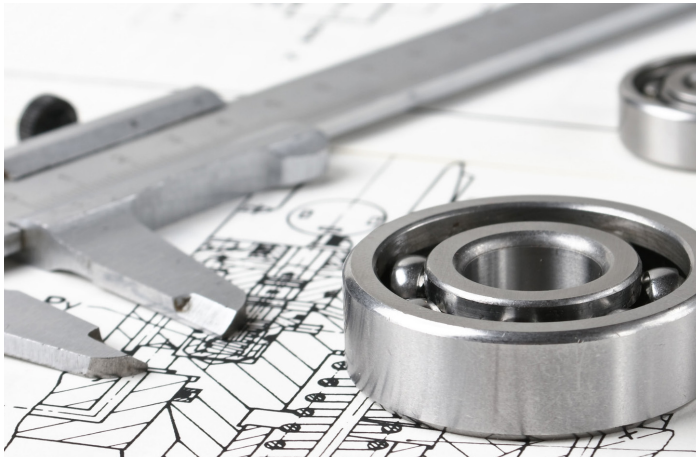


# Intellectual Property LEGALNEWS



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## "TRADEMARK" OR "TRADE-MARK"? EVEN THE SPELLING DIFFERS BETWEEN CANADIAN AND AMERICAN LAW

by [Paul E. Bain](#) and [Christopher G. Graham](#) Toronto office

The title says it all. Despite sharing a border, there are many differences between Canadian and United States trademark law that lawyers and trademark owners should be aware of. The most noticeable, though relatively unimportant, is the difference in terminology. While the United States denote their core concepts as "trademark" and "goods", Canadian legislators settled on the terms "trade-mark" and "wares". For ease of reference, this article will use "trademark" when referring to both systems.

### Similarities

While there are numerous dissimilarities between the two legal systems with respect to trademarks, the commonalities should be explored first. To begin with, both systems are a combination of statute and common law (regarding unregistered trademarks). The importance of priority in registration is also fundamental in both countries. Priority, which is incorporated in the first to file rule, accords primacy to earlier filed applications over subsequent applications, subject to challenges based on prior use.

As Canada and the United States are members of the *Paris Convention for the Protection of Industrial Property*, the effects of this treaty are shared by registrants in both jurisdictions. This means that domestic registrations by a Canadian or United States applicant can be followed by a filing in the other member jurisdiction within six months by the same applicant. The later application is deemed to have been filed on the same date as the original application. With some exceptions, Canada and the United States also share the requirement that a trademark be in use to maintain a registration. Failure to comply can result in loss of the trademark.

### Main Differences

Despite these similarities, differences between the trademark laws of the two nations are significant. The spheres of jurisdictional competence are shaped differently between Canada and the United States. As a result, while trademarks in Canada are strictly the purview of the federal government and thus enforceable throughout the country, in the United States trademarks can be granted at either the state level or the federal level. Note that in

order to register federally a trademark must be used or intended to be in used in interstate commerce.

The jurisdictions provide roughly the same bases of trademark registration: intent to use a trademark, prior use of a trademark and existing foreign registration of a trademark. Canadian applicants, however, also can register a trademark on the basis of "made known in Canada". Additionally, under the third ground for registration, Canadian law requires that a mark registered as an existing foreign registration be in use in the foreign jurisdiction rather than simply being registered in that location. There is no such limitation in the United States.

United States trademark law also differs from Canada in that goods and services are identified as belonging to various classes. United States applicants must therefore pay a separate filing fee for each class applied for. By contrast, as there is no such differentiation in Canada, a standard filing fee applies regardless as to how the good or service is characterized.

The *Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks* is another difference between the two jurisdictions as the United States is a member and Canada is not. This international agreement provides for streamlined foreign trademark registrations in member countries and, as a result, foreign registration for United States trademark applicants is cheaper and easier than it is for their Canadian counterparts.

The dissimilarities extend to the realm of licensing. Subject to certain requirements, in the United States a trademark can be used by corporate parents or subsidiaries as of right (note that this does not include other forms of affiliated companies) without a licensing agreement. Canadian law requires a licence agreement between such entities as, absent such an agreement, the trademark holder runs the risk of failing to maintain use of the trademark. Though the agreement need not be written, a licence agreement should be reduced to writing and contain terms required by Canadian Trademark law such as the requisite level of control.

Evidence of use is not required for registration or renewal of a Canadian trademark. Conversely, United States trademark law requires the applicant or registrant to submit evidence of use at the time of registration, in the fifth year after registration of the trademark and at the time of renewal.

Procedural variations also exist. While trademark applications in both jurisdictions are subject to an opposition period in which the claim to a trademark in an application can be disputed, the length of time differs. In Canada, the opposition period lasts for two months following publication, while in the United States applicants need only wait thirty days following publication. The result of a successful application also varies between the two nations. In Canada, a trademark owner is awarded a trademark for a period of fifteen years before renewal is required. In the United States this period is only ten years.

## Other Differences

There are many other differences between the two laws of the two countries. For instance, the United States allows filed trademark applications to be subsequently divided between intended use goods and prior use goods. This arises where one element of the application will be delayed. No similar ability exists in Canada.

In the United States trademark applicants can register certain marks that would not be capable of registration under the Principal Register, such as descriptive trademarks or surnames, on the Supplemental Register. This affords less protection but is completely unavailable to such trademarks in Canada.

In the United States failure to use the registered trademark symbol ® will prevent a trademark owner from collecting damages unless the infringer otherwise had notice of the registration. This is not the case in Canada.

Finally, there are minor peculiarities between the systems. Examples include, in Canada, the existence of a special class of trademarks that are reserved for the government and are known as official marks; and in the United States, a differentiation, in some cases, between "service mark" and "trademark" when referring to goods or services.

There are a multitude of difficulties that can be encountered by a trademark applicant or such applicant's legal counsel when attempting to register or maintain a trademark in the different North America jurisdictions. To combat this, trademark applicants should take care to retain counsel with with knowledge of, and experience in, trademark law in both Canada and the United States. Dickinson Wright, though its offices on both sides of the Canada-United States border, has such capability.

## CHINA'S NEW TRADEMARK LAW: GREATER PROTECTION, HIGHER PENALTIES AND MORE EFFICIENT REGISTRATION

by [Peter C. Pang](#), Washington, D.C. office

The new Trademark Law was passed on August 30, 2013, to take effect on May 1, 2014, after nearly 10 years of revisions and several rounds of public comment. China's Standing Committee of the National People's Congress made a hearty attempt to outline ways to streamline trademark registration processing, afford greater protection for trademark owners and impose higher penalties as a way of deterring infringements.

The new law, which marks the third time the original Trademark Law first promulgated in 1982 has been amended (previous amendments 1993, 2001), has over 50 revisions, but the most significant changes are as follows:

1. The new law raised the compensation ceiling for a trademark infringement to US\$500,000, which is six times the previous limit. This is significant as it aims to deter infringement by

imposing heavy sanctions and sends a message to the world that China will not tolerate infringement of other brand owner's trademark rights. Furthermore, in cases where the violators have acted in "bad faith", treble damages are available, bringing the total maximum penalty to over US\$1.5 million.

2. The new law inserted a provision that states trademark agencies and attorneys are not permitted to register trademarks on behalf of their clients if they know or should have known that their client is registering trademarks maliciously in total disregard of the rights of others or by doing so, is knowingly infringing on the trademark rights of others. Agencies violating this provision will face administrative fines and given a bad credit report which will be filed with industrial and commercial authorities limiting such agencies' ability to appear before the China Trademark Office. In cases where the offense is considered serious, the agency that violated the law could have their businesses license suspended for a period of time or possibly revoked.
3. The new law also offers protection for renowned trademarks, giving owners the right to ban others from registering their trademarks or using similar designations. However, renowned trademark owners are prohibited from using their renowned status in advertising or promotion, thereby precluding owners from unjustly enriching their recognition. Imposing a fine of up to US\$16,500 for violation of this provision is also written into law.
4. The law also changed provisions regarding the examination period of trademark related applications to streamline processing, such as filing, opposition, invalidation and revocation. For the first time, a multi-class application system will be put into place to speed up registration. Registration submissions now have preliminary approval deadlines of nine months from date of filing. Once this preliminary approval has been granted, oppositions can be filed for up to three months after the preliminary approval has been published in the official gazette. Opposition proceedings must then be completed within a year. Any possible invalidation proceedings must now be completed within nine months from the request date and can only be requested by prior right holders. With this new law, nearly all trademark reviews will be completed within 12 months as opposed to the timeline under the old law of nearly 30 months. This is a vast improvement of the system and will encourage more applications and instill greater confidence in foreign trademark owners of the new Chinese trademark system.
5. The new law grants greater authority and power to the courts to seek books and records of the infringer for purposes of determining compensation. A court order can be issued to the alleged infringer (once liability is determined), and if the infringer refuses to provide his books or provides misleading information, then the court may penalize the infringer by rejecting the evidence and determine the compensation

based on the claims of the right holder. This change in the law should engender greater incentive to be open and forthright with respect to the production of books and records, as well as reduce court backups and litigation costs.

The amendments to the Trademark Law is generally viewed as positive and a right step towards bringing China's antiquated trademark system into international standards. While still far from perfect, the new law enhances and clarifies many provisions and how the new provisions will be applied in practice remains to be seen. With over 8.17 million registered trademarks (and counting), China is home to the world's largest number of registrations and with this, carries a daunting responsibility to administrate this massive registration system in a fairer and more efficient manner. Resources devoted to upgrading the law is a welcome first move, but more needs to be done on the implementation and enforcement level to increase trademark owner's confidence in the Chinese system. Only when enforcement is accompanied hand in hand by upgrades to the law will China truly be a place where businesses can be assured of first class trademark protection.

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