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Issue 3 2018

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Neil Melliship



Jeffrey Vicq

Delays nourish desires: Canada's *Trade-marks Act*

Neil Melliship and Jeffrey Vicq from Clark Wilson LLP explain the long-anticipated changes to the *Trade-marks Act* and identify strategies that owners and practitioners should consider adopting now, to ensure readiness.

In June 2014, the Canadian Federal Government approved significant amendments to Canada's *Trade-marks Act* (the "Act"). Informally, the Canadian Intellectual Property Office ("CIPO") had initially indicated some of those amendments could become effective as early as the end of 2014; yet, nearly four years later, the changes remain pending. However, it appears the wait is almost over: in February 2018, CIPO published proposed regulations, which set the effective date for the amendments as February 1, 2019 (the "Implementation Date").

With seemingly less than one year left before implementation, this article will outline the key changes to the Canadian trade-mark regime following implementation; discuss how the changes will impact pending applications and issued registrations; and identify strategies that trade-mark owners and practitioners should consider adopting now, to be ready.

Most significant changes

The pending amendments will change Canadian trade-mark law significantly. Notably, these include:

- **Elimination of Filing Bases and Use Requirements.** Under the current Act, applications must be filed based on one or more of: proposed use in Canada; prior use in Canada; foreign use and application/registration abroad; and/or making known in Canada. After the amendments come into force, applicants will no longer be required to claim a specific filing basis. Instead, for the purposes of filing, applicants will simply be deemed to have used, or to have an intent to use, their marks in Canada. Moreover, use of the mark in Canada (or elsewhere) will no longer be a pre-requisite to registration, though use will continue to be central to the determination and enforcement of trade-mark rights in Canada.
- **Priority Claims.** Under the amended Act, applicants will be able to legitimately claim priority even if their first filed application was not filed in a "country of origin" of the applicant. (Though such claims have been common in Canada for many years, they were not valid under local laws, despite Canada's Paris Convention obligations.) This change will bring Canada in line with most, if not all, other Paris Convention countries.
- **Madrid Protocol.** Canada will finally accede to the Madrid Protocol, enabling Canadian persons and companies to file applications for their trade-marks in other Madrid Protocol member countries through a single application process. Similarly, foreign persons and companies in other Madrid Protocol member countries will be able to file applications in Canada using the same process.
- **Nice Classification.** Canadian trade-mark owners will be required to categorize the goods and services covered by their trade-mark applications and registrations according to the Nice International Classification System ("Nice"). Interestingly, the use of Nice classifications will have no legal effect in terms of a confusion analysis – though Nice will impact filing costs, as discussed below.

Résumés

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Neil's practice is focused on legal issues arising out of the development, licensing, implementation and use of intellectual property – trademarks in particular. Neil has repeatedly been named to the World Trademark Review 1000, an annual listing of the World's Leading Trademark Practitioners. He has also been repeatedly recognized in the peer ranked Best Lawyers in Canada in Intellectual Property, Information Technology and Technology Law.

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Jeffrey has extensive experience in trademark portfolio strategy and management, and with the exploitation and transfer of all types of intellectual property. His clients routinely recommend him to others for the quality of his client service, and for his efficient, practical advice. He has been repeatedly recognized as one of the Best Lawyers in Canada in Technology Law and Information Technology Law, and repeatedly named to the World Trademark Review 1000.

- *New Fee Structure.* In conjunction with adopting Nice, CIPO will begin charging fees based on the number of classes of goods and services claimed per application. Applicants will be charged CAD \$330 for the first class and an additional CAD \$100 for each further class. However, there will no longer be a requirement to pay a final CAD \$200 registration fee. Similarly, fees associated with filing Declarations of Use and/or copies of foreign Registrations will no longer be payable, since such filings are being eliminated.
- *New “Distinctiveness” Requirement.* Under the current Act, Examiners can refuse registration on a number of specific grounds, including that a mark is “clearly descriptive” or “deceptively misdescriptive”, or that it has primary name/surname significance. Under the amended Act these grounds will remain, but Examiners will also be entitled to refuse registration of any mark that is believed not to be “inherently distinctive”, unless sufficient evidence of distinctiveness in Canada at the time of filing is provided.
- *Registration and Renewal Terms.* The term of registration will be decreased from 15 years to 10 years. At the same time, renewal fees will increase from CAD \$350 for the entire registration to CAD \$400 for the first class with an additional CAD \$100 for each class thereafter.
- *Ability to Divide Applications.* The amended Act will allow for the division of applications into separate filings, allowing applicants to obtain registration for unchallenged claims even if other portions face more substantive objections.
- *Non-Traditional Marks.* The amendments will permit more non-traditional trade-marks, including motion marks, colours, sounds, scents, etc. to be registered.
- *Letters of Protest.* Currently, CIPO officially refuses to review third party correspondence relating to an application. After the Implementation Date, CIPO will accept third party letters intended to draw attention to grounds for which an application may be refused *at examination*. By definition, this excludes claims to prior use, to trade name confusion, or the like. However, such grounds, together with examination grounds, can still be argued in an opposition if the subject application is advertised.

Effect on pending applications and registrations

The amendments also include transitional provisions to bring existing applications and registrations under the new regime. Though different rules will apply depending on the status of those filings, the most significant distinction is between applications which have not yet been advertised for opposition on the Implementation Date, and those that have.

• Post-Advertisement: Registrations issued prior to the Implementation Date

Registrations issued before the Implementation Date will have the benefit of a full 15-year registration term, but thereafter can only be renewed for 10 years. Registrations having an expiry date falling before the Implementation Date will be entitled to a 15 year renewal so long as they are renewed prior to the Implementation Date; registrations having an expiry date falling after the Implementation Date will only be entitled to a 10-year renewal term – even if renewal is sought before the Implementation Date.

• Post-Advertisement: Applications “allowed” prior to the Implementation Date

Under the current system, once an application is advertised and is unopposed, or is opposed unsuccessfully, a Notice of Allowance is issued requesting the payment of a registration fee before a registration will issue. Additionally, if the application was filed on the basis of proposed use in Canada, a Declaration of Use must also be filed.

Under the amendments, allowed applications pending at the Implementation Date can be registered simply through the payment of the registration fee; no Declaration of Use will be required.

The amended Act also gives CIPO the ability to force current applicants and registrants to organize the goods and services claims associated with their marks into the applicable Nice classes of goods and services. However, compliance with the Nice classification system is not a pre-condition for registration or renewal for post-advertisement applications and registrations. CIPO has indicated that it will allow further time for classifying the goods and services following registration, within each registered mark’s prescribed renewal period. The fee for



each additional class covered by a registration will be due two months after the Registrar sends the owner confirmation that the goods or services are properly grouped.

• **Post-Advertisement: Applications “advertised” but not “allowed” prior to the Implementation Date**

In the current Canadian trade-mark system, a CIPO Examiner may approve an application for “advertisement” (being publication in the official *Trade-marks Journal*), if no objections are raised or if the applicant overcomes any objections. Following publication, a two-month public opposition period commences – and as noted above, if successful oppositions are not established, a Notice of Allowance will issue. However, this is not immediate: it is not uncommon for a couple of months to pass between the end of the opposition period and CIPO’s issuance of a Notice of Allowance. Through this whole period, the application is given a status of “advertised” – and advertised applications, whether the advertisement period is still pending or has already expired, are treated the same way under the transitional provisions.

Broadly speaking, this category of applications will be treated almost the same as “allowed” applications, discussed above. CIPO may require applicants to comply with the new Nice requirements contained in the amended Act, but the new rules otherwise allow for classification under Nice to be finalized after registration, during the prescribed renewal period.

That aside, most of the significant changes contained in the amended Act will not apply to applications advertised prior to the Implementation Date. Notable amongst these is the power given to Examiners under the amended Act to question a mark’s ‘inherent distinctiveness’ in Canada, as discussed above.

• **Pre-Advertisement: Applications that have been “approved” but not actually advertised as of the Implementation Date**

Even if an application is “approved” for advertisement prior to the Implementation Date, if that advertisement hasn’t occurred before the Implementation Date, the application will be subject to all of the provisions of the amended Act, just like a new application filed after the Implementation Date.

Presumably, the applicant will be required to submit an amended application in the form required by the amended Act – for example, removing all references to the bases for registration (prior use, proposed use, etc.) that are so important in the current regime. Further, applicants will be required to group the claimed goods and services into the applicable Nice classes. Applicants will also be permitted to divide their applications. Additionally, any prior notice by CIPO of its intent to “associate” applications and registrations of the owner (which requires their common ownership) will no longer have any effect.

Still, on the whole, owners of these applications should expect increased application costs, as well as administrative delays in the prosecution process.

• **Pre-Advertisement: Applications that have been “formalized” or “examined” as of the Implementation Date, but not yet approved for advertisement**

Like the prior category of applications, these applications will also be subject to the bulk of the provisions contained in the amended Act. Again, applicants will likely be required to submit amended applications in the form required by the amended Act; restatement of goods and services into applicable Nice classes will be required; and Examiners will be entitled to request proof of distinctiveness for non-conventional trade-marks and for any mark that the Examiner believes is not inherently distinctive.

Though the amended Act broadens the scope of what may be registered as a trade-mark, owners of pending applications will not be able to amend their applications to reflect a form of mark under the new legislation if doing so would result in a substantial change to the trade-mark itself; instead, such applicants would need to file new applications.

Strategies to consider

In light of these impending changes, trade-mark owners and practitioners should consider:

- filing applications now, to fill in any “gaps” and take advantage of portfolio expansion opportunities the amended Act will bring. Being first-to-file will be even more important after the Implementation Date for a number of reasons – including to gain priority over trade-mark “trolls” (already filing at a somewhat alarming rate) who will take advantage of the elimination of the requirement to use a mark prior to Canadian registration.
- filing applications now, to register non-traditional marks. It may still be possible to have certain non-traditional marks advertised prior to the Implementation Date, allowing owners to avoid the new Examiner investigations into distinctiveness that will become more common. Similarly, consider filing applications now for marks in any forms for which registration is prohibited under the current regime that will be permissible under the amended Act; such applications will become retrospectively permissible provided the application remains pending as of the Implementation Date, and will be further ahead in the queue of filings than those made by owners who wait for the amended Act to come into force.
- filing applications now, to avoid anticipated higher fees following the implementation of the Nice classification system, provided the application is advertised prior to the Implementation Date.
- strategically requesting ongoing extensions of time to delay Declaration of Use and registration fee obligations for applications based on proposed use, particularly in cases where an applicant’s use of the mark in Canada is still some ways off; instead, request extensions through the Implementation Date, at which time the requirement for a Declaration of Use will disappear. Clear determination of when use of a mark has occurred in Canada is often difficult to discern due to conflicting Canadian case law (particularly in the context of services provided online or from a distance), and the consequences of making the wrong determination under the current Act can be harsh. Waiting until the amended Act comes into force, and thereby avoiding the need to file a Declaration, will allow these applicants to obtain registration without these risks.
- amending watch services to provide notice of new applications when filed (as opposed to when advertised) to position clients to take advantage of the new letter of protest system, potentially avoiding the need to spend money on oppositions.
- filing for early renewal of existing registrations, particularly for multi-class registrations, to avoid the fee-per-class charges under the amended Act. Early renewal won’t impact the term: if a renewal is processed in advance, the term will shorten to 10 years if it was originally due for renewal after the Implementation Date; however, the cost benefits for owners of multi-class registrations can be significant. For example, for a registration encompassing five Nice classes, government fees for online renewal today are CAD \$350 versus CAD \$900 under the new system. Owners can request a maximum of one renewal in addition to the current term.

While Canadian trade-mark practitioners and owners have expressed varying degrees of support for these changes over the last few years, our recent conversations with clients and competitors have made it clear that most have become anxious to start working under the new system; writ simply, it appears ‘delay has nourished desire’. Of course, careful and thoughtful planning are the best bulwarks against that desire turning to disappointment – so practitioners and owners should take the appropriate steps now, to be ready.