

# Selling North of the Border? Summer Brings Changes in Canadian Trademark Law

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## Trademark Alert

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As the weather warms up in 2019, the trademark laws of our biggest trading partner will undergo a massive change. Trademark registration in Canada is often overlooked, but it has always been important because one cannot obtain a nationwide order for relief from infringement without a federal registration. Here, we summarize the major changes and discuss things companies based in the United States should be thinking about as the law's effective date, June 17, 2019, draws nearer.

Under the new law, virtually anything that functions as an indicator of source, including words, designs, letters, numerals, and nontraditional trademarks such as colors, scents, tastes, textures, moving images, three-dimensional shapes, and holograms can be registered. In fact, they can be registered even if the owner has never used them.

Currently, before a trademark registration can issue, the mark must have actually been used in Canada. Alternatively, one may register a trademark in Canada based on use and registration abroad. This use requirement is being eliminated. In a sweeping change, Canada will register even those marks that are intended to be used in the future, and this applies to both new applications and those pending before the Canadian Intellectual Property Office (CIPO) as of June 17, 2019. However, use is still important because beginning three years after a trademark is registered, it is prone to a nonuse cancellation action, which requires the owner to file evidence of use of that trademark in Canada in association with the designated goods and/or services.

Although the use requirement will be relaxed, the examination of applications may become more stringent. Under the current system, an application can receive an objection from the CIPO examiner on grounds of confusion with other marks and descriptiveness of the marks (in addition to technical issues such as the description of goods and services). As of June 17, 2019, CIPO examiners may also require the owner to prove that the mark is inherently distinctive, and they may search the internet for evidence of prior use. They may challenge the registrability of a trademark on the basis of evidence they find. This is likely to affect the cost of prosecuting a mark, and more importantly, it will become necessary to be ever more careful in selecting a mark that will pass muster.

If such objections were to be raised, however, it would be possible to divide the application so that the non-contentious aspects of the application can proceed to registration without being delayed. Division is not permitted now.

While the elimination of the use requirement may be a boon for some, it may also open doors to squatters and trolls who will obtain registrations for brands left unprotected in Canada. U.S. companies often see Canada as a secondary market, which plays into the business plans of squatters who monitor the success of trademarks in U.S. and other markets. They use the normal delay of brand owners filing in Canada as an opportunity to file themselves, holding the rights to the Canadian trademark for ransom. Thus, it is still important to establish use of the mark in Canada because as the prior user of the mark, the trademark owner can successfully oppose a troll's application or invalidate their registration.

In other changes, filing fees have been increased, and the applicant will have to classify goods and services according to the international classification system (as we do in the U.S.). Each class of goods and services will require payment of a fee. Currently, a trademark owner can list an unlimited number of goods and services in a single application for a single fee.

For those trademarks that are already registered, owners will be required to classify their goods and services upon renewal. The new law will also reduce the term of registration from 15 years to 10 years and increase the fees to renew the registration.

In other good news, Canada will become part of the Madrid Protocol. Brand owners will be able to include Canada in a single international trademark application. This saves costs and eases the management of an international trademark portfolio. Registration of international marks in Canada, the UK, the EU, and Australia will likely be popular choices for U.S. companies. Taking action before June 17, 2019, not only may increase the term and scope of protection and reduce costs but also would help avoid trademark squatters and trolls in the future. We strongly recommend that all business and brand owners review their portfolio of existing and proposed trademarks and consult with their intellectual property advisers regarding trademark registration in Canada.