



## To Play or Not to Play (the Waiting Game)?

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*With the new Canadian trademark regime set to come into force next year, rights holders should carefully consider whether to play the waiting game or to implement a filing strategy before the present system becomes a thing of the past.*

Canadian trademark law and practice is in a state of limbo – caught between the current regime, where use of a mark is the bedrock of registration, and a new system, where use is no longer required to obtain registration. Reaction to changes to the Trademarks Act brought about by Bill C-31, the Economic Action Plan 2014 Act, No 1, has been mixed. Some practitioners view the changes as the crumbling of the foundations of Canadian trademark law, while others – particularly applicants with diverse products or services – eagerly await early 2019 (the expected coming into force date) to implement new filing and prosecution strategies.

Under the present system, trademark applications can be filed on the basis of:

- use in Canada;
- proposed use in Canada;
- use and registration abroad; or
- making known in Canada.

Under the new regime, an application may be filed if the applicant uses or proposes to use (and is entitled to use) the mark in Canada, with seemingly no requirement that the application contain any information regarding use or entitlement. As such, rights holders may be tempted to wait until 2019 to file new broad applications, but there are opportunities to be had now and filing strategies can be implemented without delay.

### **Consider filing early**

Regardless of when it is obtained, the benefits to owning a valid trademark registration include:

- being able to sue for infringement and depreciation of goodwill;
- providing a defence against third-party challenges to use of the mark;
- satisfying the Canadian presence requirements for registration of a corresponding '.ca' domain name; and
- circumventing French translation requirements under the Charter of the French Language, as registered trademarks are an exception to the general rule that all printed material used in commerce in Quebec (including packaging, labels, commercial publications, advertising and public signs) be in French.

By filing now, applicants will enjoy these rights significantly earlier than those who wait until the new regime has come into force.

### **Government fees**

In addition, applicants filing before the coming into force date – aside from beating the likely influx of applications – can file for any number of classes of goods and services for a single government filing fee of C\$250. The proposed filing fees under the new regime are C\$330 for the first class of goods or services, and C\$100 for each additional class. Therefore, applicants that file now can broadly cover all of the goods and services in which they propose to use the mark, without incurring additional class fees.



#### **Declarations of use**

Until the coming into force date, applicants must continue to file a declaration of use in relation to applications filed on the basis of proposed use in Canada and pay a registration fee. Provided that the coming into force date is not significantly pushed back, by the time that applications filed now are approved, declarations of use will or will shortly (within the permissible timeframe for obtaining filing extensions) be unnecessary and the registration will issue for all of the goods and services covered by the application. These marks must be used within three years of registration, failing which they may become vulnerable to cancellation for non-use if a third party or the Registrar raises a challenge.

#### **Distinctiveness**

At present, the Canadian Intellectual Property Office (CIPO) examines new trademark applications substantively for specific enumerated grounds of entitlement and registrability only. Under the new regime, the CIPO will also examine for distinctiveness. Where examiners are not satisfied of a mark's distinctiveness, they may request evidence of such in Canada. It is not yet clear on what criteria distinctiveness will be assessed, nor the type or extent of evidence that will be required to establish distinctiveness. It may be that marks which are routinely accepted by the CIPO (eg, letters, numbers and graphic symbols) are no longer approved without demonstrating distinctiveness. Interested applicants should consider filing these marks before the coming into force date, in order to avoid examination for distinctiveness and the uncertainty and expense that may accompany this.

#### **Prepare for Madrid filings**

As of the coming into force date, Canada will become a member of the Madrid Protocol. This will permit Canadian applicants to seek international registrations for their trademarks, as opposed to filing separate applications in each country or region of interest. It will also permit foreign applicants to designate Canada under international applications or registrations, as opposed to filing separately for trademark protection in Canada. This streamlining of protection will likely lead to more filings in Canada, particularly when coupled with the dispensation of use as a requirement for registration.

Canadian applicants wishing to file international applications will need to base their filings on domestic applications or registrations. Rights holders should therefore consider whether these are in place in order to take advantage of the Madrid Protocol as soon as it is implemented.

Foreign applicants should also review their protection in Canada to determine whether they can take any steps now to ensure that the anticipated increase in filings does not interfere with their rights in Canada.

#### **Provide Nice Classification**

Applications filed under the new regime must identify goods and services in ordinary commercial terms, as well as group them by class along with the class number.

Classification is not mandatory under the current trademark regime; however, the CIPO encourages voluntary classification. Although it is not required at present, all pending applications and existing registrations must be classified after the coming into force date. This could delay the registration process for pending applications. Therefore, applicants should include classes in applications filed now in order to avoid the expense and hassle of adding these later.

#### **Consider renewing early**

At present, the registration and renewal term is 15 years. This will become 10 years under the new regime. The CIPO has indicated that even where a registration is renewed before the coming into force date, if the renewal deadline falls after that date, a new renewal certificate will be issued clarifying that the term is 10 years, as opposed to 15 years.

Although early renewal will not result in a 15-year term, there may be a cost benefit to renewing before the coming into force date. The government fees for renewal are currently C\$350, regardless of the number of classes and goods or services. Under the new regime, these fees will be calculated on a per-class basis. The draft Regulations suggest that renewal fees will be C\$400 for the first class and C\$125 for each additional class. Unlike the proposed claw back in the length of renewal term, the CIPO seemingly has no intention of requiring additional renewal fees for marks renewed before but due for renewal after the new regime comes into force.



### **Subscribe to watch services**

The CIPO does not consider correspondence from third parties (ie, any party other than the applicant or its agent) relating to a pending application. As such, there is no way for a third party to draw the CIPO's attention to its trademark rights in order to elicit an objection based on confusion or non-entitlement. Third-party rights holders must wait until an application is advertised for opposition to assert their rights. Under the new regime, the CIPO will accept correspondence from third parties during prosecution.

With the dispensation of use as a requirement for registration, it will fall to rights holders to police the Register. Therefore, trademark owners should consider extending the focus of watch services to cover not only advertised but also pending applications. In this way, they can identify confusing marks at an early stage, voice concerns to the CIPO before the mark is advertised and potentially avoid opposition.

Since the new law was passed, there has already been a flood of suspicious trademark filings for applications covering all 45 classes of goods and services. If trademark squatters and trolls are on their way, watch services will become increasingly important.

### **Comment**

The Canadian trademark landscape is changing and whether you approach these changes with trepidation or eager anticipation, there are opportunities to be had for rights holders both now and after implementation. Trademark owners should take the time to assess their portfolios and determine how to take advantage of these opportunities to ensure that their rights are fully protected.

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