Major Changes Are Coming to Canada's *Trademarks Act*

On June 19, 2014, Bill C-31, the trademark provisions in Canada's *Economic Action Plan 2014 Act, No.1*, received royal assent. The Bill contains major changes to the current trademark system, and will impact searching, clearance, risk analysis and enforcement of trademarks in Canada.

The Bill is not likely to be proclaimed into force until spring-2015 or longer. Regulations are still required, and the government must consult on new fees and procedures. For now, the current registration regime will remain in force. Set out below are four of the most important and contentious amendments.

First, when filing new trademark applications, applicants will no longer be required to indicate if the mark has been used, and if so, provide a date of first use. This change will make Canadian law generally consistent with European law, but now inconsistent with United States law.

Second, use will no longer be required before registration. In particular, unless opposed, applications will automatically issue to registration upon the expiry of the opposition period, without the need to file a Declaration of Use or pay a registration fee. For companies, these changes present both opportunities and risks. There is now the potential for registrations to issue for goods and services that are beyond what the registrant has sold or is likely to sell in the foreseeable future, and these registrations may remain on the Register unless they are challenged by a third party (or, potentially, the Registrar of Trademarks). However, in order to clear new marks, companies will have to do more marketplace and other investigations to evaluate the risk posed by pending applications and registrations, since use information will no longer be on the Trademarks Register.

Third, Canada will implement the Madrid Protocol. This will give Canadians the opportunity to file an application for an International Registration based on their Canadian application, without having to file a separate application in each foreign country of interest. In addition, the application for an International Registration can designate the European Union, which would result in a Community Trade Mark registration. The Madrid Protocol provides other advantages, and some significant disadvantages (such as the risk that the International Registration can be extinguished if the Canadian application does not mature to registration, or if the Canadian registration is cancelled during its first five years). These advantages and disadvantages will require careful consideration.

Finally, the Nice Classification system will be implemented. Applicants will be required to identify the goods and services in ordinary commercial terms and by class (with the class number). This will also apply to any application that has been filed, but not yet registered by the date the Act is proclaimed into force. The Registrar may also request registrants to supply class details, failing which the registration may be expunged. This change has the potential of leading some applicants simply to recite all the goods or services in a particular class, rather than specify the actual goods or services of interest, in order to minimize prosecution costs. This practice will also likely have the effect of making trademark clearance searches much more difficult to conduct.

In view of these changes, corporate counsel should carefully consider their company's current trademark portfolio, in light of the new opportunities and new risks posed by Bill C-31. ■

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