



## **Amendments to the Canadian Trademarks Act Are Coming: What Trademark Owners Should Do**

**Intellectual Property**





Significant amendments to the Canadian Trademarks Act are expected to come into force at the end of 2015 or in early 2016, according to the Canadian Intellectual Property Office (CIPO). Detailed amendments appear in Bill C-31 entitled Economic Action Plan 2014 Act, No. 1.

Most of these amendments were adopted to allow Canada to adhere to three international treaties: the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (the Madrid Protocol), the Singapore Treaty on the Law of Trademarks and the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (the Nice Agreement). The aim of these amendments is to assist Canadian businesses in their expansion in foreign markets and to attract foreign investment to Canada by providing a cost-effective and efficient way to ensure protection of their trademarks in multiple countries in accordance with international practices.

We discuss below the changes to the Canadian Trademarks Act that will have the most significant effect on trademark owners and their branding strategy. In summary, we recommend the following:

- Trademark owners should review their trademark portfolios and identify the key trademarks of their organization.
- If they have an effective establishment in Canada, they should consider filing an early

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trademark application in Canada for any key trademarks that are not yet registered in order to be able to rely on a valid Canadian application/registration to support an international application.

- Whenever they decide to invest in a new trademark, they should file a trademark application as early as possible so as to secure prior rights in the mark before any third party decides to register a confusingly similar mark.
- Should they have any trademarks to register, they should not delay filing the applications in order to benefit from potential savings on filing fees prior to the coming into force of Bill C-31 (where additional fees may be charged when the applied for goods or services fall under more than one class of the Nice Agreement, as described below).

## **Possibility to obtain an international registration based on a Canadian application/registration**

The most exciting change for Canadian businesses is that it will be possible to obtain an international registration extending to any of the 92 member countries that are part of the Madrid Protocol.

### **What are the main advantages of an international registration?**

- The filing of one trademark application in one language (English, French or Spanish) in a single office with one set of fees;
- Protection extending to any of the designated 92 member countries;
- One registration to renew with one set of fees; and
- One application to record change in ownership and address in multiple countries.

All of the above could result in important cost savings when filing or managing international trademark portfolios. (Fees will be applicable per designated country; however, said fees will be less than if the applicant were to file in each of these countries individually.)

### **What are the main disadvantages of an international registration?**

- The international registration is completely dependent on the Canadian basic application or registration during the first five years of the Canadian basic registration. This means that the international registration could be automatically canceled if the Canadian basic application or registration is refused, withdrawn or canceled during said period, with the necessity to convert the international registration into national registrations.
- If the goods and/or services included in the Canadian basic application or registration are limited during the first five years of the Canadian basic registration, the international application or registration must also be limited.
- An international registration cannot be assigned to an entity that does not have a real and effective industrial or commercial establishment in any of the 92 member countries.

### **What should trademark owners do to prepare for these changes?**

- Review their trademark portfolios and identify the key trademarks to their organization.
- If they have an effective establishment in Canada, they should consider filing a trademark application in Canada at an early date for any key trademarks that are not yet registered in order to be able to rely on a valid Canadian application/registration to support an international

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application.

It will no longer be necessary to state a basis for registration, nor will it be necessary to file a declaration of use for a mark to be registered in Canada.

## **What does this mean for trademark owners?**

- It will become more difficult to ascertain whether a person has any prior rights to a mark because the application will no longer provide any information as to the use of the mark in Canada. To determine if a third party's trademark is in use, it will be necessary to conduct use investigations.
- This will create more uncertainty for trademark owners when adopting a new mark or when considering to oppose an application filed by a third party or to enforce trademark rights against a third party.
- It will become easier for any persons to register marks in Canada as they will no longer need to use their marks prior to obtaining the registration; such registrations may block trademark owners from registering their own marks.
- The registrations obtained by a third party will become vulnerable to cancellation for nonuse only three years after registration, with the result that trademark owners will not know before the expiration of this three-year period whether these registered marks will constitute serious obstacles to the use of their own marks.

## **What should trademark owners do to prepare for these changes?**

- Whenever trademark owners decide to invest in a new trademark, it will become even more important to file a trademark application as early as possible to secure prior rights in the mark before any third party decides to register an identical or confusing mark.
- It will be important for trademark owners to monitor the trademarks register for purposes of opposing third-party conflicting trademark applications.

## **Use of Nice classification**

All wares and services will have to be listed according to the Nice classification system, which comprises 34 classes of goods and 11 classes of services. The introduction of this classification is likely to increase the filing and renewal fees for multiclass applications or registrations. CIPO will probably start to charge additional fees depending on the number of classes included in the application, as is done in other countries.

## **What should trademark owners do to prepare?**

- Should they have any trademarks to register, we would recommend not to delay filing applications in order to benefit from potential savings on filing fees prior to the coming into force of Bill C-31 (given that fees may later be charged on a per-class basis). While CIPO has not yet given any indication as to whether the imposition of any additional filing fees will apply to pending applications, we would think that additional filing fees would not be charged retroactively in respect of applications that would have been advertised for opposition purposes at the time of the coming into force of Bill C-31.

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## **Renewal of registrations**

With the new amendments, a registration will be valid for 10 years instead of 15 and can be renewed for additional 10-year periods.

According to CIPO, there is no advantage to proceeding with renewal of your registrations well in advance of their expiration dates. CIPO has indicated that the applicable renewal term of 15 years will apply only to registrations whose renewal date falls prior to the coming into force of Bill C-31. Even if a registration is renewed well in advance of its expiration term, the renewal term will be reduced to 10 years if the renewal date falls after the coming into force of Bill C-31.

## **Some other changes**

### **Divisional applications**

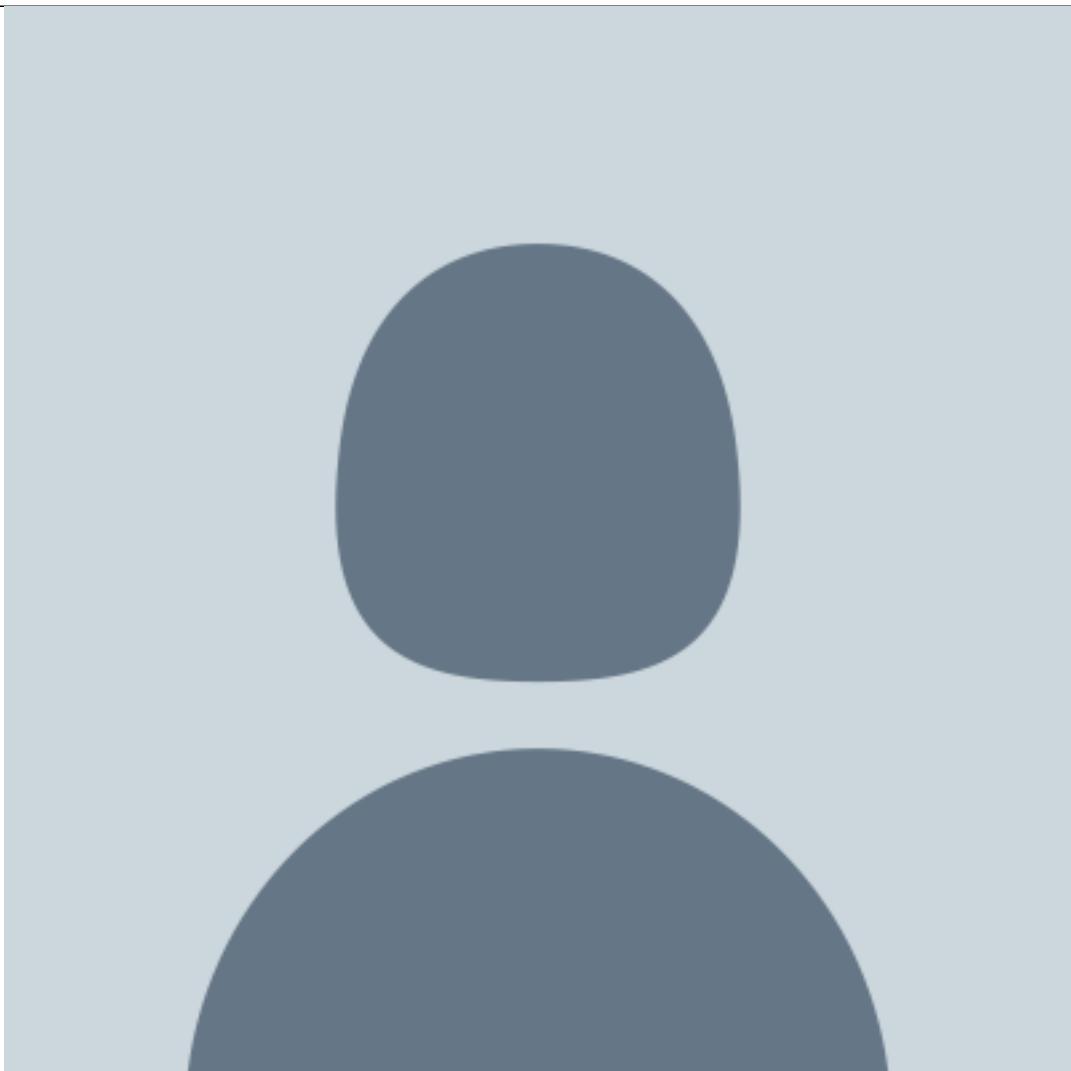
The amendments will allow for the possibility of dividing applications. This can be useful in cases where objections have been raised regarding certain goods and/or services but not others. In the result, the registration process will not be delayed for the goods and/or services against which no objections have been raised.

### **Distinctiveness now subject to examination**

CIPO examiners will be able to refuse registration of a trademark on the basis that it is not distinctive. Furthermore, examiners will be able to request evidence of distinctiveness in cases where the applied-for marks are not inherently distinctive. This will apply to all types of trademarks including "traditional marks" (i.e., word marks and two-dimensional design marks).

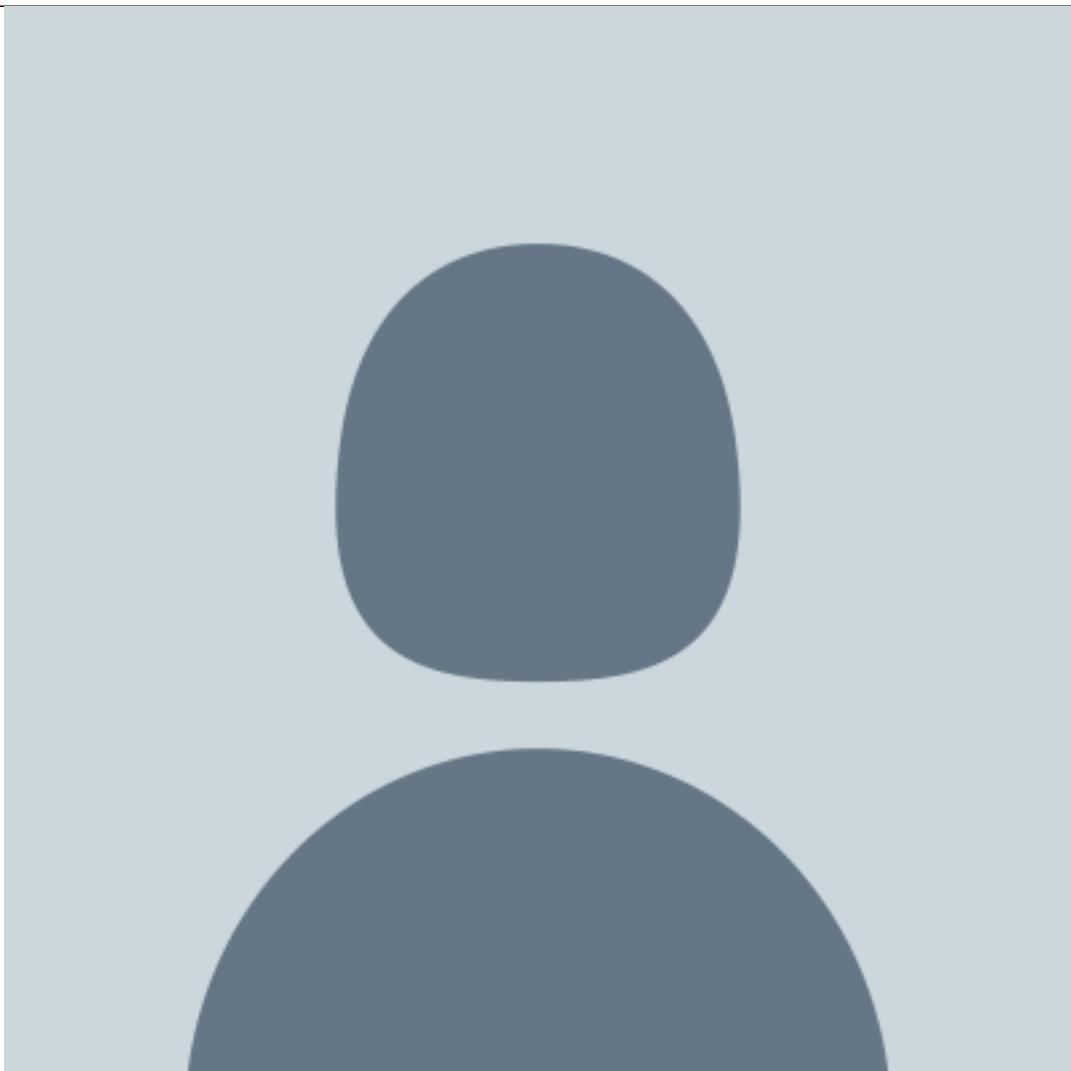
The amendments will also permit registration of nontraditional marks, such as scent, taste, texture, sound, hologram and moving image. With respect to these marks, CIPO will require that distinctiveness be demonstrated at the time of filing of the application.

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