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Canada's New Trademark Law and What it Means for Business



By [Lisa Statt Foy](#)

Through sweeping legislation smuggled in by means of an omnibus budget bill, Canada's trademark registration regime will be changed more dramatically than at any time in the last 50 years. The changes are giving trademark agents from coast-to-coast tremors: the technical aspects of the changes have not been clearly articulated, and those that have been communicated have left us with more questions than answers. However, the key changes will likely positively impact Canadian businesses, especially those with a cross-border trade, and those who rely on the internet for key business functions.

International Registration Applications

The most exciting change is the accession to the Madrid Protocol and other international treaties. The most significant alterations in our system were necessary to allow Canadian businesses to submit requests for "international" registrations to the World Intellectual Property Organization (WIPO) via our domestic trademark office, and thereby potentially obtain trademark rights in 91 countries by means of a single application. U.S. businesses have enjoyed this privilege for over a decade: resulting in them easily securing broad international protection for their brands. Our Canadian businesses could not use the protocol (as Canada was not a contracting state); therefore, broad-based protection could only be secured by brand owners tediously applying for trademark protection in each individual country or region (such as the European Union). Canadian business has been forced to be very deliberate and selective in investing in foreign trademark registration: 91 separate trademark registrations are, even for a large business, a tremendous financial investment, an overwhelming amount of administration, and nearly impossible to negotiate the often very different registration regimes and laws in each foreign jurisdiction. The result is that Canadian business, with few exceptions, does not enjoy global protection of its marks. Happily, however, this will soon change.

Facilitate Foreign Investment

The new trademark regime is also likely great for foreign investment. Foreign businesses could not easily register their trademarks in Canada by means of a single international application. Obtaining trademark rights in Canada previously required foreigners to submit a standalone trademark application: as their international registration applications did not extend to Canada. This undoubtedly stifled foreign investment, as many businesses would be unwilling to expand into the Canadian market without first securing trademark rights – and our process is cumbersome and exceptionally delayed. Canada's accession to the international treaties, and meeting the requirements of the Protocol, will not only allow our Canadian-based businesses to confidently expand into foreign markets by streamlining the process for securing brand protection, but will also facilitate foreign investment in Canada.

Expanded Definition of Trademark

The new legislation also expands the definition of a trademark to allow registration of a large category of brand signatures, including mode of packaging, sound, taste and scent. For example, if the scent of your goods is sufficiently distinctive, such that your consumers would identify the goods as originating with your company simply by virtue of a characteristic scent – such scent is potentially registrable in Canada. In practice, the expanded definition of "trademark" is unlikely to impact most Canadian businesses. However, the inclusive nature of the definition will perhaps provide greater protection in Canada to our clients who use 'non-traditional' marks to identify and distinguish the source of their goods/services from those of another.

The Not So Great

Of course, there are also some clear disadvantages in this new process. The most obvious is that trademark registration protection is reduced from 15 years to 10 years. Also, there will almost certainly be a greatly increased cost. Most jurisdictions that have adopted the Madrid Protocol have also adopted a structure that charges a fee for each international class of goods and services. These fees are not insignificant; therefore, broad applications will likely be far more expensive than very narrow applications. The legislation has also set aside the requirements to declare use, including any requirement to declare the date of first use. We believe that the result will be far less information on the Trademarks Register by which clients can assess their rights vis-a-vis other brand owners, or set strategy for pursuing trademark protection or enforcement. Brand owners will almost certainly have to resort to investigative services to obtain accurate information as to competitors and infringers first-use dates – all at an increased cost, increased delay and increased uncertainty.

Recommendations

As the regulations and office protocols have not yet been solidified, trademark professionals remain uncertain as to how to properly advise their clients. As the process takes shape, businesses should engage with their trademark agent to obtain recommendations specific to their particular circumstances. However, generally, we recommend that clients that are within one year of renewing their trademark registrations should contact us to determine if a renewal should be secured prior to the reduced registration period coming into force. We also surmise that in a climate of reduced transparency in first-use dates and reduced

significance of use in the registration process, there will be opportunities for nefarious practices such as trademark squatting and trademark swarming. Therefore, we reinforce our strong recommendation that clients secure early registration of all of their trademarks to ensure that an infringer or competitor does not cut in front of them in the queue to registration.

Lisa Statt Foy is an IP lawyer and trademark agent. To discuss trademark protection, contact [Lisa Statt Foy](#) in our [Intellectual Property and Technology Group](#).

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CALGARY

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Calgary AB T2P 1M7
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EDMONTON

2000 - 10235 101 ST
NW
Edmonton AB T5J 3G1
780-423-3003

YELLOWKNIFE

601 - 4920 52 ST
Yellowknife NT X1A 3T1
867-920-4542

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