



Study Question

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Sarah MATHESON, Reporter General
Jonathan P. OSHA and Anne Marie VERSCHUUR, Deputy Reporters General
Yusuke INUI, Ari LAAKKONEN and Ralph NACK, Assistants to the Reporter General

Bad faith trademarks

Responsible Reporter: Anne Marie VERSCHUUR

National/Regional Group	Canada
Contributors name(s)	
e-Mail contact	bbarrette@barrettelegal.com

I. Current law and practice

Bad faith - prior third party use or filing

1 Does your Group's current law provide for an action against the application or registration for a trademark in a jurisdiction by a party (Party A), if that trademark or a similar sign is already used in one or more jurisdictions by another party (Party B), but is not registered in the jurisdiction where Party A has filed the trademark?

If yes, please answer questions 2) – 7). If no, please go to question 8).

Yes

Please Explain

Yes. If the trademark has not yet been registered, Party B could oppose the trademark application pursuant to div 38(2) of the *Trade-marks Act* (hereinafter "TMA") on one or more of the following grounds:

s. 38(2)(c): The applicant is not the person entitled to registration of the trademark. In Canada, an application can be filed on a number of bases, including actual use or making known of the mark in Canada or proposed use. Under s. 16 of the TMA, an applicant is entitled to registration unless the applied-for mark is confusing with a trademark that was used or made known in Canada by another person before the applicant had first used or made known his or her mark or, in the case of a proposed mark, before the filing date of the application. Therefore, Party B could oppose Party A's application on the basis that Party B had used or made known a confusingly similar trademark in Canada prior to Party A's first use or making known or application date, depending on the basis of Party A's application.

s. 38(2)(d): The applied-for trademark is not distinctive. Party B could also oppose Party A's application on the basis that Party A's trademark is not distinctive in view of the prior use or making known of Party B's mark in Canada.

s. 38(2)(a): The application does not conform to the requirements of s. 30 of the TMA. Section 30 of the TMA sets out the requirements for a trademark application. Subdiv 30(e) and 30(i) require statements from the applicant, when the application is filed, as follows:

- a. in the case of a proposed trade-mark, a statement that the applicant, by itself or through a licensee, or by itself and through a licensee, intends to use the trade-mark in Canada;
- i. a statement that the applicant is satisfied that he is entitled to use the trade-mark in Canada in association with the goods or services described in the application.

Party B could oppose Party A's application if Party A's statements under one or both of these subdivs was made in bad faith because Party A did not actually intend to use the mark in Canada and/or knew he or she was not entitled to registration because Party A knew that Party B's mark had already been used or made known in Canada. This is discussed further below.

It is generally accepted that in order to succeed in an opposition based on subdiv 30(i), the opponent would have to first succeed on another ground as well. For example, if Party B asserted that Party A could not have stated that he or she is entitled to use the applied-for mark because Party A knew that it was confusingly similar to Party B's previously used or known mark, then Party B would have to show that the marks were indeed confusingly similar, which would mean Party A's trademark was not registrable under subdiv 38(2)(c), as discussed above.

Furthermore, as another recourse in such circumstances, if Party A's trademark is registered, Party B can bring an application to the Federal Court of Canada pursuant to Section 57 of the TMA to strike or amend the entry from the Register of Trademarks if it believes that the registration does not "accurately express or define the existing rights of the person appearing to be the registered owner of the mark". Section 18 of the TMA sets out the grounds on which the validity of a registration may be challenged, which include that the trademark at issue was not distinctive at the time the proceedings challenging the validity of the registration are commenced and that the applicant for registration of the trademark was not the person entitled to secure the registration. The issues would be similar to those set out above with respect an opposition proceeding based on subdivs 38(2)(c) or 38(2)(d), as the case may be.

An opposition based on subdivs 38(2)(c) or 38(2)(d) does not require a showing of bad faith or improper purpose (although it could be a factor in some situations). Bad faith can, however, come up in an opposition to an application based on subdiv 38(2)(a).

There is limited jurisprudence in Canada involving bad faith, but there have been cases where it has been successfully raised. For example, in a 1924 decision, the Court expunged a trademark registration for the trademark OH! HENRY on the basis that the applicant had registered it bad faith. The OH! HENRY trademark had been used by the Williamson Candy Company in the United States but not in Canada. After learning of the success of the brand in the United States, W.J. Crothers Company applied for and registered the identical mark in Canada. Williamson applied to the Exchequer Court (now the Federal Court of Canada) to have the registration expunged on the basis that the application had been made in breach of div 13 of the TMA, which at the time provided that a trademark may be refused registration if the applicant is not "undoubtedly entitled to the exclusive use" of the trademark or "if it appears that the trademark is calculated to deceive or mislead the public". The Court was of the view that the adoption of the mark by Crothers was calculated to deceive and mislead the public and, therefore, the registration was expunged.

Williamson Candy Co v WJ Crothers Co [1924] Ex CR 183

Although div 13 is no longer in effect, this same idea has been applied in trademark oppositions to deny licensees from being granted registrations for their licensors' marks. The following is from a 2011 trademark opposition decision:

[41]The Opponent having already succeeded under two different grounds of opposition it is not necessary for me to rule on this ground of opposition. However I may make the following comments.

[42] The case law is quite clear that a licensee should not be allowed to usurp the rights of its licensor [see McCabe v. Yamamoto & Co. (America) reflex (1989), 23 C.P.R. (3d) 498 (F.C.T.D.)]. Had there been clear documentary evidence establishing that the Applicant's principals were former licensee(s) of the Opponent for the trade-mark MY DONAIR & Design I would have had no difficulty in maintaining the second ground of opposition.

474749 Alberta Limited v Uncle Moe's Donair Chicken, Falafel Inc, 2011 TMOB 6

2 Is the application or registration as described under question 1) above denoted as "bad faith"? If not, what is it called?

No

It is called...

No. The term "bad faith" is not used in the TMA nor is bad faith an explicitly required element in order to successfully challenge an application or a registration on the grounds set out under question 1). The term "bad faith" is sometimes used to describe the conduct of a party, but it is not a ground on which to oppose an application or to challenge a registration in and of itself. Having said that, some form of conduct amounting to bad faith will likely be required to succeed in an opposition asserting that the applicant could not have properly stated that it was satisfied that it was entitled to use the trade-mark in Canada as required by subdiv 30(i) of the TMA.

3 Are the following factors relevant for proving an application or registration as described under question 1) in your jurisdiction?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

- other

Please Explain

There is little Canadian case law on this subject and we are not aware of any decisions of the Trademarks Opposition Board or the Federal Court setting out specific factors that must be present for cases involving "bad faith". Each case must be decided on its own facts.

In a 1974 case in which the opponent had asserted that the applicant could not have made the statement required under div 30(i) of the TMA in good faith (i.e., that the applicant was satisfied that it was entitled to use the trademark), the Opposition Board stated that this ground of opposition should only succeed in exceptional cases, when there is clear evidence of bad faith on the part of the applicant (*Sapodilla Co v Bristol Myers Co* (1974), 15 CPR (2d) 152 (TMOB) at 155, cited in a number of subsequent decisions, including *Gilmar SpA v Molson Canada*, 2009 CanLII 82111 (TMOB) at para. 25, for example.

In *Cerverceria Modelo, SA de CV v Marcon*, 2008 CanLII 88189, the applicant had applied to register the trademarks of 18 different brands of beer for related goods and services. In its decision, the judge asked whether "a reasonable person would be satisfied that he/she was entitled to file trademark applications for over 18 arguably well-known marks for arguably related wares and/or services". The application was refused.

In some cases, the Court has taken into account whether the applicant (Party A) was aware of the opponent's (Party B's) use of its mark. In *Julia Wine Inc. v. Les marques metro, S.E.N.C. (Les marques métro/metro Brands S.E.N.C.)*, 2016 FC 738 (at par 59), the applicant winery filed, on the same day, trade-mark applications for the three house brands of the three major supermarket chains in Quebec. In this case, the trade-mark IRRESISTIBLES was opposed by one of the supermarket chains (Metro), and the application

was ultimately refused by the Trade-mark Opposition Board. One of the grounds of refusal was bad faith. In the opposition proceeding, the applicant had no explanation as to why it filed the three trade-mark applications. On appeal to the Federal Court, the Court stated that "It is difficult to imagine that the applicant was not aware of the use that the respondent was making of its mark, given its establishment and its broad circulation" and, therefore, took into account the applicant's knowledge of the existing trademarks, and ultimately upheld the refusal of the trade-mark application in question.

However, knowledge of the prior use by others of a similar mark is not always determinative of whether the applicant's statement under subdiv 30(2)(i) was made in bad faith. See for example *Chamberlain Group, Inc. v. Lynx Industries Inc.*, 2009 CanLII 82112 (TMOB) at para. 64-65 (applicant's knowledge of another mark, and patent litigation between the parties, was not determinative of bad faith); *Wrangler Apparel Corp v Big Rock Brewery Partnership*, 2009 CanLII 90299 (TMOB) at para. 75 ("The mere fact that the applicant may have been aware of the existence of the opponent's marks does not preclude it from truthfully making the statement required by s. 30(i)").

4 Is any one or more of the above factors sufficient on their own, or will the assessment instead always take the specific circumstances of the case into account? If one or more of those factors are sufficient on their own, please identify those factors.

No

Please Explain

No, none of the listed factors are necessarily sufficient on their own. Each case is assessed on the specific facts, as described above.

5 Which of the following factors are relevant to establishing whether there was or should have been knowledge as described under question 3) above?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

- whether Party A operates in the same or a similar field of business as Party B

Please Explain

- whether the earlier sign is well known or enjoys a reputation

Please Explain

- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.)

Please Explain

6 Is the degree of similarity between the signs relevant? Please explain why in either case.

Yes

Please Explain

Yes, the degree of similarity of the two marks would be a factor to be considered in the analysis of whether the second filer knew or ought to have knowledge of the first filer's mark, depending on the circumstances.

7 Is the degree of similarity between the goods/services relevant? Please explain why in either case.

Yes

Please Explain

The degree of similarity between the goods and services is also relevant and would also serve as a factor to be considered in the analysis of whether the second filer knew or ought to have knowledge of the first filer's mark, depending on the circumstances.

Repeat filings

8 Can the filing of a trademark in your Group's jurisdiction by a trademark owner for a trademark identical or similar to a trademark it already owns in that jurisdiction be refused or cancelled on the ground that the previous trademark fails to meet applicable genuine use requirements?

If yes, please answer questions 9) -11). If no, please go to question 12).

No

Please Explain

No. Trademark applications are independently assessed. The validity or invalidity of a first trademark application would not affect in any way a second trademark application, whether for an identical or for similar trademark.

We note that Canadian law would likely preclude the registration of a second trademark application identical to a first, regardless and aside from the genuine intent to use (or lack thereof) of the first trademark application.

9 Is the application or registration as described under question 8) above denoted as "bad faith"? If not, what is it called?

10 Which of the following factors are relevant when assessing whether a trademark as described under question 8) should be refused or cancelled?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

11 Are the answers to questions 8) -10) above different if the previous trademark is no longer in force? Please explain.

Defensive marks

12 Is it permissible under your Group's current law to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, is there a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)?

If yes, please answer question 13). If no, please go to question 14).

No

Please Explain

No, when applying for a trademark based on proposed use in Canada, as provided by s.30(e) of the TMA, the applicant must provide, "a statement that the applicant, by itself or through a licensee, or by itself and through a licensee, intends to use the trade-mark in

Canada". Accordingly, the applicant should have an intention to use as of the filing date of the application. In order to complete the registration in the case of a proposed use application, the applicant must file a declaration as to the use of the trademark after the application has been allowed by the Registrar. It is only following the receipt of this declaration that the Registrar would issue the certificate of registration. The declaration can only include the goods and services from the application for which there has been actual use.

As provided in s.40(2) TMA:

(2) When an application for registration of a proposed trade-mark is allowed, the Registrar shall give notice to the applicant accordingly and shall register the trade-mark and issue a certificate of registration on receipt of a declaration that the use of the trade-mark in Canada, in association with the goods or services specified in the application, has been commenced by:

- (a) the applicant;
- (b) the applicant's successor in title; or
- (c) an entity that is licensed by or with the authority of the applicant to use the trade-mark, if the applicant has direct or indirect control of the character or quality of the goods or services.

13 Is the application or registration as described under question 12) above denoted as "bad faith"? If not, what is it called?

Other

14 Does any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith ¹⁶ under your Group's current law? If so, what conduct and how is it denoted, ie as "bad faith" or something else?

¹⁶ Including fraud within the context of this Study Question, as explained on p. 1 at paragraph 5.

No, there is no independent ground for action that amounts to bad faith under current law.

Type of proceedings

15 In which proceedings can the grounds, insofar as they are available under your Group's current law, described in your response to questions 1), 8), 12) and 14) above be invoked in your jurisdiction?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select either of the last two boxes, please describe further.

- opposition proceedings (before the trademark/IP office)

Please Explain

- court proceedings concerning a bad faith application

Please Explain

- court proceedings concerning a bad faith registration

Please Explain

II. Policy considerations and proposals for improvements of your current law

6.a Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against the application or registration of a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

6.b Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the refiling of a trademark by a trademark owner as described above under question 8) above

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

6.c Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the filing of a trademark by a trademark owner without an intent to use such for part or all of the goods/services claimed as described above under question 12) above.

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

6.d Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against other conduct as described in your response to question 14) above.

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

17 Are there any other policy considerations and/or proposals for improvement to your current law falling within the scope of this Study Question?

No, our current law provides sufficient mechanisms to address cases of what might be considered bad faith trademarks.

Proposals for harmonisation

18 Does your Group consider that harmonisation in any or all of the four areas described in question 16) above is desirable?

If yes, please respond to the following questions without regard to your Group's current law.

Even if no, please address the following questions to the extent your Group considers your Group's current law could be improved.

Yes

Please Explain

19 Does your Group consider there should be a harmonised definition of bad faith?

Please tick or fill in only the applicable box. If you have different reasons for selecting "no" or "yes" to those identified, please explain.

No; identifying circumstances that can be relevant in assessing whether the types of conduct identified above under question 16) are allowed can be helpful, but a definition as such does not allow sufficient flexibility

Please Explain

Bad faith - third party use or filing

20 Should it be possible to take action against the application or registration for a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark?

If yes, please answer questions 21) – 25). If no, please go to question 26).

Yes

Please Explain

Yes, at least to the extent that Party B has used the trademark in the jurisdiction or Party B's trademark has otherwise become known to consumers in that jurisdiction.

21 Which of the following should be relevant factors for proving an application or registration as described under question 20)?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services

Please Explain

- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)

Please Explain

- the degree of legal protection enjoyed by Party B's sign and the sign used by party A

Please Explain

22 Should any one or more of the above factors be sufficient on their own, or should the assessment instead always take the specific circumstances of the case into account? If one or more factors should be sufficient on their own, which should they be?

The assessment should always take the specific circumstances of the situation into consideration. None of the factors above or even more than one of them, are necessarily sufficient to allow for invalidation or blocking of the application filed by the subsequent party.

23 Which of the following should be relevant when establishing whether there was or should have been knowledge as described above under question 21) above?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

- whether Party A operates in the same or a similar field of business as Party B

Please Explain

Any or all of the above could be relevant to establishing whether there was relevant knowledge as described under Q21.

- whether the earlier sign is well known or enjoys a reputation

Please Explain

Any or all of the above could be relevant to establishing whether there was relevant knowledge as described under Q21.

- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.)

Please Explain

Any or all of the above could be relevant to establishing whether there was relevant knowledge as described under Q21.

24 Should the degree of similarity between the signs be relevant? Please explain why or why not.

Yes

Please Explain

The degree of similarity of the two marks should be a factor to be considered in the analysis of whether the second filer knew or ought to have knowledge of the first filer's mark, depending on the circumstances.

25 Should the degree of similarity between the goods/services be relevant? Please explain why or why not.

Yes

Please Explain

The degree of similarity between the goods and services should also be considered relevant, and should also serve as a factor to be considered in the analysis of whether the second filer knew or ought to have knowledge of the first filer's mark, depending on the circumstances.

Repeat filings

26 Should it be possible to refuse or cancel the filing by a trademark owner of a trademark identical or similar to a trademark it already owns in your Group's jurisdiction on the grounds that it fails to meet applicable genuine use requirements?

If yes, please answer questions 27) – 28). If no, please go to question 29).

No

Please Explain

No. Trademark applications are independently assessed. The validity or invalidity of a first trademark application would not affect in any way a second trademark application, whether for an identical or for similar trademark.

27 Which of the following factors should be relevant when assessing whether a trademark as described under question 26) above should be refused or cancelled?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

28 Should the answers to questions 26) - 27) above be different if the previous trademark is no longer in force? if so, how?

Defensive marks

29 Should it be permissible to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, should there be a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)? Please explain.

No, it should not be permissible to file a trademark if the trademark owner does not have any intent to use that trademark in the jurisdiction for all of the goods/services claimed.

There should be a timeframe in which the trademark owner needs to show use and there should be intent to use the trademark in question as of the application filing date and actual use before the certificate of registration is issued.

Other

30 Should any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith ¹⁷? If yes, please explain.

¹⁷ Including fraud within the context of this Study Question, as explained on p. 1 under paragraph 5 above.

No.

Type of proceedings

31 In which proceedings should it be possible to invoke the grounds described in your response to questions 20), 26), 29) and 30) above, insofar as they should be grounds for action in your view?

Please tick or fill in all boxes. If you select either of the last two boxes, please describe further

- opposition proceedings (before the trademark/IP office)

Please Explain

- court proceedings concerning a bad faith application

Please Explain

- court proceedings concerning a bad faith registration

Please Explain

Other

32 Please comment on any additional issues concerning bad faith (or equivalent concepts) in the context of trademark law you consider relevant to this Study Question.

Please indicate which industry sector views are included in part "III. Proposals of harmonization" on this form:

Please enter the name of your nominee for Study Committee representative for this Question (see Rule 12.8, Regulations of AIPPI). Study Committee leadership is chosen from amongst the nominated Study Committee representatives. Thus, persons not nominated as a Study Committee representative cannot be in the Study Committee leadership.