

CANADIAN TRADEMARK LAW: PREPARE FOR CHANGE

By Mark Evans and Keltie Sim Luft

Canadian trademark law and practice are set for the most dramatic change in over 50 years. Legislation, in the form of Bill C-31, has created a mixed bag of risks and opportunities for Canadian businesses. While implementation will likely not occur before 2018, in-house counsel should be taking a number of steps now to best protect their companies.

Changes to Trademark Use Requirements

Canada has always been a use-based jurisdiction, and the determination of which party first used its mark in Canada will remain important in contentious proceedings such as trademark infringement litigation and trademark oppositions. However, under the new law, it will no longer be necessary to use a mark in Canada or elsewhere in order to obtain a Canadian trademark registration. This is the most dramatic change, and its impact should not be underestimated.

What is the Practical Effect?

As use will no longer be required to obtain a Canadian trademark registration, the registration process will generally be faster for brand owners. Unfortunately, this will also open the door to registrations being obtained by trademark trolls and squatters who have no use of a mark and whose sole intention is to extract payment from brand owners.

Also, many legitimate brand owners who do not require use of a trade-

mark, especially those based in Europe and other regions and countries, commonly file trademark applications covering a breadth of goods and services well beyond those that will ever be commercialized. With Canada abolishing use as a trademark registration requirement, the Canadian trademark register will soon be cluttered with an influx of registrations covering a wide range of unused goods and services.

Additionally, the Canadian trademark register today provides information as to whether an application was filed on the basis of use in Canada (and since when) or whether the use of the mark was in a specified foreign country. Once the changes are implemented, this information will disappear, and brand owners will struggle to determine whether they were the first to use a mark in Canada and whether contentious trademark proceedings should be launched. While the risks can be minimized in some cases through suitable use investigations, it is not difficult to contemplate many situations, particularly involving foreign owners of



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Canadian trademark registrations, where investigations will not be helpful in determining whether a mark has been used in Canada, since when, and in connection with which particular goods or services.

Act before Increased Government Fees Come into Effect

Unlike in virtually every other country, the Canadian government’s fee to register a trademark is not yet dependent upon the breadth of goods and services covered by the application. Unfortunately, this flat fee bargain will change once the new law is implemented, as Canada will be implementing the Nice Classification system. This system involves categorizing goods into 34 different classes and services into 11 different classes.

In many countries, such as the U.S., there is a separate fee for each class of goods or services covered by an applica-

tion. While the Canadian government has not yet announced the fees under the new law, it is anticipated that brand owners will face significantly greater filing costs, particularly for those applications covering a wide range of products and services.

Streamlining International Trademark Protection

Currently, Canadian businesses seeking to protect their brands outside Canada must typically file a separate application in each foreign country of interest, although a single application can be filed to cover the European Community. Once the new law is in effect, Canadian brand owners will have one more tool available to assist them in protecting their brands outside Canada: the Madrid international trademark filing system. The Madrid System will allow a Canadian brand owner to file one application, in one language, and pay

one set of fees to protect its brand in up to approximately 100 different countries/territories. Canada is presently one of the few industrialized countries that is not a member of the Madrid System.

Although the Madrid System has the ability to be a cost-effective “one-stop shopping” mechanism for international brand protection, it may not be worthwhile if foreign registration is being sought in limited jurisdictions. Furthermore, the Madrid System has its own peculiarities and limitations. For example, if the Canadian application or registration is either refused or cancelled in whole or in part within five years of registration, the international registration will also be cancelled, unless it is converted into independent filings in the member countries/territories to which it was originally extended. Thus, the Madrid System is typically unsuitable if there is concern that

the mark may be contested in Canada by third parties.

What Steps Should be Taken Now?

Review Your Company's Brands and File.

In view of the anticipated flood of trademark applications filed in Canada by both trademark pirates and foreign brand owners for marks not used in Canada, Canadian businesses should take steps to promptly file for all currently unregistered brands. Additionally, by filing now, increased government filing fees will be avoided for multi-class applications.

In-house counsel should therefore review their trademark portfolios with their marketing departments to determine what should be protected. For instance, are all product names registered? Is your corporate name registered as a trademark? The corporate logo? Sub-brands?

Should you be making defensive filings to broaden the scope of your existing registrations?

Set Up Trademark Monitoring.

Canadian in-house counsel should ensure a mechanism is already set up so the Canadian trademark register is monitored and reviewed for potentially confusing trademark applications. Trademark monitoring services will become especially important as the volume of trademark applications increases in Canada, including for unused trademarks.

Protect Your Brands Internationally.

In-house counsel should not wait until the Madrid System is in force in Canada before protecting their brands internationally. Key markets, present and anticipated, should be protected. Also, many Canadian companies have faced considerable diffi-

culties because of trademark trolls who have registered and asserted "their" trademarks against them in foreign countries where their suppliers and manufacturers are located. ■

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