

Managing Intellectual Property

UPDATE TRADEMARKS IN CANADA BEFORE JUNE 17, SAY COUNSEL

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Ellie Mertens, New York

Canadian counsel advise domestic and foreign trademark owners to apply for, renew, and classify their marks ahead of reforms set to come into effect on June 17

Amendments to Canada's Trademarks Act were originally proposed in 2014, and have been more than five years in the making. The finalised changes will come into force on June 17, which include joining the Madrid Protocol, Nice Agreement, and Singapore Treaty.

The reforms alter virtually every aspect of Canada's trademark law and practice, ranging from what a registrable mark is to filing, opposition, cancellation, and renewal procedures. "Even current experts in the system need to understand and be prepared for major changes to their trademark practices," warns Cynthia Rowden, counsel at Bereskin & Parr in Toronto.

The toughest problem for practitioners right now, according to Philip Lapin, partner at Smart & Biggar/Fetherstonhaugh in Ottawa, is that "we do not yet know how the new act will be interpreted by our courts or the Opposition Board". What we do know is that fees will increase significantly, and Canada's current use requirement will disappear.

	FEES (in C\$): Before June 17 2019	FEES (in C\$): June 17 2019 and beyond
Registration	\$200	\$330 for one class, plus \$100 for each additional class
Renewal	\$350	\$400 for one class, plus \$125 for each additional class

In the extreme case of registering a mark in all 45 classes, it will cost C\$4,730 (US \$3,500) as of June 17, and a 45-class renewal will cost C\$5,900. Unsurprisingly, in response to moving from a fixed-fee system to a per-class system, many brand owners are choosing to file their applications ahead of the change.

In a parallel move to save costs, “many registrants have decided to renew their entire trademark portfolios,” according to Lapin. This is because once the amendments are enacted, renewals will be limited to six months before a mark’s expiration. Until June 17, however, registrants may renew their marks at any time.

Many brands are taking advantage of this and renewing marks of all ages, to take advantage of the lower fee. Another incentive to apply or renew now is that marks registered before June 17 will have a term of 15 years, but marks approved after the deadline will have a shorter term of 10 years.

Beyond the increase in fees, the other impactful change for brand owners that the amendments will introduce is the elimination of the use requirement to register trademarks. “When eliminating ‘use’ as a registration requirement was proposed as a concept,” Bereskin & Parr’s Rowden explains, “concern was raised by many trademark experts, academics and owners that there would be a ‘cluttering’ impact akin to what has happened in other non-use jurisdictions, including the EU. Also, there was a concern that removing ‘use’ as a registration requirement would encourage trademark squatting. In fact, both have occurred”.

Due to the impending increase in fees, elimination of the use requirement, and shortening of registration terms, brand owners are incentivised to file more broadly, and trademark trolls are enabled to take advantage of the system.

Historically, there have been very few trademark trolls in Canada because it has been impossible to obtain a registration without use. This will change in June, and “brand owners are worried,” according to Lapin, at Smart & Biggar.

Several applicants have already filed hundreds of applications for 45-class filings for the low fee of C\$250, which covers all goods and services. “Such filings clearly indicate an intent to take advantage of the trademark system,” says Rowden.

The most vulnerable brand owners are those whose marks have a reputation abroad but not in Canada, and those who have not yet protected their marks in Canada, because trademark trolls could obtain registrations in Canada and block the legitimate trademark owners. Lapin has noticed an uptick in filings from foreign brands attempting to curb this possibility.

The Canadian government responded to this issue by passing Bill C-86 in December 2018, which introduces a “bad faith” ground for opposition and cancellation. Additionally, Section 45 introduces a requirement that trademark owners prove use before enforcing their mark, at least during the first three years of the registration.

“Unfortunately,” says Lapin, “the term ‘bad faith’ is not defined, and no one knows how the term will be interpreted”. The three-year hold on relief also leaves some questions unanswered. For example,

if a registration includes 45 classes and is used only for one class, can the owner pursue an infringer of the registration in association with a different class?

In addition to these anti-troll efforts introduced through Bill C-86, the examination branch of CIPO, Canada's IP office, resolved to review 45-class registrations extremely thoroughly for inherent registrability and technical requirements. Already, Rowden says, “, many have gone into default”.

Lapin encourages brand owners with the reminder: “Canadian trademark law and practice are fundamentally based on use. While ‘use’ will no longer be required to register a mark, it will continue to be necessary to enforce and maintain rights”.

Section 45 will be used to clear unused marks on the register, and Monique Couture, partner at Gowling WLG in Ottawa, says that “CIPO may be issuing these notices of their own initiative under the new regime”. She expects that the office will “more than likely target files that have not yet been classed first,” and emphasises the importance of classifying all pending applications.

Another reason to classify now is that pre-June 17 registrations will not be subject to the next Nice Classification editions, which could increase class fees. Getting an application on file now will also allow registrants to take advantage of the Madrid Protocol and expand their protection globally as soon as Canada joins.

Rob MacDonald, Ottawa-based partner at Gowling WLG, advises owners of Canadian trademarks to “take a careful look at their portfolio over the next two months and consider renewing now all their registrations due for renewal”. Take advantage of the current cost structure and “file applications now”, he concludes.