



2019 Will Go Down in History as “The Year of Change” in Canadian Trademark Law

January 7, 2020

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2019 was a banner year for changes to Canadian trademark law and practice. More than five years after they were first introduced, major amendments to the *Trademarks Act* and *Regulations* were finally implemented, impacting all aspects of trademark prosecution, registration, opposition and cancellation. The Canadian Intellectual Property Office revised the Examination Manual and many Practice Notices. Canada finally became a member of the Madrid Protocol, and the Canadian Intellectual Property Office (“CIPO”) has now begun processing both incoming requests for extensions of rights to Canada, as well as outgoing requests for international protection on behalf of Canadian applicants. New opposition and cancellation grounds have been added to the *Trademarks Act* to address concerns over trademark filing fraud and squatting.

In addition, regulations restricting brand use relating to tobacco, vaping and cannabis products were implemented, licensee protection in the event of bankruptcy and insolvency came into effect, and in Quebec, mandatory French language signage rules were fully phased in.

Before the Trademarks Opposition Board and the Courts, key issues on standard of review, scope of protection and damages have been determined. In addition, a wider variety of dispute resolution options are being tested in the trademark area, including mediation before the Federal Court and dispute resolution before Ad Standards Canada.

The most notable developments and cases are summarized in Bereskin & Parr’s annual roundup of trademark developments. Due to the volume of activity in the trademark area this year, we are initially publishing this article in three parts. Part I, below, provides an overview of key legislative developments impacting trademarks. Parts II and III, available shortly, will address trademark practice points and tips on the new trademark regime and enforcement, including in the Trademarks Office, before the Trademarks Opposition Board and Courts, as well as other options for brand protection, including proceedings before Ad Standards and counterfeiting surveillance by the Canada Border Services Agency.

Part 1

I. AT LAST – TRADEMARKS ACT AMENDMENTS IMPLEMENTED ON JUNE 17, 2019

Major amendments to the *Trademarks Act* were introduced in 2013, 2014 and 2018, but most were not implemented until June 17, 2019. Those laws, along with a new set of Regulations, have fundamentally changed trademark registration in Canada. A detailed review of the amendments can be found [here](#), but the most important changes include:

- Simplified filing with the elimination of filing grounds and the need to use a mark before registration.
- Implementation of the Nice Classification system.
- New fees-per-class for filing and renewal.

TIP: Fees are calculated on the basis of the number of classes of goods/services in the application on filing and at the time of renewal. Once filed or once renewed, trademark owners cannot reduce required fees by electing to remove classes.

- New examination criteria, including the right of Examiners to object to applications found to be “not inherently distinctive”. This objection is now often combined with other registrability issues such as name significance and



descriptiveness. If CIPO maintains the non-distinctiveness objection, registration will be contingent on filing evidence of acquired distinctiveness in Canada as of the Canadian application filing date.

- Ability to register a broader list of non-traditional marks, but only with evidence of acquired distinctiveness in Canada.
- Trademarks with features that are dictated by a utilitarian function are now explicitly unregistrable.
- The renewal term is now 10 years.
- Accession to the Madrid Protocol, permitting Canadian applicants access to a simplified filing procedure for international trademark filings, and allowing foreign applicants to request an extension of rights to Canada through the International Bureau of the World Intellectual Property Organization.

TIP: for applicants using the Madrid System to extend rights to Canada, remember to appoint a Canadian trademark agent – CIPO will only communicate with the applicant or an appointed agent. It is important to appoint a Canadian agent as soon after filing as possible to avoid missed communications and deadlines.

- Changes to opposition grounds. While “use” is not required for registration, an application can be opposed on the ground that, at the date of filing, the applicant had not used and/or did not propose to use the mark in Canada.
- Bad faith is now both a ground of opposition and of expungement (see [here](#) for more information).

II. AMENDMENTS TO OTHER STATUTES AND PROCEDURES IMPACTING TRADEMARKS

Tobacco: 2019 also saw implementation of new regulations regarding tobacco products, which brought into force strict plain packaging requirements. The changes under the *Tobacco Products Regulations (Plan and Standardized Appearance)* were implemented on November 9, 2019 at the manufacturer level and will be implemented at the retail level on February 7, 2020. The regulations apply to all tobacco products and include restrictions such as prohibiting brand colours, graphics and logos on packages, and requiring use of a standardized “drab brown” colour for every interior and exterior surface of a primary package.

Cannabis: Restrictions similar to those found in the *Tobacco and Vaping Products Act* and Regulations are found in the *Cannabis Act*, which came into force on October 17, 2018. The amended *Cannabis Regulations* came into force on October 17, 2019, legalizing three new classes of cannabis: edibles, extracts and topicals. The regulations require 60 days’ notice before the first sale of a new cannabis product, and the earliest launch was December 2019, with many provinces electing not to permit sales until 2020. The *Cannabis Regulations*, like the *Cannabis Act*, aim to protect young people and prohibit products that are appealing to young children. Health Canada will assess, on a case-by-case basis, all proposed products for flavour, colour, shape, smell and branding to determine if they will be appealing or enticing to children. See [here](#) for more information.

Vaping products: In late 2019, the Federal Government announced its intent to implement new restrictions on sales and advertising of vaping products, including e-cigarettes, some of which respond to emerging health concerns particularly in young people. These mirror restrictions already in effect in many provinces, limiting where vaping products may be sold, the use of flavoured vaping liquids, and also where and how vaping products may be advertised. See [here](#) for more information.

French language signage in Quebec: Amendments to the *Regulation respecting the language of commerce and business* under the *Charter of the French language* regarding outdoor signage in Quebec fully came into force on November 24, 2019, following a 3-year grace period that applied to signage in place as of November 24, 2016. The *Charter of the French language* mandates the use of French in commerce in Quebec, which normally requires that French appear, and be given equal or greater prominence than any other language appearing, on labels, packaging or signs. See [here](#) and [here](#) for more information. A long-standing exception is for “recognized trademarks”. Owners of English or other language marks are generally not required to translate those marks. However, the signage amendments essentially provide that if a non-French language trademark appears on place of business signage, a *sufficient presence of French* must be added, such as a generic term, description, slogan, or any other indicia, providing information regarding the products or services offered. The French wording must be permanently visible, and presented in a manner both similar to, and as easily seen as, the non-French mark. The following are not viewed as sufficient French language content: business hours, telephone numbers and addresses; numbers and percentages; or definite, indefinite and partitive articles (le, la, les). The rules apply to signs or posters, including stand-alone pylon signs, those attached to a building, including its roof, and signs inside a



mall. The intent is to ensure that French-language wording is visible to consumers.

Attention to use of French in Business: Businesses should be aware of French-language requirements when carrying on business in Quebec. Enforcement of language requirements in Quebec may become even more stringent under the newly-elected Coalition Avenir Quebec government. They have announced their intention to bolster French-language protection, but to date, no details have been released.

Bankruptcy Protection for IP Licensees: The *Bankruptcy and Insolvency Act* and the *Companies' Creditors Arrangement Act* were amended, effective November 1, 2019, to ensure that insolvency or restructuring of an IP owner under those statutes does not affect the right of others to continue to use the IP, including trademarks. The protection applies to use that is subject to an agreement with the IP owner, as long as the use is within the terms of that agreement. Use may continue despite events such as a court-ordered sale of IP rights under a creditor proposal, or sale by a trustee or receiver of the IP owner.

Ad Standards overhauls its Advertising Dispute Procedure: Ad Standards offers the possibility of timely, cost-efficient and confidential resolution of disputes involving advertising issues. It is a self-regulating body that administers and enforces the Canadian Code of Advertising Standards, which deals with unfair and misleading advertising, including price claims, testimonials, endorsements, and comparative advertising. Ad Standards offers both members and non-members a fee-based dispute procedure, which could potentially be invoked in respect of trademarks (e.g., if the trademark contains a misleading product/service claim or is a slogan that imitates that of another advertiser in a manner that misleads the consumer), making it an alternative to traditional trademark litigation. Following consultations, changes to the dispute procedure were implemented February 11, 2019, including: necessary initial good faith efforts by parties to reach their own resolution; inclusion of all relevant evidence in the written complaint; elimination of oral hearings – the matter will be adjudicated by a three-member panel, based on the parties' written submissions; no right of appeal; new time limits (the procedure should take no more than 37 business days); and reduced fees. While the procedure remains confidential, Case Studies (where the parties are not named) will now be available, and should help clarify the types of ads that are found to contravene the Code. See [here](#) for more information.

USMCA – NAFTA TAKE 2: After several delays, Canada, Mexico and the United States signed (again) a trade agreement in December, 2019, the Agreement between the United States of America, the United Mexican States, and Canada ("USMCA"). The trademark provisions are largely unchanged from the first version (see [here](#) for commentary), and there are few changes that Canada would need to make to be in compliance. All parties pledged to form a Committee on Intellectual Property Rights, for the exchange of information and improvement of border enforcement of IP rights. The USMCA states that all parties shall protect both collective marks and certification marks. The former are not currently defined in Canada's *Trademarks Act*, but likely fall within the ordinary definition of trademarks, given the rules on trademark ownership, or certification marks. While trade negotiations had previously suggested that statutory protection of "well-known marks" was important, the final draft confirms that the parties "recognize the importance" of WIPO recommendations on the protection of well-known marks. Canada's Government is likely to take the position that the existing laws on statutory and common law passing off and infringement protect well-known marks. A key negotiation issue had been the establishment of "statutory damages" for trademark infringement, particularly to alleviate the costs associated with proving damages for counterfeit goods. The USMCA provides that each Party shall establish either or both of "pre-established damages" or "additional damages". The current system of assessment of damages in Canada likely complies with those requirements, although many brand owners would prefer a system of statutory damages. As with the previous version of the USMCA, there is a requirement for border enforcement measures, including those permitting applications to detain or suspend the release of suspected counterfeit goods that are imported, destined for export, in transit, and admitted into a free trade zone or bonded warehouse. Canada's Request for Assistance ("RFA") provisions, permitting the Canada Border Services Agency to temporarily seize suspected counterfeit goods (especially those for which a specific RFA has been filed) conform with the USMCA, except that these provisions specifically *exclude* goods destined for another jurisdiction. Accordingly, the existing exception in the *Trademarks Act* for goods in transit will need to be removed, and we should expect to see amending legislation in 2020.

Stay tuned for more updates on trademark practice and enforcement in the next installments of Bereskin & Parr's 2019 trademark overview.



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