CANADIAN TRADEMARK CHANGES DELAYED ONCE AGAIN

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Canada is a critical U.S. trading partner. Products and services move fluidly across the border, which makes protecting trademarks in Canada exceptionally important for U.S.-based companies. However, Canada's anachronistic trademark laws have long been a source of confusion and frustration.

Back in March 2014, the Canadian government announced extensive changes to the Canadian Trade-Marks Act. These changes will prepare Canada for accession to three major international IP agreements—the Madrid Protocol, the Nice Agreement, and the Singapore Treaty. U.S. companies doing business in Canada have been anxiously awaiting this harmonization effort.

The Canadian government initially hoped to implement these changes by late 2015. However, earlier this year, officials pushed back the implementation to 2017. Now, the Canadian government announced that the implementation will occur sometime in 2018.

Unfortunately, change is not coming as soon as we hoped. But here's five things you can do while you wait:

1. **File Multi-Class Applications**

Under the current rules, Canadian trademark applications may be filed in association with a virtually unlimited number of goods and services. Trademark applications filed after the new law comes into effect will require designating classes for each good or service. Like most other countries, we expect that multi-class applications will be more expensive because fees are typically determined by the number of classes in the application.

As such, it's best to file a multi-class goods and services application in Canada while the filing costs are still low. Even better, when the changes are implemented, applications still pending during the change will be allowed to register without any showing of use. Therefore, pending applications will get the benefit of multi-class protection without having to show any use in Canada until three years after registration.

1. **No Need to Play *Nice***

Historically, Canada has not used the Nice Classification system when it comes to descriptions of goods and services. However, once the new Canadian trademark rules are implemented, applicants will be required to classify goods and services using the Nice classes.

The Canadian Intellectual Property Office (CIPO) is now accepting trademark applications filed with goods and services classified using the Nice Classification system. At this point in time, Nice classification is voluntary. We suggest that applicants avoid limiting their applications to the Nice classifications until required.

1. **Watch Out for Trademark Opportunists**

In the future, Canada will eliminate the use requirement for registering a Canadian trademark. As such, applications will no longer have to specify a date of first use, and declarations of use will no longer have to be filed.

Some experts believe that these relaxed registration requirements will attract unscrupulous trademark squatters. In theory, squatters could file Canadian applications and obtain Canadian registrations for unregistered U.S. brands. With registration in hand, the squatter could demand payment from the U.S. brand owner. Although there will be dispute resolution mechanisms to resolve this issue, squatters will likely set their asking price to be slightly less than the cost to use those mechanisms.

In addition, some applicants will likely file overly broad applications covering numerous goods and services that they have no intention to offer in Canada. Because a Canadian registration will not be cancelable for nonuse until three years after registration, U.S. owners might have limited remedies in Canada for several years.

As such, now is a good time to review your Canadian trademark portfolio as well as monitor pertinent trademark filings at the CIPO.

1. **Don't Forget About Border Controls**

If you have registered Canadian trademarks, you can record those registrations with the Canada Border Service Agency (CBSA) to prevent counterfeit goods from entering the Canadian market. This process is called a request for assistance (RFA).

If the CBSA discovers suspected counterfeit goods covered in an RFA, they will contact the rights holder. It's currently free to file an RFA. A filed RFA is good for two years and can be extended for additional two-year periods.

However, there are some practical costs associated with an RFA. Although the CBSA will seize and detain goods, the detention is limited to less than ten days. In addition, the trademark holder is liable for the storage, handling, and destruction of seized goods and may be required to provide a bond to cover that liability.

If preventing the importation of counterfeit goods is important to you or your company, consider filing an RFA with the CBSA.

1. **Check Your Licenses**

Trademark rights in Canada can be reduced or invalidated if a third party uses the trademark without a proper license agreement. Canadian trademark law requires a trademark owner to have an agreement in place with any third party that uses the mark. In addition, the owner is required to have control over the "character and quality" of the products and services offered in connection with the mark. This rule can catch unwary companies off guard because it applies to affiliates and subsidiaries as well as intercompany agreements.

Take some time to review your existing license agreements and identify any partners, subsidiaries, or affiliates that are using your trademarks without a proper license agreement.