

What's changing in Canadian trademark law (other than the spelling of trade-mark)?

World Law Group Webinar
Update to Canadian Trademark Law
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Amalia M. Berg
Goodmans LLP, Toronto, Canada

Goodmans^{LLP}

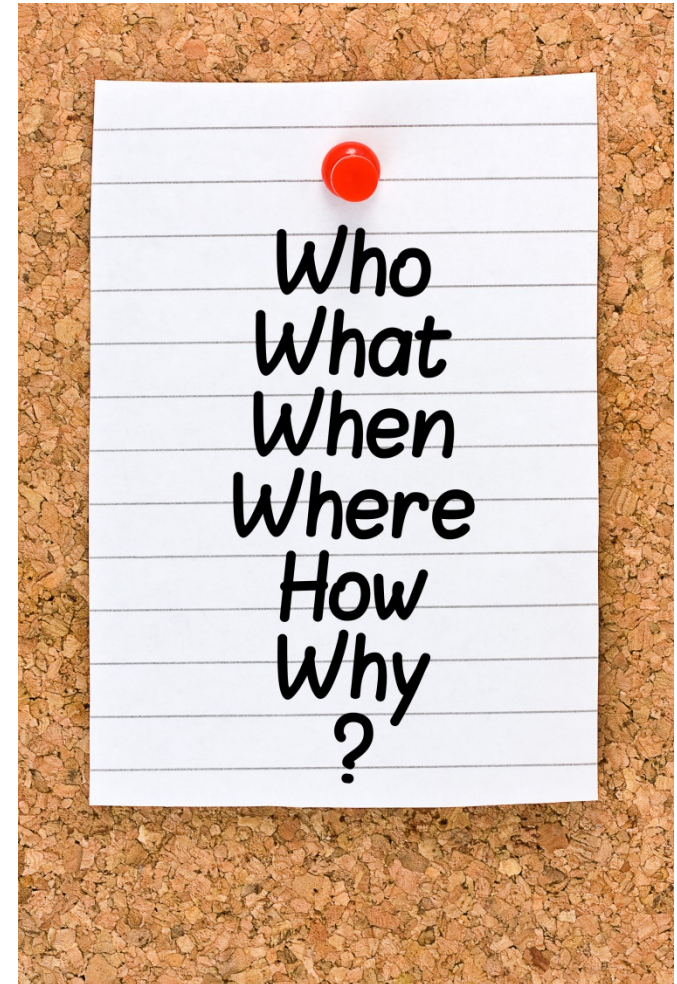


Ch-ch-ch-changes

**Turn and face
the strange**

Five Ws and How

- **WHO** will be impacted by changes?
 - **WHAT** is changing?
 - **WHERE** do we anticipate the impact?
 - **WHEN** is this all happening?
 - **WHY** the change in Canadian law?
 - **HOW** do we protect brands?
- ... not necessarily in that order



When?

- Long time coming – major amendments to the Canadian *Trademarks Act* were passed in 2014
- Formal accession to the 3 trademark treaties: March 17, 2019
- Coming into force: **June 17, 2019**

Who?

- Trademark owners and squatters
- Not only Canadians will be impacted
- Anyone seeking to register and enforce rights in Canada
- With adherence to the Madrid Protocol, international applicants who designate Canada when filing for extensions of rights through the International Bureau



Where?

- Canada
- Given number of foreign applicants and the globalization of brands, also has reach beyond our borders



Why is the law changing?

- **Adherence to international treaties and alignment with international trademark laws and standards**
 - CETA Agreement with the EU (a trade agreement, with IP provisions)
 - Madrid Protocol
 - Nice Agreement
 - Singapore Treaty

WHY



What is changing?



(A LOT!)

Significant Canadian changes

- **Bill C-8, *Combating Counterfeit Products Act*, to create a more robust anti-counterfeiting regime**
- **CETA - Canada-European Union Comprehensive Economic and Trade Agreement (a trade agreement, with IP provisions)**
- **Madrid Protocol, Nice Agreement and Singapore Treaty tabled, as the first step to Canadian accession to the treaties**
- **Bill C-31, *Budget Implementation Act 2014*, overhaul of Canadian trademark law**
- **Bill C-86, *Budget Implementation Act, 2018, No. 2*, impacts on oppositions, expungement and enforcement**

CETA

- **Before: only applied to wines and spirits**
- **Now: expands the scope and number of protected GIs to certain agricultural products and foods, i.e. meats, cheeses and vinegar**
- **In effect as of September 21, 2017**



PRACTICE TIP:

- Brand owners, especially those in the food industry, should ensure that their existing and new marketing plans do not offend GI amendments

Highlights of new legislation

- Madrid Protocol
- Elimination of filing grounds
- Elimination of DOU/use as a requirement for registration – “first to file” not “first to use”
- Nice classification
- Fee per class
- Registration fees will be eliminated
- Non-traditional trademarks
- Examination for distinctiveness
- Corrections & assignment records simplified
- Division of applications/merger of registrations
- Notification of third party rights
- Renewal term will change from 15 to 10 years
- Changes to Oppositions and Expungement Proceedings (technical, procedural and substantive)

Madrid Protocol

- Consider protocol filing strategy: international registration or national Canadian application?
- U.S. experience since 2003 – let's talk



“Use”

- **Trademark “use” underpins Canadian trademark law**
 - Intended to lay the groundwork for accession to the trademark treaties, but most fundamental change – deletion of “use” as a registration requirement – not required under the treaties
 - “use” has been a registration requirement in Canada for 150 years
 - this is going to change in June, with the removal of use as a registration requirement
 - No date of first use will be required
 - Use remains, however, a part of the Canadian system, just not a registration requirement

Addressing No Use Requirement

- **Surprise!**
- **October 30, 2018: Bill C-86**
 - 800-pages *Budget Implementation Act*
 - several changes to oppositions, expungement proceedings and enforcement which impact strategies
 - Two amendments to address “bad faith”:
 - Parties will be able to assert bad faith as a ground of invalidity and as a ground of opposition.
 - remains to be seen how “bad faith” will be interpreted by the Registrar and the courts.
 - “use” will become a requirement of enforcement during the first three years of registration
 - registered trademark owner will have to have used a trademark in Canada (or have special circumstances justifying the absence of use) to seek relief during the first three years of registration for infringement or depreciation of goodwill.

Grounds of Application

- **ALL eliminated**
- **No need to indicate if:**
 - Proposed use in Canada
 - Use in Canada
 - Use and registration/application abroad – no need to file certified copies of foreign registrations after June 17th

Nice Classification

- **Goods and services will be Nice classified**
 - Voluntary classification now in place
 - Mandatory once full changes commence
 - Per class fees
 - “ordinary commercial terms” requirement remains – so continue to expect office actions on this basis

Fees per class

- Currently single filing fee of \$250 CAD **regardless of the number of classes of goods/services**
- Once the amendments are implemented, this fee will increase to **\$330 CAD for one class and \$100** for each additional class



PRACTICE TIP:

- File now for “wish list” of goods and services to take advantage of single filing fee
- File now to avoid paying per-class filing fees

Fees per class (cont'd)

- **Registration fees will be eliminated**
- **Currently, 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 (but no need to group and class goods and services)**

Non-traditional marks

- **Very broad**
- **“sign” includes a word, a personal name, a design, a letter, a numeral, a colour, a figurative element, a three-dimensional shape, a hologram, a moving image, a mode of packaging goods, a sound, a scent, a taste, a texture and the positioning of a sign**
- **“...evidence that the Registrar may require establishing that the trademark is distinctive at the filing date...”**

Inherent Distinctiveness

- **Examination will also be based on distinctiveness**
 - **New ground of examination**
 - Examiners will be able to refuse marks which are not inherently distinctive
 - Could impact examination and registrability of marks that would currently be available for registration without evidence of distinctiveness, such as sound, colour and number marks
- **Examiners will be able to request evidence of distinctiveness in Canada**
 - What evidence will suffice to demonstrate such distinctiveness?

Section 14 Eliminated

- Used to overcome objections based on name/surname significance or descriptiveness
- Preference to non-Canadians
- Section 14 exceptions that mark is not without distinctive character in Canada will be eliminated
- Must be advertised as of the coming into force therefore will not be reviewed on time.



PRACTICE TIP:

- Time is up.

Corrections & Assignment Recordals

- **New procedures to correct errors on the Register**
- **Filing assignments and mergers will become simpler**
 - Elimination of requirement to file supporting documentary evidence if request comes from applicant or registrant (evidence will still be required if transfer originates with assignee)
- **Associated marks will be eliminated**
 - Therefore will also eliminate the requirement to record changes against all “associated” trademarks

Division of Applications

- Will be possible
- Use to address substantive objections such as descriptiveness or confusion
- Useful for oppositions
- No additional fee to divide or upon registration

Notification of Third Party Rights

- **Not Letters of Protest as earlier contemplated**
- **Much more limited, informal method for third parties to bring information to attention of Registrar**
- **3 Grounds:**
 - Confusion with registered mark
 - Non-entitlement based on earlier application
 - Using registered trademark to describe goods or services
- **CIPO only wants limited information, i.e. application or registration number**
- **Does not replace opposition**
- **Notification will be placed on file**
- **No information as to any action taken as a result will be provided other than note on relevant application page**

Renewal

- **Every 10 years (not 15) and proof of use not required at renewal**
- **Increased costs to renew**
 - Now **\$350 CAD**, and no per class fee
 - Increases to **\$400 CAD for one class, plus \$125 more** for each additional class



PRACTICE TIP:

- Renew existing registrations now
- May only get 10 years, but reduced fees

Oppositions and Expungement Proceedings

- Bill C-86 tabled October 29th, 2018
- Impacts strategies in oppositions and expungement proceedings
- Addition of **bad faith** as a ground of opposition and for invalidation of a registration
- **Increased Procedural Powers for TMOB**
 - Power to award **costs**;
 - Power to issue **confidentiality orders** for evidence;
 - permitting particular orders, such as confidentiality and costs orders, to be filed with and enforced as orders of the Federal Court
 - **Case management** of proceedings.
 - **Leave to file evidence on an appeal** of a Registrar's decision to the Federal Court is required (removal of automatic right)

Costs and Confidentiality

- authorizing costs
- allowing for confidentiality orders
- welcome changes to proceedings before the Trademark Opposition Board such as oppositions, summary expungement proceedings and objections concerning the List of Geographical Indications

Official Marks

- **What is an official mark?**
- **Limitation imposed:**
 - Registrar, on request or of on own volition, may give notice that an official mark was applied for by an entity which should not have qualified or which no longer exists to remove official mark from the Register.

Why does this matter to my clients?

- Nice classification costs – Per class government fees
- Renewal costs – every 10 years
- More oppositions
- More non-use cancellation proceedings
- Trademark Register will not reflect ‘real’ “use”-based rights
- Expect searching and clearance costs to increase
- More registrations with long lists of goods/services
- More uncertainty, risk to new businesses, and trademark applicants

How do we protect our brands?

Recommendations in anticipation of coming into force

- **Audit trademark use**

- What marks are being used in Canada?
- With what goods and/or services?
- How do those marks/goods/services compare to what is registered?
 - Address the gaps with new filings

- **“use” prerequisite**

- Name marks
- Number marks

- **Audit current portfolio of marks**

- What applications are allowed?
- Can you extend deadlines to file DOU past implementation?
- If cannot extend, consider re-filing

Possible “Defensive” applications?

- **Since “use” as a registration requirement will be eliminated, applications filed (regardless of filing grounds) are potentially registrable without use, anywhere**
 - Available filing grounds (at present)
 - Foreign use and application/registration
 - Proposed use
 - Use in Canada
- **Given coming ease of registration, for marks already in use, file now to impede poaching**
- **Renew registrations to take advantage of lower fee and no need to classify according to Nice**

Monitor the Register/Trolling

- **One of the anticipated problems of the new non-use regime has already arrived**
- **Increase in trademark trolls and “all class” applications**
 - removal of the current requirement to claim or declare use of a mark prior to registration and
 - no fee per class has lead to more “trolling” applications
- **Brandster Branding has filed 430 applications covering all 45 classes since July, 2017, including for given names and generic words, e.g. FASHION TV, EAGLE, PAN AM, EUTM (about 20 abandoned)**
- **Review watch services for key trademarks – the presence and activity of trademark “trolls” is already on the rise and very likely to increase**

“Use” remains a part of the Canadian regime

- **Record keeping to address non-use cancellation proceedings, which are expected to increase**
- **Evidence must “show” use in normal course of trade in the three year preceding the non-use cancellation proceedings**
- **Amendment to make use an enforcement requirement (Canada’s recently announced IP Strategy)**
 - **Within the first three years**

“Use” remains a part of the confusion analysis

- **Enforcement**

- Courts might require “use” as an enforcement precondition
 - Constitutionality
 - Proposed amendment
- Retain “use” records
- Develop “use” records retention protocols

**Then you better start swimmin'
Or you'll sink like a stone
For the times they are
a-changin'.**

- Bob Dylan

Summary of recommendations

1. **Audit now**
2. **File now, and take advantage of the current favourable fee structure**
3. **File now, to protect common law rights**
4. **Strategize on your current application portfolio, with the approaching in force date in mind**
5. **Renew before June 17, 2019**
6. **Maintain “use” records**



Amalia M. Berg
Goodmans LLP
416.597.4296
aberg@goodmans.ca

Bay Adelaide Centre, West Tower
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7 Canada
goodmans.ca