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Dramatically different

What brand owners need to know to
prepare for coming changes to
Canada's trademark law



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Neil Melliship

Mission: Transition



Jeffrey Vicq

Neil Melliship and Jeffrey Vicq of Clark Wilson LLP discuss the management of trademark applications before and after the changes to Canada's *Trade-marks Act* come into force.

The recent amendments to Canada's *Trade-marks Act* present many interesting opportunities and challenges to brand owners and their counsel. This article focuses primarily on the impacts for Canadian trademark applications that are pending at the time the amended Act comes into force – that is, applications that have been filed with the Canadian Intellectual Property Office (CIPO) but that have not yet issued to registration.

As a preliminary comment, there is unfortunately still no clarity about when the amendments to the Act will come into force. When the amending legislation was passed, CIPO initially indicated that the effective date could be as early as late 2014; subsequent projections were revised to mid-to-late 2015. More recent comments from CIPO suggest that mid-2016 is a more realistic timeframe. The delay is apparently related to the magnitude of the IT changes required, particularly as connected to

implementation of the Madrid Protocol, to which Canada is becoming a party.

The amendments to the Act are set out in Bill C-31, which reached the last stage in the legislative approval process on June 19, 2014. Those amendments include a number of transitional provisions setting out the legislation's varied impacts for both registrations and applications, including for applications at different stages of the examination process, as at the date the amended Act comes into force (the Implementation Date). We'll look briefly at each of these in turn.

Registrations issued prior to the Implementation Date

Under the transition provisions, the amended Act will apply to registrations issued prior to the Implementation Date, with certain exceptions. Most notably, following the Implementation Date the term of renewal for such registrations will be 10 years, as opposed to the 15 years provided under the current regime. The registration term is not being truncated for registrations issued prior to the Implementation Date; owners will have the benefit of their full 15-year registration terms. Upon renewal, however, only a 10-year term will be available. Of course, prior to the Implementation Date the current regime applies and owners can renew their registrations for 15-year terms.

This shift has led some owners to consider 'early' renewal, well in advance of the expiration of their existing registrations, in an effort to obtain the longer 15-year term. However, CIPO has indicated that if the registration anniversary falls after the Implementation Date, any renewal of the registration will be for a period of 10 years, regardless of whether the registered owner submitted the renewal fee and obtained a Certificate of Renewal from CIPO prior to the Implementation Date. CIPO takes this position despite its current practice of issuing renewal certificates at the time fees are paid (and not waiting for the anniversary of registration), with such certificates denoting a 15-year renewal term. As part of the implementation process, CIPO officers have suggested these certificates may be revised to indicate that if the anniversary of registration falls after the Implementation Date, the registration period will be 10 years, despite other 15-year references on the certificate.

Résumés

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Neil's practice is focused on intellectual property as well as legal issues arising out of the development, licensing, implementation and use of technology. Neil is a co-founder of, and regular contributor to, the *Canadian Trademark Blog* (trademarkblog.ca). Since 2011, Neil has been recognized in the peer ranked *Best Lawyers in Canada* for Intellectual Property Law and Technology Law. Since 2014, he has been named to the *World Trademark Review 1000*, an annual listing of the World's Leading Trademark Practitioners, in the category of "Individuals: Prosecution and Strategy."

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Jeffrey has extensive experience with intellectual property matters, and particularly with trademarks, copyright, and the exploitation and transfer of all types of intellectual property. His clients have repeatedly recognized him and recommended him to others for the quality of his client service, and for his efficient, practical advice. Jeffrey is a frequent speaker and lecturer on intellectual property and technology issues, and has authored numerous articles and chapters on trademark and copyright law. Jeffrey has been recognized as one of the *Best Lawyers in Canada* in Technology Law and Information Technology Law, and is regularly called upon by the media to comment on intellectual property and information technology law issues. He is also a contributor to the *Canadian Trademark Blog* (trademarkblog.ca).



Applications that have been “allowed” prior to the Implementation Date

In the Canadian trademark system, once an application is “allowed”, it means that the application has been approved by a CIPO Examiner for advertisement in the *Trade-marks Journal*, it has been advertised in the Journal, that no one has filed a Statement of Opposition to that application (or if an Opposition has been commenced it has concluded in the applicant’s favor or been withdrawn) and that a Notice of Allowance has been issued. Allowance is the final step in the Canadian trademark prosecution process before an application is registered.

Under the transition provisions, if an application is allowed prior to the Implementation Date, then the applicant must only pay the registration fee to CIPO to obtain final registration. This is true regardless of the original filing basis – whether the application was filed claiming prior use of the mark in Canada, filed on the basis of proposed use in Canada, filed on the basis of foreign use and registration, filed on the basis of the mark being ‘made known’ in Canada, or filed relying on a combination of these filing bases. And to be clear, this means that for applications initially filed claiming proposed use in Canada, there will be no requirement to file a Declaration of Use. That requirement, which exists under the current regime, will fall away.

The government has not yet set the deadline for submission of such registration fees; however, officials have informally suggested that the deadline will likely be six months from the Implementation Date and that if the registration fee is not paid by the deadline, the application will be deemed abandoned. It is not known at this time whether the current registration fee (CAD \$200.00) will be increased.

The amended Act also gives CIPO the ability to force applicants (and the owners of registered marks) to organize the goods and services claims associated with their marks into the applicable Nice classes. (Under the current regime, Canada does not use the Nice classification system.)

CIPO has not yet announced whether it will require the owners of allowed applications to organize their claimed goods and services as a pre-condition of registration. Practically, though, that appears unlikely given the sheer volume of allowed applications: there are currently tens of thousands of the applications that are allowed but

not yet registered with CIPO, where the current legislation would require a Declaration of Use to be filed before the registration will issue. In this light, the deletion of the Declaration of Use requirement through the amendments will create an unprecedented bulge in the number of registrations to issue in Canada in a very short period of time – taxing CIPO and rendering less likely that CIPO will simultaneously add to its burden by requiring owners to organize their claims into Nice classes as a condition of registration. That said, if CIPO adopts a system whereby registration cost is tied to the number of Nice classes implicated in a particular application, it may elect to require owners of allowed applications to organize their claims accordingly, both as a revenue generation mechanism, but also as a means to partially discourage “overbroad” applications from being registered.

Applications “advertised” but not “allowed” prior to the Implementation Date

To be “advertised”, an application must be approved by a CIPO Examiner for publication in the Journal, and publication starts a 60 day opposition period. If no oppositions are filed (or if commenced, are resolved in favor of the applicant or withdrawn) the application will be allowed. 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 is impacted in a manner similar to “allowed” applications discussed above. CIPO may require applicants to comply with the new Nice requirements contained in the amended Act – and it appears more likely that CIPO may impose this obligation upon this class of applications, whether contemporaneously with allowance of the application, or as a pre-condition to registration.

Aside from that, many of the most significant changes in the amended Act will not apply to advertised applications. Notable amongst these is the power given to Examiners under the amended Act to require proof of distinctiveness in Canada for virtually any mark for



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which registration is sought – which clearly contrasts from the current regime, where CIPO Examiners can only require such evidence in limited circumstances (such as for distinguishing guises and for marks that are otherwise seen as clearly descriptive or that primarily have name or surname significance). Despite the powers provided under the new regime, Examiners will not be able to force owners of applications at this stage to provide proof of distinctiveness.

Applications that have been “approved” but not actually advertised as of the Implementation Date

Even if an application has been 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 brand 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 under the current regime. Additionally, owners will be required to group the claimed goods and services into the applicable Nice classes. Interestingly, this appears to be largely an administrative exercise: despite imposing this obligation on applicants, the final decision on the appropriate classes for the claimed goods and services lies with the Registrar, with no right of appeal. Moreover, the amended Act provides that the existence or lack of Nice class overlap is not a relevant consideration in confusion analyses. Given this, whether the applicant agrees with the Registrar’s unappealable class allocation is less important – and, as a result, it is easy to imagine a scenario where applicants will direct their counsel to lump all goods and services into one class, leaving the issue for the Registrar to resolve (as opposed to paying counsel to develop a class allocation that can be unilaterally amended and upon which little hinges, at least from the legal perspective).

More positively, owners of these applications will be permitted to divide them, which is not permitted under the current regime. 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.

Applications that have been “formalized” or “examined” as of the Implementation Date, but not yet approved for advertisement

As with applications that are approved for advertisement but not yet advertised as of the Implementation Date, applications that are “formalized” or “examined” 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; Examiners will be entitled to request proof of distinctiveness for non-conventional trademarks and for any mark where the Examiner believes the mark is not inherently distinctive.

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

Strategies for owners to consider, now

- Review core brands and consider filing applications now to fill in any “gaps”, and to take advantage of opportunities for portfolio expansion that the amended Act may bring. Being first to file will be even more important after the Implementation Date for a number of reasons, including to avoid having trademark “trolls” lodge applications ahead of legitimate owners, since under the amended Act, the use of a mark in Canada or anywhere else in the world will no longer be a prerequisite to Canadian registration.
- Consider filing applications for marks now to avoid anticipated fee increases following the implementation of the Nice classification system. Similarly, if registration can be obtained before the Implementation Date, the registration period will be 15 years, rather than the 10 years provided after the Implementation Date.
- Consider filing applications now for non-traditional marks, rather than waiting until after the Implementation Date. This includes colors or combinations of colors, three-dimensional marks, sounds, scents, tastes and textures. This will allow owners to avoid the obligation under the amended Act to provide evidence of the mark’s acquired distinctiveness in Canada as of the filing date (such requirement currently applying only to distinguishing guises and marks that are clearly descriptive/deceptively misdescriptive, or are primarily merely names/surnames). Similarly, owners may wish to file applications now for marks in forms for which registration will be permissible under the amended Act that are prohibited under the current regime. Applications to register marks in such forms will become retrospectively permissible so long as the application remains pending as of the Implementation Date, and those applications will be further ahead in the queue of filings made by owners who wait for the amended Act to take force.
- Finally, for current, pending applications based on proposed use where use of the mark in Canada is not likely to occur with all of the claimed goods and services until after the Implementation Date, consider strategically requesting ongoing extensions of time to delay filing the Declaration of Use and registration fee; instead wait until the Implementation Date at which time the requirement for a Declaration of Use will disappear. Clearly determining when use of a mark has occurred in Canada is often difficult to discern due to conflicting Canadian caselaw (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 of Use will at least allow these applicants to obtain registration – though questions remain about the validity/enforceability of registrations unsupported by use of the trademark within Canada, despite the ability to acquire such registrations under the new regime.

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