

## Significant Changes to the *Trademarks Act* Are Coming - How Will They Impact Your Business and What Can You do Now to Prepare?

April 15, 2019

On June 17, 2019, significant changes to the *Trademarks Act* (the Act) will come into force, impacting trademark and brand management strategies in Canada. A summary of the major changes and their potential impact to your business are set out below.

**I. The “Use” Requirement:** Under the new Act a trademark can be registered before it is used in Canada or anywhere in the world, and trademark applications do not need to identify a basis for registration. This is a significant change from the current Act, which prohibits registration of a trademark prior to its use.

**Potential Impact:** We recommend that brand owners consider trademark watch services for broad categories of goods and services in Canada to identify problematic trademarks. These services keep track of, and will advise if, someone in this or another country have filed for a same or similar trademark. We expect that many applications will proceed to registration under the new Act without being used in Canada for some or all of the goods/services covered. Removing the use requirement may incentivize trademark “squatters” who will seek to register trademarks without any use. Pre-registration opposition proceedings will become an important tool to prevent registration of confusingly similar trademarks or potential trademark squatters. It is important to identify potential “squatters” or confusing trademarks, monitor those applications and commence opposition proceedings once advertised.

**II. Nice Classification:** Applicants will be required to classify goods and services in accordance with the Nice Classification System. This will harmonize, to some degree, Canadian practice with those in the US and EU, where the Nice Classification System is already in place.

**Impact:** Under the current Act, classification is voluntary. After June 17, 2019, all goods and services must be classified, and applications filed before the coming-into-force date that do not include acceptable Nice classification will not be approved until they are appropriately classified.

**III. Non-Traditional Trademarks:** Under the current Act, traditional trademarks such as words, designs, and distinguishing guises are eligible for protection, and since 2012, Canada has accepted applications for sound trademarks. The amendments recognize new categories of trademarks such as scent, tastes, textures, holograms, colour alone, and moving images.

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**Potential Impact:** Businesses should consider whether any business assets might also be protectable as non-traditional marks under the new Act.

All trademark applications, including those for non-traditional marks will be examined for distinctiveness. Requiring proof of distinctiveness for non-traditional marks may make these trademarks more difficult to register, including trademarks that are currently permitted (such as combinations of letters and numbers or telephone numbers), although it is not known yet what the standard will be.

**IV. Madrid Protocol:** Under the new Act, Canada will join the Madrid Protocol. Under Madrid, applicants may file an international application covering multiple jurisdictions throughout the world with the World Intellectual Property Organization (WIPO) with cost savings rather than filing separately in each country. The Canadian Intellectual Property Office will accept applications from the International Bureau from applicants who are members of the Madrid Protocol and Madrid Agreement.

**Impact:** Applicants must first have a home country filing, and Canadian businesses should ensure all core brand and trademark applications are filed in Canada before filing international applications through WIPO. Where businesses operate in multiple jurisdictions worldwide, there may be cost savings by filing international applications through WIPO rather than independently filing in each likely country of use. We can help to assess the most cost-effective strategies for your business.

**V. Fees and Renewals:** The current government fee to file a trademark application is \$250, with a \$200 registration fee due prior to registration, regardless of the number of goods and/or services covered. Under the new Act, the basic application fee will rise to \$330, with an additional \$100 fee assessed per class. There will be no registration fees under the new Act. These new fees will decrease government fees for applications including only two classes but will increase fees in all other cases.

Under the new Act, the term of trademark protection and renewals is 10 years. Trademarks that are renewed prior to June 17, 2019, will still receive a 15 year renewal term.

Currently, the government fee to renew is \$350 regardless of the number of goods/services. After June 17, 2019, the new Act imposes a \$400 renewal fee for the first class, with an additional \$125 fee per class thereafter.

**Impact:** File any applications covering three or more classes prior to June 17, 2019, to benefit from the significant cost savings under the current flat-fee regime. Renew all eligible registrations prior to June 17, 2019, to avoid the new per-class fees and benefit from the longer renewal term.

## Recommendations

- Don't put off filing applications for many products and services, due to significant cost savings under the current flat-fee regime.

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- Renew all registrations that can be renewed now to take advantage of the flat fee and fifteen year term.
- Applicants who have filed trademarks on the basis of proposed use and have not used their trademarks on each of the goods/services covered may want to keep applications pending under the coming-into-force date.
- Make sure all pending applications are appropriately classified to avoid delays.
- Consider watch services for both recently filed and advertised trademark applications covering broad categories of goods/services to timely identify any potential trademark “squatters” for potential opposition.
- Consider any elements of your business’ branding and portfolio that may be eligible for protection as new non-traditional marks.
- Conduct fulsome trademark and common law searches prior to launching a new brand or trademark in Canada to identify any potential registered or common law trademarks that may pose a risk of challenge.

Please contact a member of our Franchise or Intellectual Property Groups to discuss how these changes may impact your business.

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*This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.*