



Bill C-86 – Canadian Government Proposes More Changes to Trademark Rights in Canada

October 31, 2018

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On October 29th, Canada's federal government tabled an omnibus budget implementation bill that includes many provisions relating to intellectual property, including several that will impact trademark rights in Canada. Bill C-86, entitled *The Budget Implementation Act 2018, No.2*, is more than 800 pages long. It amends dozens of existing Federal laws, creates new government departments, and includes new statutes in their entirety. For example, a new Act creating a "College" for the licensing and regulation of patent and trademark agents is embedded within the Bill.

The Bill contains many provisions that address long-standing complaints about trademark practice in Canada, including the protection of official marks, and adds clarification and certainty regarding changes proposed by earlier legislation amending the *Trademarks Act*. It is the second omnibus budget bill to have a substantial impact on the *Trademarks Act* and the trademarks landscape in Canada. The first, Bill C-31, entitled *Economic Action Plan 2014 Act, No.1*, was introduced in 2014 and contains countless amendments to the *Trademarks Act*, including the removal of "use" as a registration requirement. While passed, the amendments are not yet in force, although the government has promised the implementation as soon as late spring/early summer 2019.

The length and details of the new Bill require careful study, but highlights of the proposed changes include:

1. New "bad faith" opposition and expungement grounds will be added, responding to the concern that removing "use" as a registration requirement may encourage squatters to crowd the Register.
2. Until the third anniversary of any registration, actions for infringement and depreciation of goodwill will require proof of use of the registered mark in Canada, or exceptional reasons to excuse non-use. This addresses potential abuse and, possible constitutional challenges that may arise following the amendments that eliminate use as a registration requirement. Before registration, trademark owners must rely upon common law rights in any challenge, which are normally dependent on use in Canada or elsewhere. After three years, any registration can be cancelled for non-use, thus deterring plaintiffs from relying on registrations for marks that are not in use. What remains unclear is what use will satisfy this requirement and whether use with one or more, but not all, goods or services will be sufficient.
3. The protection of official marks published by public authorities, under s. 9 of the *Trademarks Act*, will finally have some limits. The Bill provides that prohibitions against use and registration of marks that are the same as, or resemble, published official marks will not apply if the entity who requested publication of the official mark is not a public authority, or no longer exists. Also, the Registrar may itself, or on request, publish that official mark rights no longer apply. Many brand owners want to see limits on s. 9, for example through the addition of opposition and/or renewal provisions for such marks. The proposal in Bill C-86 is more limited and raises the issue of how a determination will be made on elimination of rights. Another issue is that the amendments do not address the situation of non-use or abandonment of the published mark. In addition, the proposed amendment only applies to a subset of s. 9 marks—those advertised on behalf of public authorities in Canada—it does not address s. 9 rights for other entities, including universities. Nevertheless, the changes are a welcome statutory limitation on s. 9 rights.
4. The Registrar will be permitted to make orders for costs, case management, and confidentiality of documents filed in contested proceedings relating to geographic indications, oppositions, and non-use proceedings (s. 45).



5. On appeal of any decision of the Registrar, new evidence may only be filed “with leave” of the Federal Court. Currently, new evidence may be filed without leave, and many parties elect to file no, or minimal, evidence before the Registrar, saving it for a possible appeal. In addition, the amendment makes clear that the Court will be given its own discretion to consider this new evidence on appeal.

6. Bankruptcy laws will be amended to protect licensees who are in compliance with existing agreements from the impact of sale or other disposition of assets of bankrupt or insolvent persons and companies.

Bill C-86 contains other amendments to renewal procedures, relevant dates for assessing distinctiveness, and, as noted above, an entire new Act dealing with regulation of patent and trademark agents.

The transition and coming into force provisions are complicated, since many sections of this Bill amend provisions in earlier amendments to the *Trademarks Act* that are not yet in force. Given that more than four years have passed since the last major amendments were passed, and are still not implemented, it is difficult to predict how quickly the Bill C-86 changes will become effective.

The intellectual property provisions in Bill C-86 fall under the heading of “Intellectual Property Strategy”, and are designed to improve the IP landscape for Canadians and other owners of IP in Canada. Many of the Bill’s trademark provisions address long-standing problematic issues, such as official marks of public authorities. Others are designed to limit abuse of rights issues that are already apparent from the *Trademarks Act* amendments passed in 2014, but not yet implemented. The recent USMCA negotiations suggest that even further amendments may be required, for example, to deal with seizure of counterfeit goods “in transit” through Canada, raising the possibility of additional amendments to Bill C-86 before it is final. What is certain is that there are many changes ahead for brand owners.

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