

Oppositions of Proposed Use Marks

A recent decision of the United States Court of Appeals for the Federal Circuit raises some interesting issues about trademark applications based on the lack of a bona fide intent to use the mark. As discussed below, oppositions based on the Canadian equivalent of this ground may become much more common in Canada in the future.

The Facts

In the U.S. it is possible to oppose a trademark application on the basis that the applicant lacked a bona fide intent to use the mark.

The appellant is in the business of manufacturing, importing and selling watches, clocks and personal care products. It filed a trademark application for the trademark “iWatch” based on an intention to use its mark in association with a lengthy list of goods, each of which belonged to one of three general categories: watches, clocks and goods related to watches and/or clocks. The application included a declaration that the appellant had a bona fide intention to use or use through a related company or licensee, the trademark in commerce and in connection with the identified goods.

The respondent opposed the application on grounds, which included an allegation that the appellant lacked a bona fide intent to use the mark in commerce.

The Decision of the United States Patent and Trademark Office Appeal Board (the “Board”)

The evidence available to the Board contained some evidence which, when reviewed in isolation, may have been sufficient to establish intent on the part of the applicant. However, the circumstances as a whole, including the lack of documentary evidence and the conflicting testimony of witnesses on behalf of the appellant, showed that the

appellant lacked a bona fide intent to use the mark in commerce. As a result, the Board allowed the opposition.

The Appeal

The relevant provision of the Lanham Act, the U.S. equivalent of the Canadian Trademarks Act, provides that a person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may request a registration of a trademark. The court observed that there was no statutory definition of the term “bona fide”. However, it was clear that an applicant’s intent must be “under the circumstances showing the good faith” which strongly suggested that the applicant’s intent must be demonstrable and more than a mere subjective belief.

The court agreed with the decision of the Board. They said that the bar for showing bona fide intent was not high. However, the inconsistent testimony offered by the appellant’s employees and the general lack of documents consistent with the appellant’s case supported the Board’s conclusion that the appellant’s intention at the time of the application was merely to reserve a right in the mark and not a bona fide intent to use the mark in commerce.

The Canadian Position

The *Trademarks Act* currently provides that an applicant for registration of a trademark shall file with the Register an application containing, in the case of a proposed trademark, a statement that the applicant by itself or through a licensee or by itself and through a licensee intends to use the mark in Canada.

The material time for assessing an applicant’s compliance with this provision is the filing date of the application. There is an evidential burden on an opponent to prove the facts

to support the allegations pleaded in the statement of opposition. The specific burden for a ground based on the lack of intention to use the mark is relatively light since the facts are in the possession of the applicant. The legal onus is on the applicant to show the application does not contravene the provisions of the *Trademarks Act* as alleged by the opponent.

While the decided cases dealing with this issue are primarily at the Trademark Opposition Board level it seems reasonably well established that the requirement noted above for an applicant to state that it intends to use the applied-for trademark in Canada is not merely pro forma. The applicant must have an actual intention to use the applied for mark at the filing date of the application. A requirement is not a mere technicality.

Under the amended *Act* it is not clear whether it will continue to be necessary to include a statement similar to that set out above in an application but it is likely, there will no longer be any requirement. The *Amended Act* states that a person may file an application for a trademark they propose to use.

It will be open to an opponent to oppose an application on the basis that at the filing date of the application the applicant was not using and did not propose to use the trademark in Canada in association with the goods or services set out in the application.

Comment

Many interested parties including the writer have concerns with respect to some of the amendments to the *Act* since they appear to remove the requirement to use a trademark. The government did not consult on this issue and numerous parties including the Canadian Bar Association and the American Bar Association, have submitted that there are significant problems with these proposed amendments.

One of the consequences of the amendments is that it will be much easier for anyone to obtain a trademark registration which will require trademark owners to be involved in more expensive oppositions to protect their interests.

While the issue will have to work its way through the Trademark Opposition Board and the courts, it remains to be seen whether the requirement to propose to use a trademark in the context of the amended *Act* is less onerous than the previous requirement to intend to use the mark.

John McKeown

Goldman Sloan Nash & Haber LLP

480 University Avenue, Suite 1600

Toronto, Ontario M5G 1V2

Direct Line: (416) 597-3371

Fax: (416) 597-3370

Email: mckeown@gsnh.com

These comments are of a general nature and not intended to provide legal advice as individual situations will differ and should be discussed with a lawyer.