

May 23, 2014

BRIEF

**BILL C-31, *THE ECONOMIC ACTION PLAN ACT, 2014, PART I*
PROPOSED TRADEMARKS LEGISLATION**

To: The Standing Committee on Finance
Submitted by Sobeys Inc.

Sobeys Inc., with its affiliates (collectively, "Sobeys"), serves the food shopping needs of Canadians, with over 1,500 corporately owned and franchised retail locations in more than 800 communities across every province in Canada. Sobeys holds a large portfolio of registered trademarks, currently numbering over 400, and frequently files new trademark applications and seeks to clear proposed trademarks and slogans for use in Canada.

It is important to Sobeys, therefore, to have a strong and reliable Trademark Register and system in Canada for protecting its marks.

One of the proposed changes to the *Trade-marks Act* will eliminate the normal requirement for trademark use before registration. This causes us great concern, because it will increase our costs in clearing trademarks for use by Sobeys, and make the Canadian Trademark Register less useful as a mechanism for determining trademark availability. Currently, because registrations based on other than use having commenced in Canada are relatively rare, Canadian trademark registrations generally require the registrant to have started use for each of the goods and services in a registration. Accordingly, a Canadian trademark registration currently generally reflects what the registrant was doing at or near the time of registration.

Under the proposed new legislation, an applicant will be able to obtain a registration without having to show use. Such registrations will no longer be indicative of whether a mark is actually in use in Canada, or consequently whether the registrant has any defensible rights in its registered mark. This means that Sobeys will face significant additional costs and uncertainties in attempting to clear new marks for use in Canada as it will have to look beyond the Trademark Register and potentially conduct additional inquiries at considerable additional expense.

It is also probable that the proposed abolition of the use requirement for achieving registration will lead to the registration of marks by opportunistic applicants who do not intend to engage in actual use but rather to "occupy" a space in the hope of inducing legitimate trademark holders like Sobeys to buy their registrations. This, too, will introduce significant costs and uncertainties, including the very significant costs and delays involved in any opposition or expungement proceedings which become necessary.

We are very concerned about these proposed changes and the additional and unnecessary costs and uncertainties to which they may subject Sobeys in today's highly competitive environment. We therefore ask that the trademark provisions of Bill C-31 be removed from the Bill pending further study. We propose that a committee should be formed to

study the modernization of the *Trade-marks Act*, made up of representatives of government, business, law associations, and expert practitioners. Only with true collaboration, which regrettably has not occurred to date, can such important legislation be crafted to suit the needs of Canadian businesses such as Sobeys, both now and into the future.