

COMMENTARY

CANADA'S OFFICIAL MARKS REGIME: OFFICIALLY TIME FOR A CHANGE!

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What do SEASON'S GREETINGS, HAPPY HOLIDAYS, HOLIDAY CHEER, WINTER WISHES, JACKPOT, BINGO, POSTAL CODE, PERSONALIZED MAIL, YEAR 2000, and SCRATCH 'N WIN have in common?

These are all so-called "official marks," a uniquely Canadian construct afforded a broad and unusual scope of protection in Canada under Section 9 of the Canadian Trade-marks Act (the "Act").

Canada's trademark law and practice with respect to official marks is widely regarded as one of the most arcane and curious features of Canadian trademark law. Although traditionally more a source of annoyance than a significant legal impediment, official marks are increasingly becoming an albatross, and there seems to be no relief in sight for the legitimate trademark owner.

Section 9(1)(n)(iii) of the Act prohibits any person from adopting 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, any badge, crest, emblem or mark adopted and used by any public authority, in Canada as an official mark for wares or services, in respect of which the Registrar of Trademarks has given public notice of its adoption and use.

The provision, which, on its face, prohibits use "as a trademark or otherwise," would seem to encompass non-trademark uses, perhaps even generic uses. While it seems unlikely that the statute would be so broadly construed, official marks are afforded a significantly broader scope of protection and procedural advantages than traditional registered trademarks. For example, Section 9(1)(n)(iii) does not:

- provide for any examination of official marks: the public authority need not identify any goods and services, nor is

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the mark subject to any examination on grounds of inherent registrability or confusion;

- provide for any renewal of, or payment of any maintenance fees for, an official mark; or
- prescribe any opposition procedure for challenging an official mark.

As a consequence, any entity qualifying as a public authority can protect virtually any mark—including those that are generic or descriptive, or even those that are the subject of a prior registration—for an indefinite period of time for any and all goods and services. Moreover, official marks cannot be expunged in the normal course; a published official mark can only be challenged through a proceeding in the Federal Court of Canada (i.e., by judicial review, or by counterclaim).

Also, unlike traditional trademarks, where a finding of a likelihood of confusion is required to establish infringement, the test to be applied in determining whether a mark has been adopted contrary to Section 9 is one of resemblance: whether a person, as a matter of first impression, with knowledge only of the official mark and having an imperfect recollection of it, would be likely to be deceived or confused.¹ The fact that the marks may be used with completely unrelated goods is irrelevant. The question is whether consumers are likely to be mistake one product for another; thus, the issue is between the marks themselves, and not with respect to the source of the goods/services with which the marks are used.²

While a legitimate rationale for the official mark regime may be to save governments and other nonprofit public authorities from the costs of registering and maintaining trademarks used in relation to their programs and services, in practice, public authorities of all types have capitalized on their ability to bypass regular trademark examination and registration requirements and have utilized official marks to protect their brands (despite the fact that the official marks regime has been described as a mechanism to remove marks from the field of trade or business³). For example, Canada Post, the Canadian Olympic Association, and Western Canada Lottery Corporation are among the most prolific owners of official marks in Canada. Perhaps not surprisingly given the lack of legislative standards, official marks have a long-standing history of abuse in Canada, with many public authorities claiming official mark status for generic and clearly descriptive words and

1. *Big Sisters Ass'n of Ontario v. Big Bros.* (1997), 75 C.P.R. (3d) 177 (F.C.T.D.), *aff'd* (1999), 86 C.P.R. (3d) 504 (F.C.A.).

2. *CBC v. Big Mountain Coffee House & Roasters Ltd.*, 2014 T.M.O.B. 240, at para. 42.

3. *Techniquip Ltd. v. Can. Olympic Ass'n* (1998), 80 C.P.R. (3d) 225 (F.C.T.D.) at 233.

phrases, which would otherwise not satisfy regular registration requirements.

In the absence of any statutory limitations, Canadian courts have attempted to establish some standards for official marks, in part by narrowing the scope of what qualifies as a “public authority.” Under current case law, a public authority must be an entity that: (i) is subject to a significant degree of Canadian government control; and (ii) is performing some activity that benefits the public.⁴ The test of governmental control requires that the Canadian government be enabled, directly or through its nominees, to exercise a degree of ongoing influence in the body's governance and decision-making, and calls for ongoing government supervision of the activities of the body claiming to be a public authority.⁵ Canadian courts have been clear that there is no official mark privilege available to public authorities that are controlled by foreign governments.⁶ Moreover, an entity seeking publication of an official mark must establish, by way of evidence, both its status as a public authority as well as its adoption and use of the official mark. Finally, the courts and the Registrar have typically required a very high degree of visual similarity, as well as a high degree of similarity in sound and in the ideas suggested by the marks, for a proceeding based on a prior official mark to succeed.⁷

Notwithstanding judicial attempts to place some limitations on the broad scope of protection afforded by Section 9(1)(n)(iii), official marks continue to be a thorn in the side of applicants of traditional trademark applications in Canada. While the publication of an official mark does not impact the prior use or registration of the same or similar mark, once published, the official mark prohibits the subsequent adoption, including the use or filing, of a trademark that is the same as or similar to the official mark, regardless of apparent goods, services, or channels of trade, without consent of the official mark owner. This impacts not only new marks, but also the ability of a prior registered owner to later register the same mark for an expanded list of goods and/or services.

In the past, official marks have been more nuisance than impediment. Traditionally, few public authorities have relied on their official marks to challenge use of the same or similar marks

4. Ontario Ass'n of Architects v. Ass'n of Architectural Technologists of Ontario (2002), 19 C.P.R. (4th) 417 (F.C.A.).

5. Canadian Intellectual Property Office, Practice Notice: Official Marks pursuant [to] Subparagraph 9(1)(n)(iii), published Aug. 22, 2007, available online at <https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr00279.html>.

6. Can. Post Corp. v. U.S. Postal Service (2007), 54 C.P.R. (4th) 121 (F.C.A.); *aff'g* (2005), 47 C.P.R. (4th) 177 (F.C.T.D.).

7. Scouts Canada v. New Papp Int'l Inc., 2011, T.M.O.B. 33.

by others, particularly in a situation where the mark is used or intended to be used with unrelated goods and services. In addition, obtaining a simple consent from the official mark owner is generally a straightforward and affordable solution to overcoming an objection based on an official mark. Public authorities have typically responded favorably to requests for consent. In most cases, consent has been granted readily, often for no consideration or, sometimes, in exchange for a modest payment or donation to cover incidental legal fees.

However, recent concerning trends suggest that official marks are becoming increasingly problematic for trademark owners. What was once an inconvenience is steadily becoming a costly and difficult obstacle.

Specifically, an increasing number of official marks are being filed that create, often unnecessarily, monopolies and obstacles to legitimate trademark use and registration in Canada. By way of example, Western Canada Lottery Corporation alone has requested the publication of over six hundred official marks. It is inconceivable that all but a few of these are now in actual use, but once recorded as an official mark, the Act contains no provision under which they can be challenged for non-use.

Official mark owners are also becoming less acquiescent to requests for consent. In our recent experience, requests for consent are more frequently being responded to with demands for unreasonably high monetary payments (on occasion, several million dollars) or with the imposition of onerous and overreaching license agreements and undertakings, or both. Moreover, while some official mark owners appear to be attempting to “cash in” on their official marks, still others simply refuse to grant consent at all, thereby obtaining a monopoly over their marks for all goods and services, regardless of any risk (or lack thereof) of harm to the official mark.

Faced with the choice of agreeing to disproportionate and unreasonable demands for payment, or incurring significant costs to seek relief from the Federal Court, many applicants opt to abandon their applications altogether, leaving the owners of official marks to enjoy an inappropriate monopoly for their marks.

For these reasons, official marks have been the source of a considerable amount of criticism and debate, with trademark professionals, commentators, and traders alike calling for reform and even the abolition of the official mark regime in Canada. Two years ago, the Canadian government tabled a much anticipated omnibus bill that introduced sweeping changes to Canadian trademark law and, although it was hoped that a reform to the official mark regime would be among them, Section 9(1)(n)(iii) remained untouched. A Private Members Bill, Bill C-611, entitled “An act to amend the Trade-marks Act (public authority),” which

was tabled in June, 2014, sought to amend Section 9 to, among other things, include a definition of “public authority,” and establish a ten-year renewal period for official marks as well as an opposition proceeding. While these would have been welcome changes, Bill C-611 failed to survive its first reading in the House of Commons and has not as yet been reintroduced into Parliament. Perhaps more disappointingly, the current Canadian government has intimated that it has no plans at present to introduce further amendments to the Act to address Section 9. Consequently, Canada’s official mark regime will, at least for the foreseeable future, remain, and, based on current trends, official mark abuse is not only likely to continue, but to escalate. The 2014 reform to the Trade-marks Act was a missed opportunity by the Canadian government to address the significant deficiencies in the official mark regime. It is hoped that it will not be another 100-plus years before this area of trademark law and practice sees much-needed change.
