act against counterfeit importers. Under this procedure, rights



holders can record their copyright and registered trademarks with the Canada Border Services Agency, which is then empowered to seize for a short time (up to 10 days for non-perishable goods) the suspected counterfeit goods at the border. The rights holder will be notified and have the option to obtain additional information about the import and commence proceedings. However, unlike other jurisdictions, the RFA programme does not empower the border guards to destroy stopped counterfeit goods at the rights holder's request. Rather, a court order is required before the goods can be destroyed.

#### **Comment**

While Canada may present certain hurdles for luxury brand owners, it also provides effective mechanisms and options to assert their rights. Luxury brand owners should consider various means of protection in Canada for strategic defence and enforcement against others.

*This article first appeared in World Trademark Review issue 74, published by Globe Business Media Group – IP Division. Please go to [www.WorldTrademarkReview.com](http://www.WorldTrademarkReview.com)*

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