

Trademark Use: an Important Shift in Canada

Intellectual Property Bulletin

September 18, 2014

Bill C-31, which was given royal assent on June 19, 2014, will eliminate the requirement that a trademark be used in order to be registered in Canada. Currently, all applications for registration must be based on existing or proposed use in Canada or use and registration abroad. Applicants basing their application on the use of their trademark in Canada must include the date the trademark was first used in association with the goods or services covered by the application. An applicant may also base his application on use and registration abroad even though the trademark has not yet been used in Canada.

When Bill C-31 comes into force (we have been told that it will most likely come into force at the end of 2015 or in early 2016), it will no longer be necessary, when filing an application for registration, to specify whether it is based on an existing or proposed use or use and registration abroad. As a matter of fact, the Registrar will not ask for any basis. It will thus no longer be necessary to file a declaration that one's trademark is used in Canada in order for a certificate of registration to be issued. The elimination of the obligation to file a declaration that the trademark is used will benefit all pending applications, including those filed before the amendments were adopted. As a result, applicants who filed an application for registration based in whole or in part on a proposed use could wait for the amendments to come into force before requesting a certificate of registration to be issued. The certificate could then cover goods and services that are not yet used. The amendments do not change the fact that anyone who files an application for registration must at least intend to use the trademark in association with all of the goods and services listed in the application.

If you are wondering whether this is good news, the answer is yes, because the headaches of determining the dates of use when filing an application for registration are a thing of the past. Yes, because applicants no longer have to request extension after extension in order to be able to start using the trademark in association with all of the goods and services listed in the application.

For some, however, it will be bad news.

It will be more difficult to determine whether or not a new trademark is available, as the register will no longer provide information on the use of the trademarks it contains. This information is still important because, despite the changes, it will still be possible to assert prior rights acquired through use. It will therefore be difficult to determine who was first to use a trademark without conducting an inquiry. If there is a conflict between two

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applications regarding assessment of the rights, it could be difficult to determine the periods of use and the range of the goods and services actually used. Within the scope of trademark opposition proceedings, an opponent who bases himself on prior use will have no way of knowing whether the use of his trademark occurred before the use of the opposed trademark (except by conducting an inquiry). Only when evidence is submitted a few months later will the opponent be able to confirm who was first to use the trademark.

The elimination of the basis of use and registration abroad changes things for some owners of foreign trademarks. They will now have to at least intend to use the trademark in Canada in association with all of the goods and services listed in the application. In the past, use abroad made up for the intention to use a trademark in Canada, but that will no longer be the case.

Despite the changes, the notion of trademark use is still highly relevant and at the heart of determining trademark rights. The use of a trademark continues to create prior rights. These rights benefit the first to use and not necessarily the first to file. The first to file, on the other hand, will have the advantage of being first in the register. As is currently the case, the burden of asserting his rights falls on the first to use if he is not first to file. However, the *Trademarks Act* provides that the *bona fide* registration of a trademark becomes uncontestable on the fifth anniversary of registration. In other words, a person cannot assert his prior rights once the trademark of a third party has been registered for at least five years. The amendments also do not change the fact that a trademark that has been registered for more than three years can form the subject of administrative expungement proceedings on the basis of non-use of the trademark.

The changes do not affect the notion of use as defined in the *Trademarks Act*, which is sometimes rather restrictive. For example, the use of a trademark in advertising is not considered use in association with goods. It can also be difficult to gain recognition for the use of a trademark in association with goods given out for free. Therefore, it is essential to discuss the issue with a trademark agent before filing an application for registration. Even though the application process has been simplified, the subtleties of the Act remain. Lack of awareness thereof could come back to haunt the owners of a registered trademark.

The amendments to the *Trademarks Act* require a change in filing strategy, even before they come into force. It is now best to file an application for registration as soon as possible and to cover the entire range of goods and services in association with which one intends to use the trademark.

Our team constantly monitors the issue, which is likely to change our procedures. We will notify you as soon as the new Act comes into force. The exact date on which the changes will take effect has not yet been announced and for the time being, the Act remains as is.