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# Contentious Trademark Proceedings in Canada.

Defending and Enforcing Trademark Rights before the Canadian Federal Court and the Trademarks Opposition Board

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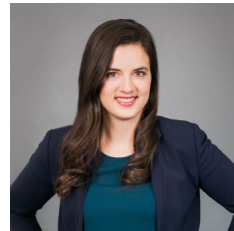
## Our Speakers



### Graham Hood

Principal,  
Barrister & Solicitor  
Trademark Agent

- **Rising Star in Trademarks**  
*Expert Guides: Rising Stars*
- **Ranked for Enforcement & Litigation**  
*World Trademark Review 1000*
- **Rising Star in Trademarks**  
*Euromoney LMG Rising Stars Awards America: 2020 & 2022*



### Laura Easton

Senior Associate,  
Barrister & Solicitor  
Trademark Agent

- **Rising Star in Intellectual Property**  
*Managing Intellectual Property*

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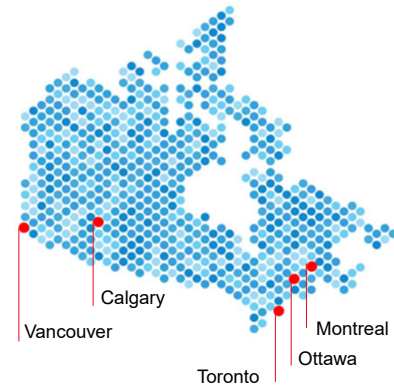
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## Who We Are

Canada's **leading IP law firm** with expertise at the interface of **technology** and **business law**

- Expertise in all areas of IP
- 130+ years serving clients
- 100+ lawyers, agents and technical consultants
- 8,000+ patents & trademarks filed annually
- Litigation bench strength and record of success



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## Overview

### Trademarks Opposition Board (TMOB) Proceedings

- Types of TMOB Proceedings
- Strategies in TMOB Proceedings
- Forthcoming Developments to TMOB Practice & Procedure
- Appealing a TMOB Decision

### Court Proceedings

- Canadian Courts
- Strategies in FC Proceedings
- Additional Considerations

### Settlement & Coexistence Agreements

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# Trademarks Opposition Board (TMOB) Proceedings

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## Types of TMOB Proceedings

- TMOB proceedings typically take one of two forms:

### Opposition proceedings

- Opportunity for any person to object to the registration of the applied-for trademark
- Onus on the applicant to demonstrate registrability
- **TMOB's decision may be appealed to the Federal Court**

### Cancellation proceedings

- Opportunity to clear the register of "dead wood"
- Only registrations 3+ years old may be challenged
- Onus on the registrant to demonstrate use or special circumstances excusing non-use
- **TMOB's decision may be appealed to the Federal Court**

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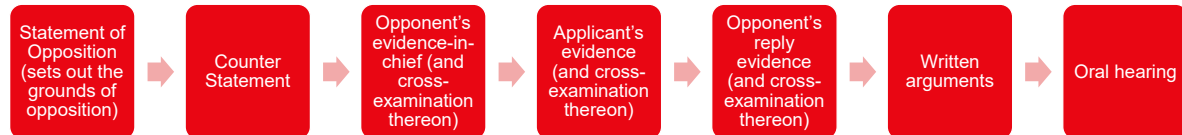
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## Strategies in TMOB Proceedings

### Opposition proceedings

#### Stages:



#### Timing

- Extensions of time are available to the parties at every stage
- The proceeding may therefore last 4+ years

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## Strategies in TMOB Proceedings

### Opposition proceedings

#### Interlocutory rulings

- At certain stages, the Registrar may issue rulings at a party's request
- For example:

an applicant may seek to have a Statement of Opposition struck

an opponent may seek leave to amend its Statement of Opposition

a party may seek leave to file additional evidence

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## Strategies in TMOB Proceedings

### Opposition proceedings

#### Grounds of opposition (subsection 38(2))

- The application does not conform to formal requirements (e.g. goods/services)
- The applied-for trademark is not registrable (e.g. confusing, descriptive, etc.)
- The applicant is not entitled to register the mark (i.e. another person has prior rights)
- The applied-for trademark is not distinctive

#### New grounds of opposition (as of June 2019):

- The application was filed in bad faith
- The applicant is not using and did not propose to use the applied-for trademark
- The applicant is not entitled to use the mark

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## Strategies in TMOB Proceedings

### Opposition proceedings

- The **Statement of Opposition** is absolutely critical
  - The **pleading** determines the scope of the proceeding
  - If an opponent has not pled a particular ground of opposition, then the Registrar will not consider it
  - The **allegations** underlying each ground are also critical—the Registrar will consider only the ground **as pled**, and will not “read in” any additional factors

#### Allegation Examples

Non-distinctiveness may be based on an opponent's use, third parties' use, etc.

Non-entitlement to use must identify the specific agreement and/or statutory provision

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## Strategies in TMOB Proceedings

### Opposition proceedings

- The **evidence filed** is absolutely critical
  - The opponent bears an initial evidential burden
  - The presence of an evidential burden means that for an issue to be considered at all, there must be **sufficient evidence** from which it could reasonably be concluded that the facts alleged to support that issue exist
  - If an opponent has not discharged its initial evidential burden, then the Registrar will not consider the ground of opposition
    - *The opponent may rely upon the applicant's own evidence*
    - *The opponent may rely upon cross-examination*

#### Cross-examination

Cross-examination is not restricted by the “four corners” of the affidavit

- An affiant may be questioned on anything relevant to the issues in dispute

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## Strategies in TMOB Proceedings

### Opposition proceedings

**Written arguments**  
(optional)

- Now filed sequentially; before June 2019, they were filed simultaneously
- Extremely important; more so than oral submissions at a hearing

**Oral hearing**  
(optional)

- Now heard by videoconference, in the absence of exceptional circumstances
- Each party must submit a list of jurisprudence in advance, including new and unreported cases on which the party intends to rely

Decision rendered thereafter,  
no costs awarded (for now)

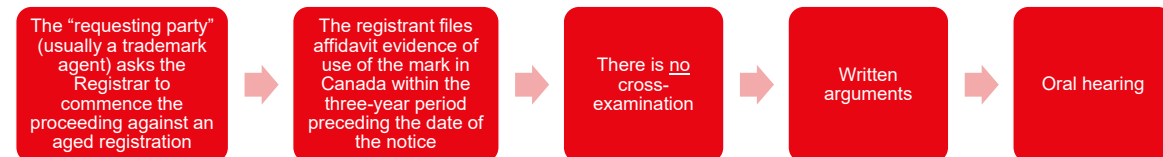
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## Strategies in TMOB Proceedings

### Cancellation proceedings

#### Stages:



#### Timing

- Cancellation proceedings are supposed to be expeditious, simple and summary in nature
- The proceeding should conclude within 2 years

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## Strategies in TMOB Proceedings

### Cancellation proceedings

#### Evidence of use

- The burden of proof is low—the registrant need only show that its trademark is in use
- This is not a proceeding “where there should be an infinite contestation of the facts”

#### Special circumstances

- Courts have often analyzed special circumstances by using the following three criteria:
  1. The length of time during which the trademark has not been used;
  2. The reasons for non-use must be beyond the registered owner's control; and
  3. One must find whether there exists a serious intention to shortly resume use.
- Evidence of positive steps towards recommencing use is necessary

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## Strategies in TMOB Proceedings

### Cancellation proceedings

#### Evidence of use

- Mark as registered v. Mark as used
  - Is the public likely to perceive the mark as used as a trademark?
  - Is the trademark as used not “substantially different” from the mark as registered, such that any deviations are unlikely to deceive or injure the public?
- Used in association with some, but not all, of the goods/services
  - Section 4 of the *Trademarks Act* defines how a mark may be used in association with goods/services
- Used in Canada
- Used by the registrant (beware the principle of trademark exhaustion)
- Used during the relevant period (i.e. the three-year period preceding the notice date)

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## Forthcoming Developments

### Cancellation proceedings

Pilot project to expedite the issuance of decisions

- Expedited decisions may be available where:



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## Forthcoming Developments

### TMOB hearings

- As of April 1, 2023, the delay to **schedule a hearing** will be reduced **from 24 months to 15 months** for both opposition and section 45 cancellation proceedings.
- The TMOB's delay to **issue its decision** in a case without a hearing will be reduced **from 18 months to 12 months** for both types of proceedings.

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## Forthcoming Developments

### Future powers of the Registrar

- Forthcoming amendments to the *Trademarks Regulations* will empower the Registrar to:
  - Award costs in certain circumstances (bad faith, sharp practice, etc.)
  - Issue confidentiality orders in certain circumstances
  - Manage cases in certain circumstances
- The amendments have not yet been drafted, and are not expected to come into force until late 2023 **at the earliest**

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## Appealing a TMOB Decision

### Appeals to the FC

- Allowed as of right
- Currently, additional evidence may be filed on appeal as of right
  - New evidence filed in appeals of cancellation proceedings may be subject to XX
  - But the requesting party is still not permitted to file its own affidavit evidence
- Forthcoming amendments will require a party to seek leave of the Court to file additional evidence
- On appeal of a TMOB decision, the Court may award costs even if a party does not participate in the appeal

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## Court Proceedings

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## Canadian Courts

### The Federal Court of Canada (FC)

- Creature of statute.
- Single unified court.
- Exclusive jurisdiction over certain relief regarding trademarks (e.g. amending the Register)

### The provincial court systems

- Broad jurisdiction regarding causes of action.
- Procedure varies between regions.
- Restricted jurisdiction regarding certain trademark remedies

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## Canadian Courts

### • Advantages of the FC

#### Speed

- Often quicker to obtain hearing dates or get to trial

#### Enforceability

- A Federal Court Order is immediately enforceable across Canada

#### Judiciary

- Adjudicators are very familiar with IP matters
- New specialized IP “chambers” of judges

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## Strategies in FC Proceedings

- Commencement by way of Application **or** Action

### Application

- Based on affidavits and cross-examination → no discovery
- Most commonly seen with appeals of TMOB decisions and s 57 expungement proceedings
- Can be considered for clear-cut infringement cases

### Action

- Full-scale litigation which can include pleadings, full discovery and a full trial with live witnesses
- Discovery and trial may still be avoided through various tools to efficiently manage the proceeding

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## Strategies in FC Proceedings

- Tools for efficiently managing a Federal Court action:

### Case Management

- Justice or Associate Judge appointed to help the parties resolve interlocutory issues leading to trial

### "Case and Trial Management Guidelines for Complex Proceedings"

### Interlocutory injunctions pending trial

- Available in limited circumstances

### Dispositive Motions

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## Strategies in FC Proceedings

- Dispositive Motions

### Default Judgment

- where there is a failure to deliver a Statement of Defence

### Motion to Strike

- where there are deficiencies in pleadings

### Summary Judgment

- where there is no genuine issue for trial

### Summary Trial

- where the Court is satisfied there is sufficient evidence for adjudication, and it would not be unjust to do so.
- ability to include live evidence.

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## Additional Considerations



Is there a pending application that can be fast-tracked as a result of the litigation proceeding?



Join the June 15, 2023 webinar of our colleagues Kwan Loh and Nora Labbanz for a discussion of expedited examination in further detail

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# Settlement & Coexistence Agreements

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## Settlement: Things to Consider

- Offers to Settle may trigger cost consequences
- Settlement Agreements

Terms will depend on the nature of the dispute

- Injunctive undertakings
- Licensing arrangements between the parties
- Terms of payment

Concluding the proceeding

- Consent judgment
- Discontinuance
- Withdrawal

Legal costs

Release

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## Coexistence: Things to Consider



### Coexistence Agreements

An alternative to settlement agreements



### Terms Informed by Commercial Reality

May define, dictate and/or restrict the parties':

- Fields of use or operation
- Goods and services
- Jurisdictions
- Trade channels
- Trademark filings
- Trademark use



### Forward-looking

Should include provisions re: abandonment, bankruptcy


May include undertakings to cooperate, report instances of confusion, etc.

Typically include schedules of permissible/impermissible uses

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**Questions?**

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# Thank you.

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## About Smart & Biggar

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Smart & Biggar services are provided by the patent and trademark agency Smart & Biggar LP, and the law firms Smart & Biggar LLP and Smart & Biggar Alberta LLP. For more information about our structure, see our website “[Who we are](#)”.

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