

WHAT EVERY OWNER OF A REGISTERED CANADIAN TRADEMARK NEEDS TO KNOW

Posted on September 23, 2019

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A recent decision of the Federal Court in *Live! Holdings, LLC* [1] is a worthwhile opportunity to consider some things that trademark owners should be doing to protect the investment they have made in their trademark portfolio.

The *Trademarks Act* (“**Act**”) protects trademarks, whether they are registered or unregistered. The range of remedies that is available for a registered trademark is broader than the range of remedies available for an unregistered trademark. However, under the Act there is a mechanism to remove trademarks from the register whenever the owner is unable to establish that it has been using the trademark. The concept is summed up in the statement “use it or lose it” [2].

Section 45 of the Act provides that anyone may request the Registrar of Trademarks to require the owner to provide evidence of use of the trademark within the three years preceding the notice it receives. This three-year period is frequently referred to as the “relevant period”. If the Registrar issues the requisite notice, the owner of the registered trademark has three months within which to file affidavit of evidence showing use of the trademark, in the normal course of trade, with respect to each of the goods and services for which the trademark is registered.

The events as they unfolded in *Live! Holdings* is, sadly, not uncommon in many such cases. *Live! Holdings* did not respond to the notice. The Registrar notified *Live! Holdings* that its registration would be expunged due to the failure to file evidence of use. Again, *Live! Holdings* did nothing, and the appeal period expired. The registration was subsequently expunged. At this point, *Live! Holdings* finally took action, and its lawyers were able to obtain an order extending the time for it to appeal the Registrar’s decision. Luckily, the appeal process for such a decision allows the trademark owner a right to file additional evidence. In most appeals, new evidence is admissible only if the evidence could not have been uncovered with reasonable diligence at the time of the original hearing.

It seems from the description in the decision of the evidence that *Live! Holdings* filed on the appeal that it may have been put together in some haste. The person who swore the affidavit was not an employee of *Live!*

Holdings, but worked for an affiliated company. How that affiliate related to Live! Holdings was apparently not explained in his affidavit. His knowledge of Live! Holdings' business was also somewhat lacking. Among other things, the witness stated that at least 41 reservations at Live! Casino & Hotel in Hanover Maryland were made by persons with Canadian addresses. In cross-examination, the witness had to concede that the hotel in questions did not exist during the relevant period. Not surprisingly, the Court was not receptive to the witness' suggestion that the reservations might have been with another hotel in Maryland, the Live Lofts.

While three months may sound like more than sufficient time to respond to a notice under s. 45 of the Act, in practice this is rarely the case. Usually such a notice comes as a surprise, and valuable time is spent deciding what to do. Assuming a decision is made to respond, the trademark owner and its lawyers often discover that corporate records are not kept in such a way that facilitates locating evidence of use. Where the corporate group intellectual property is owned by a holding company, the difficulties increase because the corporations in the group that use the trademark are different than the holding company. An executive in the operating companies may not know very much about the holding company and how it carries on the business, while an executive who understands the holding company may not be as familiar with the operating companies. In Live! Holdings it appears that the trademark owner may not have had a proper license in place between the holding company and the operating companies.

So what should trademark owners do? It is imperative that businesses adopt a proactive rather than a reactive, trademark strategy. In many ways, a trademark portfolio is like a garden that requires regular attention. Improper use of the trademarks in the portfolio is similar to weeds – the longer improper use goes on, the more difficult it is to restore order.

1. Ensure that there are proper licenses in place and defined standards that the operating companies actually follow when using the trademarks. Verify that the licenses specifically refers to the relevant trademark, and that the license applies to all entities that are using the mark.
2. Secondly, it is good practice to regularly review the portfolio and determine whether any trademarks are no longer in active use, or if the goods or services with which each trademark is being used have changed. Trademarks that are no longer in active use should be culled, and the list of goods and services for the trademarks that are in use should be updated to reflect what is actually going on. In fact, with Canada's adherence to the Madrid protocol, removing classes of goods will be a cost-saving exercise upon renewal given Canada's shift from a flat renewal fee to a class-based fee. The fewer the classes, the lower the renewal fee.
3. Thirdly, there should be someone in the organization with responsibility to make decisions who is familiar with the portfolio and the manner in which the operating companies are using the trademarks. This person should know not only what constitutes trademark use (because not all reproductions of a

trademark will qualify as trademark use), but also how to gather evidence to establish use, or even better, have a collection of materials showing use at periodic intervals (say every two years) of the trademarks in the portfolio.

- a. When websites will be relied upon to show use of a trademark, it is particularly important to archive a version of the pages in question at periodic intervals so that there is good evidence of the actual appearance of the website within the relevant period. Most organizations, in the authors' experience, are unable to recover a reliable version of past versions of the corporate website. While there are tools, such as the Internet Archive (a.k.a. Wayback Machine) that archive websites, these are better as a backup than the primary means of showing the state of a website within the relevant period. While paper files are going the way of the dodo bird, electronic systems are not necessarily reliable and therefore keeping some representative paper copies of old catalogs, invoices, pictures of uniforms, storefront signs, or attendance at trade shows is advisable. It may be necessary to revise the firm's document retention policy to ensure that important trademark documents are appropriately retained.
 - b. Keep your marketing team in the loop. The benefits of this are twofold. While minor variations to a trademark can be permissible, the marketing team needs to appreciate that a "new look and feel" can be fatal to an existing trademark. The marketing team can often be the best resource when it comes to gathering evidence of use. It is therefore important to explain why keeping historical records of marketing initiatives can be very beneficial.
4. Equally important is the documentation of confusion. If your employees ever receive emails that indicate there has been an instance of confusion between your company's trademark and a third party, it is critical to save copies of these emails right from the beginning. It also is important to act promptly when faced with such instances of confusion as long periods of coexistence can work against a future claim of exclusivity that you may wish to assert.

It is tempting to think that revisiting how you care for your trademark doesn't need to change given that it has happily been sitting on the register for years. However, this past June marked a fundamental shift in Canadian trademark law that will necessitate a change in best practices. Notably, the newly amended Act no longer requires that applicants declare a date of first use of their trademark. As a result, carefully documenting historical trademark use is going to take on an unprecedented important role in the years to come. It is not uncommon that in trademark disputes, the determining factor of who wins or loses the case is contingent on who can prove that they have the earliest date of first use. It is well known that mere assertions of trademark use are insufficient, and therefore tangible evidence must be available to support any claim made by a witness in evidence. It is therefore time to uproot your conventional trademark habits and realize that your trademark portfolio is not a cactus best left unattended, but an orchid that requires tending.

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[1] *Live! Holdings, LLC v. Oyen Wiggs Green & Mutala LLP* 2019 FC 1042.

[2] *Mattel, Inc. v 3894207 Canada Inc.*, [2006] 1 SCR 772 at para 5.

A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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