

TRADEMARKS ACT: NEW “NOT DISTINCTIVE” OBJECTION

As of June 17, 2019, the Canadian government brought into force the most sweeping changes to the *Trademarks Act* since 1954. One of the more controversial amendments is a new ground upon which examiners may object to an applied-for-mark, namely the ground that the mark is “not distinctive”. This is a controversial objection which, if raised, can significantly increase the cost of a typical trademark application and the risk of rejection.

What is Distinctiveness?

Distinctiveness is the quality that entitles trademarks to legal protection as a form of intangible property. Unless a trademark is exclusively associated with a single source of goods or services or capable of being so associated, it is not considered distinctive. Without distinctiveness, the law will not recognize the mark as a “trademark” worthy of protection and no business will be entitled to exclusive proprietary rights in the mark.

Distinctiveness is defined in section 2 of the *Act* which stipulates that to be distinctive, a mark must either:

1. be adapted to distinguish; or
2. have been used to actually to distinguish, the goods and services of the applicant from those of others in the relevant market.

In order to be “adapted to distinguish”, a mark must be inherently distinctive, that is, by its nature suitable for use as an identifying symbol for the source of goods or services.

Although it is sometimes suggested that a binary test may be applied to determine whether a mark is inherently distinctive or not, the “inherent distinctiveness” of any mark is better understood as a relative rather than absolute characteristic:

“The inherent distinctiveness of a mark refers to its originality. A mark that is composed of a unique or invented name, such that it can only refer to one thing, will possess more inherent distinctiveness than a word that is commonly used in the trade”: *ITV Technologies Inc. v. WIC Television Ltd.*, (2003) 29 C.P.R. (4th) 182 at para 145, aff’d (2005) 38 C.P.R. (4th) 481.

“Marks are inherently distinctive when nothing about them refers the consumer to a multitude of sources. Where a mark may refer to many things or, as noted earlier, is only descriptive of the wares or of their geographic origin, less protection will be afforded the mark. Conversely, where the mark is a unique or invented name, such that it could refer to only one thing, it will be extended a greater scope of protection”: *United Artists Pictures Inc. v. Pink Panther Beauty Corp.*, (1998) 80 C.P.R. (3d) 247 (FCA) at para 23.

Thus, the distinctiveness or inherent distinctiveness of marks falls across a spectrum from no distinctiveness to a high degree of distinctiveness. In the absence of any prior use, descriptive marks are considered to have no inherent distinctiveness while invented marks are considered to have a high degree of inherent distinctiveness. Marks that are suggestive will

fall somewhere in between these two extremes.

Marks Presumptively Not Distinctive

Examiners are directed to presumptively object to the following types of marks as not inherently distinctive:

- geographic locations;
- single surnames;
- laudatory words or phrases (ie. value, original, etc.);
- descriptive words or phrases relevant to the associated goods or services;
- generic statements/information relevant to the associated goods or services (ie. fragile, etc.);
- top-level domain extensions (ie. .com, .net, .ca, etc.);
- URL's composed of unregistrable words;
- telephone numbers;
- words and abbreviations for forms of business association (ie. Inc., Ltd., Company, etc.);
- names with honorifics (ie. Mrs., Dr., Sir, Esq., etc.);
- one or two letters;
- one or two numbers;
- generic designs relevant to the associated goods or services (ie. images of cats for cat food);
- names of colours relevant to the associated goods or services;
- colours applied to the surface of a 3D object if relevant to the associated goods or services;
- combinations of English and French words descriptive of the associated goods or services; and
- combinations of possessive words and words descriptive of the associated goods or services

See Chapter 4.9 of the Examiner's Manual.

New Requirements

Prior to June 17, 2019, the broad allegation that a mark is not distinctive was an available ground in opposition proceedings which permit the filing of evidence, written argument and attendance at oral hearings. With the amendments, the examiners are now trying to determine this issue at the examination stage with considerably less context.

The newly enacted subsection 37(1)(d) and 32(1)(b) are restricted to circumstances where the mark is "not distinctive":

- Per subsection 37(1)(d), the examiner may only "refuse an application for the registration of a trademark if he is satisfied that...the trademark is not distinctive".
- Per subsection 32(1)(b), the applicant may only be required to file evidence establishing that a mark is distinctive if the examiner's "preliminary view is that the trademark is not inherently distinctive".

It may be usefully argued by analogy that the word "not" in these new sections of the *Act* modify the terms "distinctive" and "inherent distinctiveness" in the same manner as the word "clearly" modifies the term "descriptive" in section 12(1)(b) of the *Act* which prohibits the registration of "clearly descriptive" trademarks. The case law interpreting section 12(1)(b) has determined that the prohibition applies only to marks that are "self evident, plain, easy to understand" as descriptive: *Thorold Concrete Products v. Canada (Registrar of Trade Marks)* (1961), 37 C.P.R. 166 (Can. Ex. Ct.) at para 17; *Mövenpick Holding AG v. Exxon Mobil Corp.*, 2011 FC 1397 (F.C.) at para. 29, additional reasons 2012 FC 479 (F.C.)

In other words, the text of section 12(1)(b) suggests tolerance of marks with some descriptive connotation. Similarly, the text of the new sections suggests a similar tolerance of marks with low distinctive character. It is only where a mark is “clearly descriptive” or has “no inherent distinctiveness” that an examiner may require evidence to establish that a mark is distinctive.

In sum, the mark must be “wholly without” or “bereft” of any distinctive character before the examiner should refuse the application or request evidence. This is confirmed by a review of the Examiner’s Manual:

- At paragraph 4.9.1 of the Examiner’s Manual, it states that “if the examiner is not satisfied that the trademark is not distinctive, then the application must be advertised”.
- At paragraph 4.9.3 of the Examiner’s Manual, it states that “[t]he phrase ‘not inherently distinctive’ in paragraph 32(1)(b) refers to a trademark having ‘no inherent distinctiveness’ (not registrable) as opposed to a trademark possessing a ‘low degree of inherent distinctiveness’ (registrable).

In other words, the threshold to overcome the “not distinctive” prohibition is low and the applicant is only required to:

- establish that the mark has “some” degree of distinctiveness; or
- raise doubt that the mark is not distinctive.

Evidence Required & the Burden of Proof

If it cannot be established that an applied-for-mark has “some” degree of distinctiveness, the applicant will be required to file evidence establishing that the mark is distinctive in fact. In most cases, this will be based on past use of the trademark to identify goods and services in the Canadian marketplace such that it has become distinctive of the applicant.

Unfortunately, it can be challenging to establish that a mark is distinctive in fact and the resulting registration may be limited to a defined territorial area unless there is evidence that the trademark has been used in all geographic territories of Canada. Subsection 32(2) stipulates that:

The Registrar shall, having regard to the evidence adduced, restrict the registration to the goods and services in association with which, and to the defined territorial area of Canada in which, the trademark is shown to be distinctive.

At paragraph 4.10.3 of the Examiner’s Manual, it states that “the evidence filed by the applicant must be sufficient to enable the Examiner to conclude that the public in Canada, or in a defined territorial area, perceive the trademark as one which distinguishes the goods or services of the applicant from those of others”.

If the examiner is not convinced that the applied-for-mark is distinctive for at least some goods or services in at least some region of Canada, the examiner is compelled to reject the application.

With respect to the evidentiary burden or onus of proof, we may usefully consider the case law under the former section 12(2) [now

section 12(3)] which has been judicially interpreted for decades. Section 12(3) authorizes the registration of a mark that acquired distinctiveness as of its filing date which would otherwise be denied registration of the grounds that it is either: (a) clearly descriptive or deceptively misdescriptive; or (b) primarily merely a surname.

From a review of the historical case law interpreting this provision, we can derive the following principles for determining whether the evidence is sufficient to establish that a mark is distinctive in fact:

- The standard of proof, as in other civil proceedings, is proof on a balance of probabilities. The term “heavy onus” referenced in some decisions is directed to the fact that section 12(2) and now section 32(2) are exceptions to the non-registrability of marks that are not inherently distinctive. There is no onus beyond addressing and satisfying the requirements of the relevant subsection: *Molson Breweries v. John Labatt Ltd.* [2000] FCJ No. 159 at para 31-32.
- The extent to which the court will require the proof of distinctiveness to go will depend on the nature of the case. If the objections to the mark itself are not very strong, it will act on less proof of acquired distinctiveness than it would require in the case of a mark which in itself is open to grave objection. I do not think, for instance, that any amount of evidence of use would induce a court to permit the registration of ordinary laudatory epithets such as “best”, “perfect”, etc. On the other hand, in the case of a peculiar collocation of words, it might be satisfied with reasonable proof of acquired distinctiveness, even though the words

taken separately might be descriptive words in common use: *Re J & P Coats Ltd's Application* [1936] 2 All ER 975 at 984; *Aluminum Goods Ltd. v. Canada (Registrar of Trade Marks)*, (1954) 19 CPR 93 at paras 23-24.

Application of New Requirements in Practice

Examiners are directed to raise a “not distinctive” objection whenever an applied-for-mark also attracts an objection that it is “primarily a surname” or “clearly descriptive”. See paragraph 4.9.5.12 of the Examiner’s Manual.

Unfortunately, examiners are also routinely raising the “not distinctive” objection where the applied-for-mark has a low degree of inherent distinctiveness rather than “no distinctive” character. At the same time, they are routinely requesting the filing of evidence.

In the absence of any case law to date, the objection can be challenging to overcome and depends very much on a unique argument crafted to address the specific applied-for-mark. If evidence is filed, the burden on the applicant increases dramatically.

Conclusion

It is a practical reality that many business clients are attracted to trademarks that include their own surnames or words that are descriptive or strongly suggestive of the goods or services that they offer for sale or their geographic location. Unfortunately, these types of marks also tend to attract a series of objections when registration is sought to protect them, including the new “not distinctive” objection.

For those advising clients with respect to new trademarks (or new business names that are likely to be adopted as trademarks on signage and other promotional material), a key business tip is to recommend, where possible, that clients avoid:

- descriptive terms;
- geographic place names;
- single surnames; and
- common terms of art in their industry.

While this is admittedly a challenge, the reality is that the business will likely have trouble enforcing exclusive rights in trademarks composed of such terms. This includes the registration of such marks for the purposes of enforcement. By avoiding this common pitfall with respect to their trademarks, a new business will be better positioned for long term success.

Disclaimer: The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.