lavery
Lawyers

A first concrete step in combating counterfeiting

April 1, 2013

The production and circulation of counterfeit products have been an economic and social problem for some time. Not only can such products pose a safety risk to consumers who use them, counterfeit products also lead to considerable lost income for legitimate businesses, decrease consumer confidence in the marketplace and are often used to finance organized crime. The retail value of counterfeit goods seized by the RCMP increased from $7.6 million in 2005 to $38 million in 2012[1]. Although it is generally considered imperative to set up means of eradicating this problem, Canada's current legal system does not provide the necessary tools to do so.

In a concrete attempt to tackle this problem, on March 1st the federal government tabled Bill C-56, *An Act to Amend the Copyright Act and the Trade-marks Act and to Make Consequential Amendments to Other Acts*, known under the short title the *Combating Counterfeit Products Act* (the "**Bill**"). As its name implies, the Bill proposes changes to the current legislation to strengthen the rights of copyright holders and trade-mark owners. Among other things, the Bill proposes specific measures to introduce additional civil and criminal actions as well as new border measures.

The additional powers given to border authorities no doubt constitute the most concrete measure introduced by the Bill. Customs officers would be able to seize suspicious products as they are being imported into Canada, with a view to potential action under the law. These border measures will not apply to the import or export of goods by individuals for personal use.

The Bill also allows a copyright holder or trade-mark owner to file a request for assistance with the Minister to facilitate an action involving products that are imported or exported illegally. In particular, a customs officer with reasonable grounds to suspect that products retained under his or her authority are banned from being imported or exported will have the discretion to provide copyright holders or trade-mark owners who file a request for assistance with samples of the goods and information about the goods, which could be useful in taking civil action against infringers.

Furthermore, the Bill introduces new criminal offences for trade-mark counterfeiting that are analogous to existing offences in the *Copyright Act*. The Bill also creates new criminal offences with respect to the possession and import and export of infringing copies or counterfeit trade-marked goods, packaging or labels.

The changes made by the Bill to the *Trade-marks Act* are quite technical but demonstrate the legislator's intention to evolve the law to consider changing market realities. The Bill introduces the possibility of registering so-called "non-conventional" trade- marks (sounds, odours, tastes and textures). Other changes are designed to simplify and clarify certain notions in the current legislation.

The Bill is an ambitious initiative by the federal government. It will be interesting to follow its

Copyright (c) Lavery, de Billy, S.E.N.C.R.L. - L.L.P.

progress and see what practical effects it will eventually have.

---

[1] Industry Canada – Backgrounder – “Combating Counterfeit Products Coming into Canada”, March 1, 2013, http://www.ic.gc.ca/eic/site/064.nsf/eng/07280.html.

Copyright (c) Lavery, de Billy, S.E.N.C.R.L. - L.L.P.