



OVERHAUL OF TRADEMARK REGIME IN CANADA

STELLA SYRIANOS^{*}
ROBIC, LLP
LAWYERS, PATENT AND TRADE-MARK AGENTS

Hyphen be gone! The statutory spelling of the hyphenated word “trade-mark” has been replaced with the compound word “trademark”, a simple but welcomed change by industry professionals. However, not all the changes resulting from Bill C-31 have been received with open arms.

Bill C-31, the Economic Action Plan, No.1: an omnibus bill

On March 28, 2014, the Federal Government of Canada introduced Bill C-31, an omnibus bill which makes changes to almost 40 pieces of legislation, including the Trademarks Act.

Bill C-31 has been passed into law as it received Royal Assent on June 19, 2014. These are the most significant amendments to the Trademarks Act in 60 years that will result in a fundamental change to the landscape of trademark law and practice in Canada.

Amongst the sweeping changes, there are several components which most significantly affect brand owners.

No filing bases and no use required for registration

Current legislation restricts registration to a mark that is used in Canada or registered and used abroad. In what has become the most contentious of changes, filing bases will disappear such that applicants will no longer have to claim a date of first use in Canada (or claim use abroad) or that the mark is based on proposed use in Canada. In addition, applicants will no longer have to file a declaration of use stating that they are using the trademark in order to register them.

While this may streamline and expedite the registration process, this fundamental shift will allow anyone to register a trademark even if they have no use or any

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ROBIC, LLP
www.robic.ca
info@robic.com

MONTREAL
1001 Square-Victoria - Bloc E - 8th Floor
Montreal, Quebec, Canada H2Z 2B7
Tel.: +1 514 987-6242 Fax: +1 514 845-7874

QUEBEC
2828 Laurier Boulevard, Tower 1, Suite 925
Quebec, Quebec, Canada G1V 0B9
Tel.: +1 418 653-1888 Fax.: +1 418 653-0006

intention to use said mark in Canada. This system will make it easier to file broadly for goods and services which may never be sold and has therefore raised some serious concerns regarding the creation of trademark “trolls”. Moreover, while registrations that are not supported by use may be subject to administrative cancellation proceedings, a requesting party must wait three years after registration prior to filing a cancellation action.

Additional concerns relate to an increase in the amount of uncertainty involved in selecting, clearing and using a trademark as it will no longer be allowed to rely on the trademarks register for information on third party rights. To balance this increase, more market place investigations will be required before any meaningful advice can be provided concerning the right to use a new trademark, the likelihood of success in a trademark opposition or an action for infringement.

However, the removal of use requirements as a prerequisite to registration will not completely eliminate the concept of trademark “use” which shall still play a role for prior rights holders, even if this may result in more oppositions and litigation at additional cost, risk and inconvenience to Canadian businesses.

Expanded trademark protection

The definition of a trademark will include “a sign or combination of signs that is used or proposed to be used by a person for the purpose of distinguishing or so as to distinguish their goods or services from those of others”. The term “sign” has been given an expansive definition allowing for the protection of a broader range of non-traditional marks such as textures, tastes, scents, holograma and moving images. This seems to be a welcomed change in line with the modernisation of the Trademarks Act.

Adoption of a classification system of goods and services

Canada does not currently adhere to the Nice Classification, a system of classifying goods and services for the purpose of registering trademarks, recognised in numerous countries which allows for a more streamlined process for applicants who file their trademarks internationally.

As such, applicants for a Canadian trademark may file applications with an extensive list of goods and services for one fixed fee irrespective of the number of classes of goods and services. With Canada’s adoption of the Nice Classification system, all new applications and the renewal of existing registrations must be classified in accordance with the Nice Classification. The alphabetical listing of Nice classes includes roughly 10,000 goods and 1000 services falling under 34 classes of goods and 11 classes of services.

The introduction of the Nice Classification will likely impact trademark filing costs should the Canadian government follow the practice of other countries and impose a filing fee and a renewal fee based on each class of goods and services in an application or registration.

Reduced term of registration

Currently, a Canadian trademark registration may be renewed in Canada every 15 years.

The amendments provide for a reduced term of 10 years, thereby resulting in increased renewal fees for trademark owners.

What's in store?

The accompanying Regulations for the new *Trademarks Act* have yet to be drafted and a period of consultation with the profession and brand owners will be provided before the new legislation comes into force, with a projected timeline of spring or summer 2015. Increased vigilance by brand owners and their legal counsel will also be required to closely monitor trademark applications in order to better protect their trademark portfolios particularly against trolls who may seek to exploit the provisions of Bill C-31. In the shorter term, given that application fees are expected to increase for multiple class filings, brand owners may wish to consider filing new trademark applications sooner rather than later in order to avoid anticipated increases in filing fees on a per class basis.



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MONTREAL
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