



IP CONNECTIONS

CANADIAN INTELLECTUAL PROPERTY & TECHNOLOGY LAW NEWSLETTER

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The five Ws of Canadian trade-mark oppositions

What is an opposition? Where is it launched? A trade-mark opposition is an administrative proceeding before the Trade-marks Opposition Board. Members of the public are given the opportunity to oppose the registration of a trade-mark that has passed the examination phase and been approved for advertisement in the *Trade-marks Journal*.

The *Trade-marks Journal* is a weekly publication that indicates for each advertised trade-mark information such as: the trade-mark for which registration is being sought; the name of the applicant; the wares and/or services in association with which the trade-mark is to be registered; and whether the trade-mark is in use. The purpose of this advertising is to provide third parties with an opportunity to review proposed trade-mark applications and to oppose those that are in conflict with their own interests.

When is an opposition filed? Within two months from the publication of the trade-mark to be opposed in the *Trade-marks Journal*, either a statement of opposition must be filed setting out the grounds of opposition or an extension of time within which to do so must be requested. To meet this deadline for launching an opposition, it is therefore essential to learn of the publication of a

problematic trade-mark filed by a competitor or an infringer in a timely manner. An efficient way to ensure that any such trade-marks come to light quickly is putting your most important trade-marks on a watch search service so as to be informed of all identical and confusingly similar trade-marks filed in Canada by any third party. It may also be prudent to put your primary competitors on a watch search service as well to be informed of their newly filed Canadian trade-mark applications.

Why oppose? The primary reason for undertaking a trade-mark opposition is to prevent the registration of a trade-mark. Once a trade-mark registration has been obtained, the owner thereof earns the exclusive right to use that trade-mark throughout Canada, and that exclusive right is infringed by anyone who uses the same or a confusingly similar trade-mark or trade name anywhere in the country. Anyone using the same or a confusingly similar trade-mark or trade name in Canada, even if the use thereof predates that of the owner of the trade-mark registration, could be liable to the owner of the trade-mark registration for infringement. A trade-mark registration also gives its owner a relatively solid defense in an action for trade-mark infringement or unfair

competition undertaken by a third party that attempts to prevent the use of the owner's registered mark in Canada in association with the wares and/or services covered by the registration.

Another reason to oppose a trade-mark application is to prevent its registration from decreasing the ambit of protection of your own trade-mark, whether registered or not. Allowing the registration of a trade-mark that is identical or similar to your own, even if that mark is registered in association with wares and services unrelated to yours, may decrease the scope of your rights.

Who can oppose and on what grounds? Any person or entity that has valid grounds of opposition to put forward against the registration of a trade-mark may, on payment of the prescribed fee, file a statement of opposition setting out all of the reasons and material facts upon which it wishes to rely. The potential grounds of opposition are numerous, but notable possibilities include that:

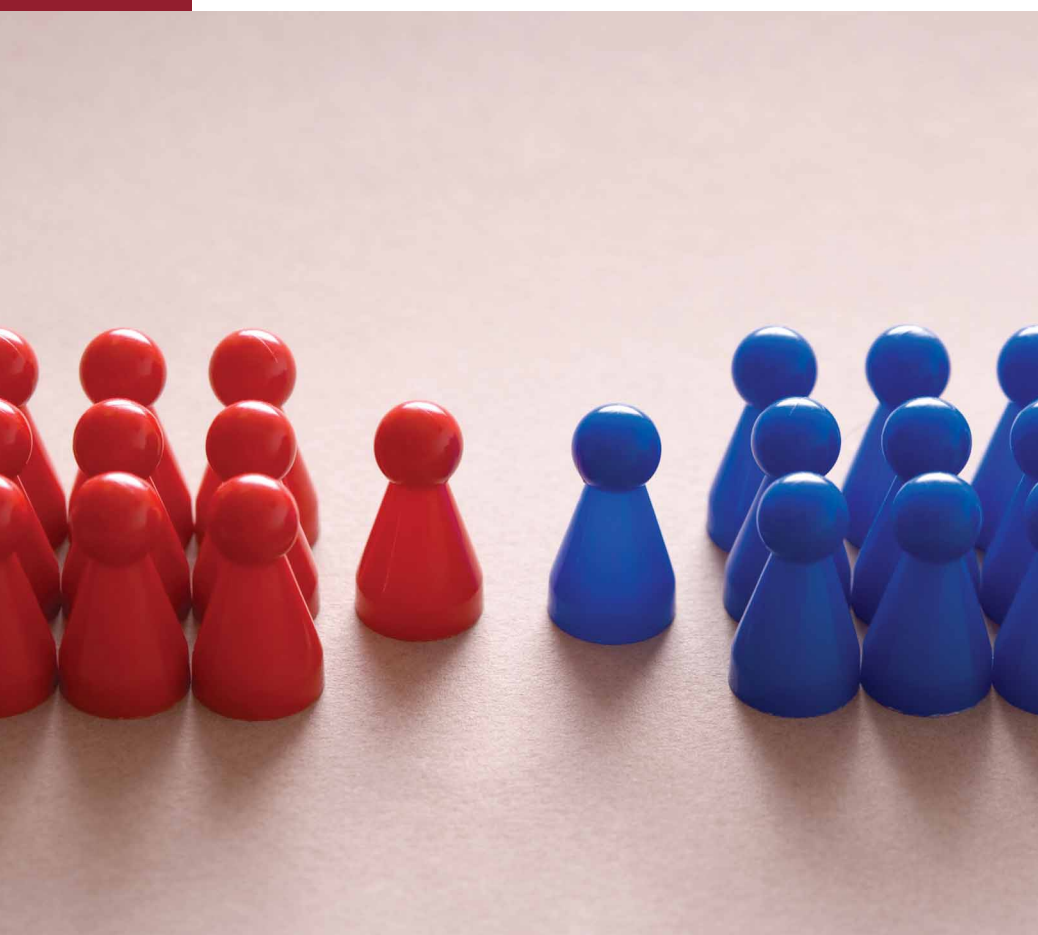
a) the application does not conform to the formal requirements (e.g., wrong date of first use);

- b) the trade-mark is identical or confusingly similar to a prior registered, applied-for or in-use trade-mark or trade name in Canada (e.g., OLIVEA for use in association with soaps and shampoos when NIVEA is already registered in association with various toiletries, including soaps and shampoos);
- c) the trade-mark is clearly descriptive (e.g., OFF for bug repellent) or is deceptively misdescriptive (e.g., PHYSICIAN'S CHOICE for non-medicated skin products) of the wares or services being applied for;
- d) the trade-mark is primarily the name or surname of a person (e.g., SIR WINSTON);
- e) the trade-mark is not able to distinguish the wares or services of its owner from those of others (e.g., the applied-for trade-mark is confusing with another registered trade-mark or the applied-for trade-mark is used by unlicensed third parties);
- f) the use of the trade-mark contravenes other Canadian laws (e.g., the *Copyright Act* or the *Food and Drugs Act*).

How is an opposition conducted? Procedurally, an opposition proceeding is akin to a trial where evidence is presented by way of an affidavit. The steps are similar, including the filing of written pleadings (i.e., the statement of opposition filed by the opponent and the counterstatement filed by the applicant), the opportunity for the presentation of interlocutory motions, the compiling and presentation of evidence by affidavit, cross-examination of the affiants on their affidavits, the submission of written arguments, and the opportunity for oral arguments before a hearing officer of the Opposition Board. This could be followed by an appeal process before the Federal Court if the unsuccessful party decides to take the decision of the Opposition Board on appeal. An opposition proceeding before the Registrar can take three to four years or more.

How likely is a settlement? The vast majority of opposition proceedings settle before a decision is rendered by the Opposition Board. Based on the global figures published by the Canadian Intellectual Property Office between 2006 and 2009, only about 10% of the statements of opposition filed result in an opposition decision being rendered.

A relatively new feature in Canadian trade-mark oppositions is the so-called "cooling-off" period. In an effort to encourage a settlement between the parties involved in an opposition, in March 2009, the Registrar of Trade-marks introduced the cooling-off period in which



the opposition proceeding is in essence stayed to allow the parties to negotiate or mediate the opposition. The Registrar will normally grant each party one extension of time of up to a maximum of nine months on consent of the other party. This extension of time may be requested by the opponent before the filing of either its statement of opposition or its evidence, and it may be requested by the applicant before the filing of either its counterstatement or its evidence. The total cooling-off period in an opposition procedure can therefore potentially last 18 months. This period can serve as a useful tool for opponents and applicants alike wishing to propose entering into and engaging in settlement discussions before filing their written pleadings or their evidence — these steps usually require considerable time, effort and money from both the parties themselves and their trade-mark agents. Any consent to a

cooling-off period granted by an opposing party should be considered indicative of that party's interest in pursuing settlement discussions.

Is an opposition enough? Trade-mark oppositions often must be instituted alongside trade-mark infringement actions. The reason for this is that even if an opponent is successful in preventing an infringer from registering a given trade-mark as its own, this does not prevent the infringer from using that same trade-mark in Canada. To stop all further use of this trade-mark by the infringer, a trade-mark infringement action must be taken before the courts unless the settlement of an opposition proceeding provides for the non-use of the trade-mark by the infringer.

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To renew or not to renew? A not-so-simple question

You receive a letter from your trusty trade-mark or patent agent advising you that a patent, patent application, industrial design or trade-mark registration is due for renewal and asking if you would like to proceed. Should you renew your patent, patent application or trade-mark, and what does renewing entail? In the case of a trade-mark registration, can any changes be made when renewing? This article aims to answer these questions and to address other issues that should be considered.

Trade-mark renewals. A Canadian trade-mark is due for renewal every 15 years from the registration date. Unlike in many other countries, including the United States, it is not necessary to submit statements or samples of use when renewing a registration. Although proof of use is not required to renew, it is important to keep in mind that the registration is vulnerable to cancellation for non-use if challenged. Once renewed, the registration remains on the Trade-marks Register for another 15 years and continues to afford the owner all of the rights and privileges that a registered trade-mark provides.

To effect the renewal, payment of the government fee must be made before the 15-year anniversary date of the registration. Should the fee not be paid by this date, the

Trade-marks Office will send a renewal notice to the listed owner and the designated representative for service. The notice will stipulate a final date by which the fee must be paid to prevent the registration from lapsing and being removed from the Register.

Although renewing a registration is a fairly straightforward process, the question that remains is whether the registration is worth renewing. Some issues to consider are: whether the mark has recently been used and will continue to be used in the future; if there are plans to expand the goods and/or services for which the mark is registered; and whether maintaining the registration will give your company an advantage over its competitors. When evaluating the value of renewing a particular registration, discussing these questions within your organization is a good place to start.

Renewing a trade-mark is also an appropriate time to take steps to update the registration. A lot can change in 15 years! For example, if there has been a change of name or address of the registrant, steps should be taken to amend the Trade-marks Register. If the mark has been assigned to a new owner, this should also be recorded with the Trade-marks Office. It is important for the owner and address listed on the registration to be current as this

is the contact information that the Trademarks Office will use when issuing notices. These notices may contain critical information such as whether a renewal date has passed or a third party is seeking to challenge the registration.

If the trade-mark will be or is currently being used with products or services beyond those covered by the registration, an application may be filed to change or extend the current list. If the trade-mark is not being used for all of the registered products and services, steps can be taken to restrict the scope of the registration. Although renewing a trade-mark is a great opportunity to update the registration, these changes can be made at any time and are done independently of the renewal process.

Patent and patent application maintenance fees. To maintain a patent application or an issued patent in Canada, annual maintenance fees must be paid starting from the second anniversary of the filing date of the application. Each maintenance fee must be paid before the first day of the one-year period covered by the fee.

Unlike U.S. patent applications, the requirement to pay maintenance fees begins while a patent application is still pending and continues once the application issues to patent. Annual fees continue to be due on the same schedule until the last payment is made before the 19th anniversary of the filing date, which covers

the period from the 19th to the 20th anniversary. After this point, the patent will generally expire.

In Canada, the government maintenance fee increases incrementally, with the amount payable increasing at the 5th, 10th and 15th year anniversaries of the filing date. Time limits for payment of maintenance fees cannot be extended without allowing the patent application to become abandoned. Failure to pay a maintenance fee will result in abandonment of the application/patent. An abandoned application/patent may be reinstated provided that a request for reinstatement is filed within 12 months after the date on which the application/patent became abandoned and that the reinstatement and missed maintenance fees are paid. The request for reinstatement need not state the circumstances that caused the failure to pay the fees.

When deciding whether to pay a maintenance fee for a patent application or issued patent, it is advisable to consider issues such as: whether the application or issued patent is still relevant to the commercial activities of the owner; if maintaining the application or issued patent provides any advantage over competitors; and whether the application or issued patent covers any technology that is or could be of interest to a third party and therefore could be lucrative for licensing. Discussing these points may bring to light



whether keeping the patent or issued patent in force is of benefit to the owner.

Industrial designs renewal. In Canada, the term of an industrial design is 10 years beginning on the registration date. Unlike in the U.S. where no maintenance fees are required to keep an industrial design in effect, a Canadian industrial design registration requires that a single maintenance fee be paid five years from the registration date. The time limit for payment of the maintenance fee is extendable by six months upon payment of a surcharge. Failure to pay the maintenance fee will result in the expiration of industrial design protection.

When considering whether to renew a registered industrial design, points to take

into account include whether the registered design still covers a product being commercialized by the design owner and whether keeping the design in force provides any advantage over competitors.

Summary. In general, the deadlines for renewing an intellectual property asset such as a trade-mark registration, a patent application, an issued patent or an industrial design provide a valuable opportunity to question the relevance and importance of the asset and whether it is worthwhile to keep the asset in force.

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Trade-marks 2.0: Building and protecting goodwill in the global electronic marketplace

The internet has changed our world in countless ways. With the spread of broadband connections and mobile devices, near-constant access to online information and services is possible from almost anywhere. Although these technologies present an excellent opportunity for connecting with existing and potential customers, brand owners must be aware of the difficulties and risks that are unique to online activity.

One online marketing mainstay is the use of easy-to-remember branded domain names to direct visitors to a company's website. To that end, arbitration rules and procedures have been established for resolving disputes between registrants. Also, courts have considered the interplay between domain names and standard trade-mark doctrines such as infringement, depreciation of goodwill and passing-off.

At the same time, new forms of online media and communication have developed in addition to traditional free-standing websites. Brand owners can now choose from a host of services to exploit every opportunity for promotion, including social networking, blogging and micro-blogging, user-uploaded media channels and, more recently, location-based networks. Although varied, these services do share some characteristics. Notably, they can be harnessed by businesses to effectively interact with and respond to customers in real time, build brand loyalty and interest, and target advertising directly to high-value customers. These internet-accessible tools are

inherently global in scope, enabling businesses to reach out and contact customers worldwide with ease.

Unfortunately, the interactive, immediate and global nature of the internet — and specifically these new forms of communication — can act as a double-edged sword for brand owners. For example, by potentially giving dissatisfied customers a platform to voice their concerns, brand owners can quickly lose control of their messages. Similarly, whereas businesses and trade-marks have traditionally been tied to and protected by geographic location, the ease with which these boundaries are traversed online has resulted in increased risks. Attention to a number of considerations and potential solutions is therefore warranted.

First, before adopting a new trade-mark for use on the internet, conducting a search on the proposed mark is, as always, a prudent course of action. In addition to the standard searches for prior trade-mark registrations and common-law usage in core and secondary markets, searching for use of the mark on popular online networks and websites may also be beneficial. In particular, consider whether use of the mark is precluded not only by virtue of legal considerations (e.g., trade-mark infringement) but also by the common requirement of globally unique usernames imposed by many popular websites.

Second, once a trade-mark is chosen, an owner should consider registration as it offers significant benefits. In the context of the internet, additional considerations include whether any intended customers reside outside Canada and whether there are plans to adopt an online marketing strategy. If so, registering the mark in jurisdictions other than Canada and preemptively registering domain names and user accounts on third-party websites may prevent future disputes. Another option to enhance an online marketing strategy is to register official or verified accounts on third-party websites. These can build customer trust and loyalty and also enable owners to better control brand image and trade-marks.

Third, the enforcement and protection of trade-marks is both complicated and simplified by the internet. Protected by the internet's anonymity and legal grey zones, opportunities for unscrupulous infringers abound and are compounded by the potential reach of online material. The internet can easily cause a fatal loss of distinctiveness. Owners must therefore be vigilant and monitor the internet for infringing activity with a range of techniques. In addition to using standard search engines, popular third-party sites should likely be reviewed for activity that may not otherwise be accessible. Online advertising, including keyword advertising, is another area of concern that requires careful monitoring to ensure competitors are not using trade-marks unlawfully.

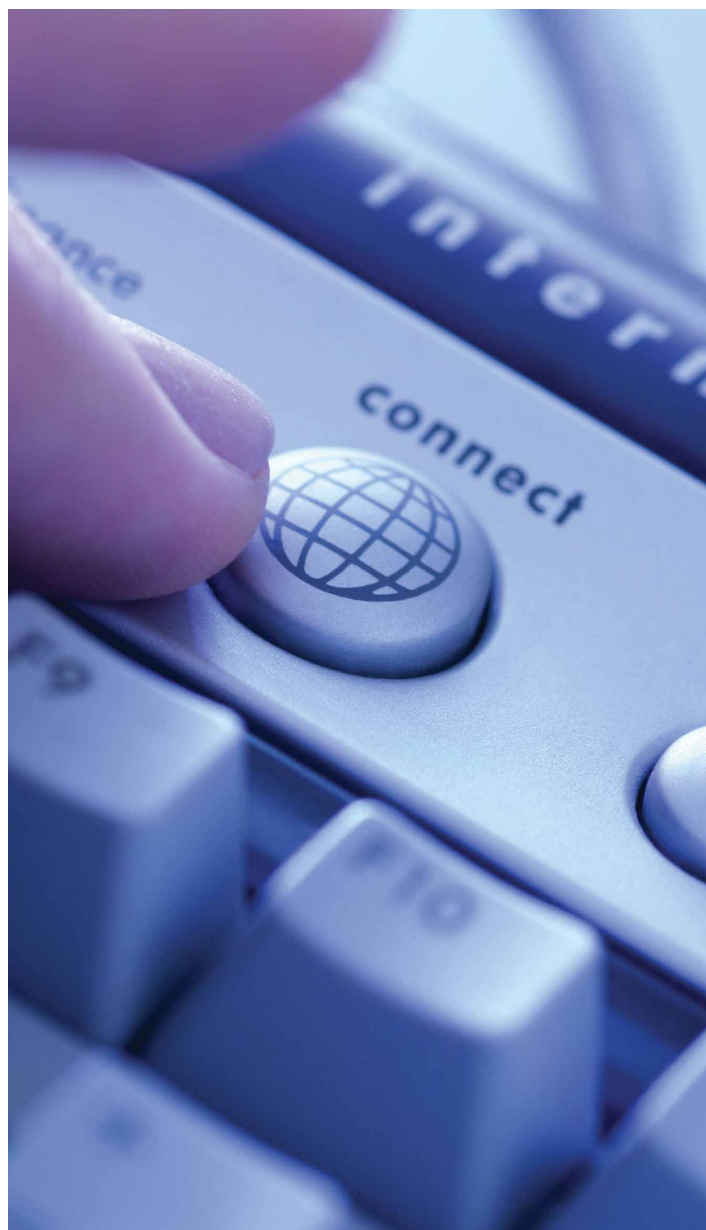
Once infringement is identified, there are a number of enforcement options available. Standard cease-and-desist letters are a common solution, as is commencing litigation in the appropriate jurisdiction and court. There are also alternative approaches that may be sufficient. For example, as noted above, established arbitration procedures exist to resolve many domain name disputes. Furthermore, many third-party sites impose terms of service that could be useful in halting unlawful activity depending on the circumstances. It is also possible to assert claims against third-party sites directly, particularly those that host user-uploaded content. In some cases, third-party sites may even be under statutory obligation to remove infringing content if properly informed.

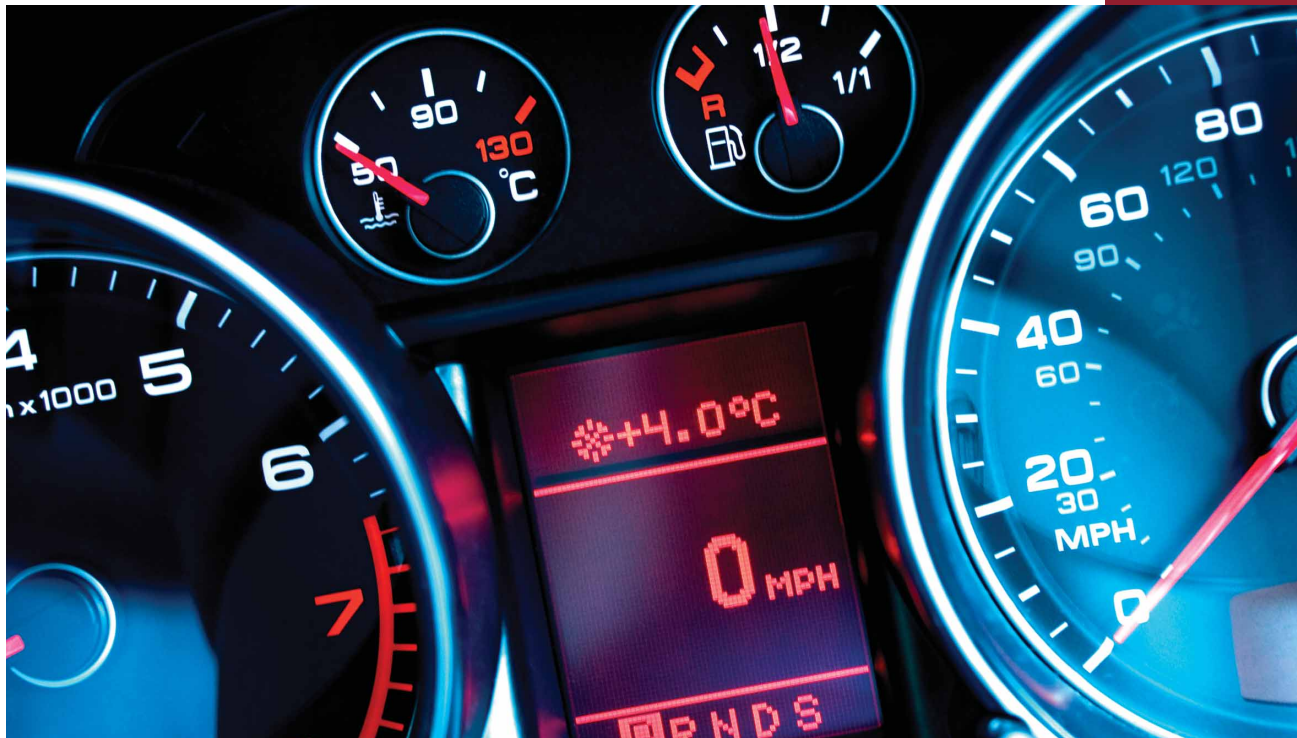
Fourth, potential liability for infringing the trade-marks of others is always a concern. Although such risks can be mitigated by conducting a freedom-to-use search, claims may be asserted by third parties also

attempting to protect the distinctiveness of their marks. In such circumstances, legal counsel should be retained, and technical solutions, such as geo-blocking (used to prevent access to a website from particular countries), may also be useful.

Despite the potential pitfalls discussed above, the internet remains a vital tool for business owners. As new methods of communication continue to be created and popularized, the challenge is not simply to maximize potential benefits but also to successfully coordinate the use of emerging technologies within a global legal framework.

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Recent developments in brief

Eminem wins increased royalties for online downloads. It would seem that rapper Eminem is aggressive not only in his lyrics but also in fighting for the royalties he feels he deserves. On September 3, 2010, a U.S. Federal Court of Appeals reversed a lower court's decision and found that Eminem's recording label had been paying Eminem insufficient royalties for online music downloads. For downloads from providers such as iTunes, Eminem had been paid the same royalty rate as for retail copies (compact discs), which ranges from 12 to 20%. At issue in this case was the fact that when providing tracks to a service such as iTunes, the music label is in fact licensing the song instead of selling retail copies. According to Eminem's contract, which was negotiated prior to the boom in online music purchasing, Eminem is entitled to a 50% royalty rate for music licensed to third parties. While most modern-day recording contracts specifically state an artist's royalty rate for online downloads, this case may be beneficial for artists looking to renegotiate contracts that were written prior to the rise in popularity of online downloads.

USPTO launches a "patent dashboard" visualization tool. In the spirit of increasing accountability and providing the public with information relating to the U.S. patent examination process, the United States

Patent and Trademark Office (USPTO) recently launched a webpage titled "Data Visualization Center: Your window to the USPTO." The webpage provides a "patent dashboard" that gives a visual snapshot of where the USPTO currently stands with regard to metrics such as the number of backlogged patent applications, the number of months to receive a first office letter, and patent allowance rates, among other interesting statistics. This tool can be easily accessed via the USPTO's website: www.uspto.gov.

U.S. TTAB ruling deemed irrelevant to Canadian trade-mark proceeding. In *Chamberlain Group v. Lynx Industries Inc.*, 2010 FC 610, the Federal Court of Canada struck an affidavit that sought to introduce evidence in the form of a U.S. Trademark and Trial Appeal Board (TTAB) decision allowing Chamberlain's oppositions to use of the trade-mark LYNXMASTER in the United States. The Federal Court held that although the TTAB decision might have precedential value in appropriate circumstances, the decision was "irrelevant to the determination of the factual issues in the Canadian Trade-mark Proceedings" because Chamberlain was seeking to rely on the TTAB decision as evidence of the likelihood of confusion and not simply as a precedent.

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Smart & Biggar/Fetherstonhaugh has been named Canadian Copyright Firm of the Year for 2010 by U.K. publication *Managing Intellectual Property* magazine (MIP). The awards were presented at MIP's annual North America Awards ceremony, held on April 16th in Washington, DC. MIP has for several years recognized Smart & Biggar/ Fetherstonhaugh as a highly ranked IP firm in patents, trade-marks and copyrights.

With over 100 professionals in four offices, Smart & Biggar is Canada's largest firm practising exclusively in intellectual property and technology law. Related to the patent and trade-mark agency firm Fetherstonhaugh through common partners, offices and personnel, we have been leaders in our field for over a century.

Virtually every member of our firm has an engineering or scientific educational background and over one-third also have post-graduate degrees. More than two-thirds of our firm members, including most of our lawyers, are registered patent agents.

Our technical depth and record of superior service are the reasons Canada's most innovative corporations and law firms look to Smart & Biggar/Fetherstonhaugh for a full range of intellectual property and technology law services including:

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- IP management and strategic counselling
- Domain names
- E-commerce

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