

Amendments to the Canadian *Trademarks Act* – 20 Points You Need to Know (The Bill is Just too Big for a Top 10 List!)

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On June 19th, Bill C-31, Canada's *Economic Action Plan 2014 Act, No. 1*, received Royal Assent. The Bill contains major amendments to the current trademark system, one of the most important of which is to eliminate use as a registration requirement. This will impact searching, clearing, risk analysis and enforcement of trademarks in Canada. The Madrid Protocol will be implemented, and the Nice Classification of goods and services will be adopted.

Regulations are required, and the government must also consult on new fees, and set up procedures and costs for Madrid Protocol applications. **Full implementation of the Bill could take until mid-2015, or longer. For now, the current registration regime will remain in force.**

Here are amendments to the *Trademarks Act* that will likely have the most impact to trademark owners in Canada:

- Applicants will no longer be required to identify filing grounds.** Any applicant with use or who proposes to use a mark, and is entitled to use in Canada will be able to file. It appears that applicants will not need to indicate, on filing, if the mark has been used, or provide a date of first use.
- Use will no longer be required before registration. Unless opposed, registrations will be granted upon the expiry of the opposition period.** No declarations of use will be required, and no registration fee will be payable.
NOTE: As we have noted in earlier communications, these two amendments fundamentally change the current system of registration. Strategically, many applicants will consider goods and services beyond their current use, but applicants should be prepared to prove their "proposal" to use the mark. Prospective applicants and businesses will likely have to do more marketplace and other investigations to evaluate the impact of pending applications and registrations, since use information will not be on the Register.
- The Nice Classification system will be implemented.** Applicants will be required to submit applications that identify the goods and services in ordinary commercial terms and by class (with the class number). This will also apply to any application that has been filed, but not yet registered, by the date the Act is proclaimed into force. The Registrar may also request registrants to supply class details, failing which the registration may be expunged. This latter provision will be used to bring all existing registrations in line with the classification system. At this time, there is no indication of the timing of changes to existing registrations. Any issues regarding classification will ultimately be determined by the Registrar.
- Filing fees, per class, will likely be implemented,** but the fees have not yet been determined. Companies may wish to consider filing in Canada now, while filing fees remain modest, since there is no guarantee that the new fee system will offer cost savings.
- Regulations will be enacted to permit Canada to implement the Madrid Protocol.**
- The Trademarks Office will be able to refuse applications for lack of distinctiveness.** It is not yet certain how distinctiveness will be assessed, or what evidence will be necessary to show distinctiveness. In addition, it is not clear that marks that may now be approved without evidence of distinctiveness, e.g., letters, numbers or graphic symbols, will continue to be accepted upon implementation of the amendments. To avoid objections based on distinctiveness for marks that might now meet the current registrability requirements, and considerable cost of preparing suitable evidence to demonstrate distinctiveness, consideration might be given to filing non-traditional marks now.
- Convention priority claims will no longer be restricted to applications filed in the applicant's home country.** Any original application can be relied upon, as long as the applicant resides in country of the Union of Paris, 1883. Convention priority claims must still be made within six months of the original filing, but a seven-day grace provision is available upon request.

8. **Applicants will be permitted to “divide” applications**, permitting registration for some goods or services, while leaving others pending. This could be helpful during examination and, as well, could assist during an opposition proceeding if the application was opposed only for some goods or services, thereby allowing an applicant to obtain a registration for the others.

9. **Opposition grounds are amended to add lack of use and no proposed use in Canada, as well as no entitlement to use.** Since applicants will no longer have to identify a specific filing basis, or indicate a date of first use, if any, decisions to oppose or not, will require investigations to confirm relevant priority between an applicant and a prospective opponent. In addition, it will likely take some time to determine how the new opposition grounds will be applied, so that an effective evaluation of what a valid proposed use claim means or why an applicant is not entitled to use a mark, can be made. The latter may refer to situations where use would be unlawful, possibly due to other federal laws.

10. **Applicants will be able to file a simplified counterstatement**, stating merely that the applicant intends to respond to the opposition. This will avoid situations that have occurred in the past where applicants have inadvertently not pleaded against all grounds of opposition, and thus were deemed not to contest certain grounds. What the simplified counterstatement leaves unaddressed, is whether the applicant is relying in the opposition proceeding on use for its mark, and if so, on what date of first use it relies. Other changes are also being made to opposition proceedings that may speed up proceedings.

11. **Transition provisions provide that applications allowed at the implementation date can issue to registration for all filed goods and services upon payment of a registration fee. No declaration of use for those applications will be required.** Currently, there are more than 40,000 applications at the “allowed” stage, pending the filing of a declaration of use. Registration of these marks for all filed goods and services is expected to have a major impact on future availability of similar marks.

12. **Renewal terms will change from 15 years to 10 years.** NOTE: Registrations can be renewed up to a year before the renewal deadline. If possible, registrants should try to renew now, before implementation of the changes, to take advantage of the longer renewal term.

13. **The Registrar will be given increased power to correct errors in names and addresses, and to correct its own mistakes**, including the withdrawal of advertisement and the correction of errors in registrations, but only subject to being advised of such mistakes within six months. In addition, if a registration issues despite a request for an extension of time to oppose, the Registrar will be able to remove the registration.

14. **The Registrar itself may issue notices requesting evidence of use against registrations that are more than 3 years old (section 45 non-use proceedings).** Currently, the Registrar can issue such notices upon request even earlier than 3 years from registration, but does so rarely. There is no indication in the Bill of the situations in which the Registrar might issue its own notices, although in consultations since the introduction of the Bill, government representatives have indicated that they might do so if they suspect “abuse” by a registrant, for example, if registrations issue for excessively long lists of goods and services with little likelihood of actual use. Of course, any recipient of a notice requesting use can simply refile under the new provisions of the Bill, and unless otherwise opposed, will obtain a registration since use is no longer a prerequisite for registration.

15. **Recordal of assignments will no longer require evidence**, such as a copy of the assignment, unless the request is made by the assignee.

16. **Acts constituting infringement will be changed to include importing and exporting of goods, labels and packages associated with a confusing trademark or trade name.** These provisions are not intended to apply to parallel imports. NOTE: Bill C-8, the *Combating Counterfeit Products Act*, has not yet been passed by Parliament, but will likely be passed in the Fall of 2014.

17. **Registration will not prevent use of any utilitarian feature embodied in the trademark.**

18. **The Registrar will be able to destroy file records for abandoned applications and expunged registrations six years from abandonment or expungement.** NOTE: This provision was widely criticized by many as impacting available evidence in future oppositions or litigation. Canada does not provide online access to Trademarks Office correspondence but files have always been available for inspection. There is no current indication of when online records will be available, but the government has indicated that the amendments will apply even if online records do not become available.

Registrations may be cancelled if a Court decides that the registration is likely to unreasonably limit the development of any art or industry. Currently, expungement is limited to grounds related to unregistrability, non-entitlement, abandonment or lack of distinctiveness.

There will be public consultation on regulations and fees. Possibly, this will start this summer. It is not yet known if fees will be set by class or if some volume discount will be permitted, such as that used currently for Community trademark applications.

20. There has been no consultation on whether single class or multiclass applications will be allowed. Until regulations are implemented, the Bill will not be proclaimed into force. Possibly, some aspects of the Bill, such as implementation of the Madrid Protocol, will be earlier than other changes.

We will keep you informed of the status of the Bill, including when draft regulations are available for comment and any fee information. If you have any questions regarding the Bill, please do not hesitate to contact us.