

Canada: planning for the new trademark law

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More than four years since major amendments to the Canadian Trademarks Act were passed, the government has signaled that implementation is finally expected in the spring of 2019. These changes are the most significant changes since the 1950's.

The following changes are of primary interest:

- 1. Elimination of use as a requirement for registration.** Registration will no longer be conditional upon use. This will apply to all new applications filed after implementation, plus to any application that is pending when the amendments are implemented. This will facilitate registration for trademark owners and squatters alike. The *Trademarks Act* continues to make "prior use" a ground of both opposition and expungement, so it will still be important to clear new marks by checking not only the Register, but unregistered or common law sources. The grace period for putting the mark to use will be three years from registration.
- 2. Nice classification of goods and services.** At present, classification is requested on a voluntary basis during examination. Upon implementation of the new law, classification in accordance with the Nice Classification will be required for new trademark applications, pending applications that have not yet been advertised, and upon renewal. Fees-per-class will be charged on filing and renewal. Trademark owners should consider several steps to save time and money relating to classification. First, renewals processed

before the implementation date (even if not due for years) will avoid classification fees, which can be considerable for owners of multi-class registrations. Second, particularly for applications that have been pending for some time, ensure that classification details are included to avoid examination delays, and third, consider classifying portfolios now to avoid administrative delays and costs associated with handling classification on a case-by-case basis.

3. **Registration fees will be eliminated.** Currently, Canadian applicants pay both filing and registration fees. After implementation, new applicants will pay only filing fees, but any application that is pending at the implementation date will still require a registration fee.
4. **Madrid Protocol.** Canada will adhere to the Madrid Protocol, allowing international applicants to designate Canada when filing for extensions of rights through the International Bureau, and permitting Canadian applicants to have access to expedited international trademark protection.
5. **Non-traditional trademarks.** A broader list of non-traditional trademarks including colour, taste and texture will be registrable. However, examiners will have more latitude to require evidence of distinctiveness in Canada.
6. **Oppositions and Non-use Proceedings.** A number of changes to the opposition and summary non-use proceedings (s. 45) will occur, such as the order of written representations, limitations on participation in hearings, and stricter rules on service of documents and timing.
7. **Corrections & Assignment Records.** There will be new procedures to correct errors on the Register, and filing assignments and mergers will become simpler with the elimination of the requirement for supporting documentary evidence and the requirement to record changes against all “associated” trademarks.
8. **Division of applications.** Applicants will be permitted to divide applications. This may provide strategies for settlement of disputes since it will allow parties to divide out non-contentious goods/services.
9. The renewal term will change from 15 years to 10.

What To Do Now

With opportunities to obtain registrations for marks that are not in use, in Canada or elsewhere, trademark owners should conduct an audit of their Canadian trademark portfolios. Defensive filings covering additional goods and services of interest may be advantageous. Applications filed now will benefit from the current low cost, single filing fee.

Consider whether to implement a Canadian watch service, given simplified procedures that may permit more, and broader, filings. The Government is considering permitting third-party notices to examiners - which may help derail confusing applications even before advertisement, saving opposition costs, so setting up watches for pending marks, as well as advertised marks, may be advisable.

Consider use of the Madrid Protocol to enhance international brand protection. Costs of obtaining and maintaining foreign trademark rights can be lowered by using the Madrid Protocol, which may avoid some local legal fees for filing, renewal and recordal of assignments and other charges. However, local laws will continue to be relevant for brand registration and enforcement, so consideration still needs to be given to clearance, risk assessment, registrability and use requirements.

Impact of New Law - Trademark Trolls

The long delay between announcement and implementation of Canada's new trademark law, has opened up the Register to abuse from trolls who have taken advantage of the current very low Canadian government fees (and no fees-per-class), and the impending ability to register without use. A number of entities have already filed hundreds of "45 class" applications with pages of goods/services, for marks including coined words, personal names and well-known brands. If these applications pass examination and are allowed, these will issue to registration and have long-lasting impact on the Canadian Register. While abusive filings are being noted in many other countries, the 45-class filings appear unique to Canada, likely due the current low cost of filing. These marks threaten to complicate selection and risk analysis of new marks, and add considerable work for the Trademarks Office, which already struggles with timely examination.

To address these concerns, the Government has announced that it will amend the *Trademarks Act* to introduce two new measures: first, it will permit oppositions and other challenges to registration based on absence of a "bona fide" intent to use a

mark. This is helpful, but remains problematic given the opposition requirement for opponents to introduce evidence in support of all opposition grounds. Since proving a “lack” of intent is difficult, it is not certain that this will ameliorate the squatting problem. Second, “use” will become a requirement of enforcement during the first three years of registration. This confirms that “use” is relevant to enforcement. Before registration, a trademark owner may sue for passing off, but must demonstrate its reputation, normally only acquired with prior use. After the third anniversary of a registration, summary non-use proceedings become available to cancel marks, limiting the risk that a registrant would sue for infringement based on a mark that was never used. This new proposal avoids the risk that registrants, particularly of marks covering all classes, could take advantage of the registration in the first 3 years to improperly threaten other parties.

Timing of the new legislation is not yet known. Hopefully, the new proposals will help combat abuse, but they will not eliminate the need for trademark owners to develop strategies to reduce the risk that others may appropriate their rights.