

# Canada

Bereskin & Parr LLP

## Changing the recipe: the amended Trademarks Act

Amid a string of changes to the Trademarks Act, food and beverage brand owners should be aware of the potential impact that this new legislation will have on their trademark rights in Canada

**On September 21** 2017 changes to the Trademarks Act designed to increase and strengthen protection for geographical indications (GIs) as part of the Comprehensive Economic and Trade Agreement (CETA) with the European Union came into force. These amendments – as well as other updates to the Trademarks Act expected to be enacted by 2019 – will have a significant impact on the protection of food and beverage-related trademarks in Canada.

### Geographical indications

With negotiations commencing in 2009, CETA has been characterised by the government as “by far one of Canada’s most ambitious trade initiatives” and includes stricter protection for GIs in Canada.

The purpose of a GI (eg, Champagne) is to signify that a product originates from a particular locality and possesses certain qualities or characteristics attributable to that origin. Use and protection of GIs is common in Europe, but notably less so in Canada. Before the implementation of CETA, GI protection in Canada was confined to wines and spirits listed by the registrar of trademarks; of the 600-plus listed GIs, only around 4% were for Canadian designations. The CETA amendments expand protection to GIs denoting food and other agricultural products, including cheeses and meats.

Under the Trademarks Act, GIs are afforded particular protections and traders are generally prohibited from adopting, using or registering as a mark any matter comprising a protected GI in connection with the same type of product that is denoted, unless the product originates from that region, is made in the manner

denoted by the GI, or the GI is used with consent. Exceptions to this include:

- personal names;
- certain types of comparative advertising (excluding on labels or packaging);
- where the GI has lost protection in the country of origin; and
- certain longstanding uses and generic or commonly used names.

The request for assistance anti-counterfeiting border programme has also been extended to protected GIs.

Following CETA, the Trademarks Act now includes a definition and test for assessing confusion between trademarks and GIs, which is similar to the test for assessing confusion between two trademarks. The CETA changes also clarify the procedures for listing future GIs which are seen by many as a welcome change to the regime.

In addition, the changes afford special treatment for GIs listed in CETA – including denominations such as Feta and Prosciutto di Parma. Treaty-designated GIs will not be subject to the same practices traditionally associated with GIs. Instead, they will be protected as soon as they are listed and are exempt from both the objection procedure for proposed GIs and the ordinary removal procedure for GIs. Moreover, traders will not be permitted to use certain listed GIs with widespread use in Canada

– including Asiago, Feta, Fontina, Gorgonzola and Munster to describe cheeses – if they do not originate in the territory denoted by the GI, unless accompanied by expressions such as ‘kind’, ‘type’, ‘style’ or ‘imitation’.

In the short term, implementing CETA extends the GI regime to new food and beverages and expands the list of GIs afforded protection. In the long term, the changes should afford regional authorities greater opportunities to seek protection for names and terms that denote a particular type of good originating in that territory.

### Other upcoming changes

In 2014 the government introduced sweeping amendments to the Trademarks Act that are now expected to come into force in early 2019.

Of these, the expanded definition of ‘trademark’ to include all manner of signs (including taste, texture and scent) and the elimination of use as a registration requirement and ‘distinguishing guise’ as a discreet category of mark, as well as the expansion of examination to include a mark’s distinctiveness, are all anticipated to have particular impact.

### Trade dress

At present, trademarks eligible for national protection are practically limited to those comprising words, designs or colours, designs applied to objects or



**The CETA amendments expand protection to GIs denoting food and other agricultural products**



distinguishing guises, and sounds. The amended Trademarks Act provides for the registrability of signs including non-traditional marks (eg, scents, tastes and textures).

The expanded definition will also affect trade dress registrations. Strictly speaking, trade dress (ie, a visual characteristic or combination thereof that denotes a particular source) is not registrable under the current Trademarks Act. Instead, the act provides for the registration of ‘distinguishing guises’ which comprise the “shaping of goods or their containers” or “a mode of wrapping or packaging goods”, the appearance of which is used to distinguish the rights holder’s goods from those of others. This specific category will be eliminated under the new Trademarks Act and instead will be subsumed under the general definition of a ‘sign’.

Trade dress is particularly important in the food and beverage industry as it helps consumers to identify the source of a product simply by its container, bottle shape, wrapping or packaging, or in some cases even a restaurant’s interior design. Approximately 305 distinguishing guises are registered at present, of which roughly one-third pertain to beverage bottle shapes (eg, the Coca-Cola and Crown Royal bottles) or food packaging or shaping (eg, the Toblerone chocolate bar and Pepperidge Farm Goldfish cracker). A select few registrations on the Canadian register cover interior designs of retail spaces, including restaurant layouts.

Under the Trademarks Act, rights holders can register a distinguishing guise on showing that it has acquired distinctiveness in Canada as of the filing date and that exclusive use is unlikely to limit the development of any art or industry unreasonably. However, the registrar will refuse a mark that consists of a three-dimensional (3D) shape (whether as a distinguishing guise or regular trademark) if it finds that the primary function of the shape is utilitarian or ornamental.

Registering a distinguishing guise is no easy feat. Applicants must not only show significant sales and advertising of the guise in Canada as of the filing date, but must also prove either that no other



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rights holder is using a similar mark in Canada or that a high proportion of users recognise and distinguish the mark as originating from one source. Many food manufacturers have attempted to register distinguishing guises, only to have their applications impeded for failure to show the requisite level of distinctiveness.

It is unclear whether the changes to remove distinguishing guises from the Trademarks Act will make it easier for applicants to register such marks, since examiners will be tasked with considering the mark’s distinctiveness, which is not an examination ground at present. Further, the new Trademarks Act suggests that when assessing distinctiveness, examiners will have regard to “all the circumstances of the case including the length of time during when it has been used” and will deem a mark – including a trade dress for which protection is sought – to be non-distinctive if its features are “dictated primarily by a utilitarian function”.

Applicants seeking registration for trade dress features will still likely need to show that a 3D shape or packaging mark was distinctive at the filing date. The registrar will also be obligated to consider any type of advertising or media attention that a food or beverage product has attracted through social media. Rights holders may find it easier to gather this type of evidence than traditional forms of advertising.

#### **Scent, taste and texture**

While the prospect of obtaining exclusivity to a particular food scent, taste or texture has been greeted enthusiastically by food and beverage rights holders, the

threshold for proving registrability is likely to be high. If the United States – which has accepted applications for such non-traditional marks for several years – is any indication, it will be difficult for applicants to show that their food or beverage scent, taste or texture is uniquely attributable to their restaurant or business, and is not purely functional.

It is not yet known whether the registrar will treat the registrability of product packaging or retail space designs as a single sign or combination of signs, or the extent to which evidence of acquired distinctiveness must be submitted.

#### **Elimination of use**

The most significant change to the Trademarks Act will be the elimination of use as a pre-requisite to registration and, consequently, the removal of use information from the trademarks register. At present, applicants must specify a filing basis that requires the mark to have been used and – if not in use – a declaration attesting to use in Canada before registration can be issued.

The amended Trademarks Act will collapse filing to a single ‘use or intent to use’ ground and applications will immediately issue to registration without the filing of a use declaration.

Elimination of use information from the register will make clearance searches and risk assessments for filing and use far more difficult. In practice, it could have particular impact on the food and beverage industry, as the range of goods and services listed at registration is expected to grow. **WTR**