



# A TRADEMARK PRIMER FOR FRANCHISING IN CANADA

Everything you need to know about the Great White North's trademark registration system.

*By Andrae Marrocco and Peter Giddens*

Canada's trademark registration system is undergoing a significant transformation intended as part of the modernization of the national intellectual property framework. In addition to substantial amendments to the *Trademarks Act* (Canada), the regulations and Trademark Office practices, Canada is joining three international trademark treaties.

Not only is Canada finally acceding to the Madrid Protocol, an international system for obtaining trademark registrations for multiple jurisdictions through the use of a single application, but Canada is also joining the Nice Agreement (Nice), which establishes an international classification system for goods and services in trademark registrations, as well as the Singapore Treaty, which seeks to harmonize administrative procedures pertaining to the trademark registration process. Here are some answers to the biggest questions facing franchise businesses in the country.

**Q:** *When do the changes take effect?*

**A:** The *Trademarks Act* has been amended and the changes are scheduled to come into force on June 17, 2019.

**Q:** *What do franchisors need to know?*

**A:** From a legacy portfolio management perspective, franchisors should be aware of the following key changes.

- Renewal terms will be reduced from 15 years to 10 years.
- Renewal fees are increasing from the current \$350 flat fee, to a fee per class system, namely \$400 for the first class and \$125 for each additional class.
- All descriptions of goods and services will eventually have to be grouped and classed according to Nice.
- If your registration is due for renewal before the implementation date, you should request renewal now and not wait for the grace period to renew.
- If your registration is due for renewal on or after the implementation date, you can avoid the renewal fee increase and defer the obligation to group/class your trademarks by having your renewal application processed before the implementation date.
- Importantly, after the implementation date, it will only be possible to renew registrations in the six month window immediately before and immediately after the renewal deadline. At present (and until

the implementation date) it is possible to renew a registration notwithstanding that the renewal deadline does not occur until years in the future.

In light of the above, to avoid paying the increased renewal fees, particularly in respect of multi-class registrations, you may wish to consider requesting renewal on key trademarks that have years left to run on their registration/renewal terms.

It is also important to note that under the *Trademarks Act* a registrant can be called upon to show proof of use at any time after the third anniversary of registration, and that the registration may be amended or cancelled if proof of use (or special circumstances excusing the absence of use) is not forthcoming.

**Q:** *How will the changes to Canada's registration system impact current pending Canadian trademark applications?*

**A:** It depends on the status of the pending application as of the implementation date. For applications that are allowed before the June 17 implementation date, a \$200 registration fee will be owed. Applications that are advertised (but not allowed) as of June 17: The Registrar will issue a registration fee notice indicating that the

registration can issue upon the payment of the \$200 registration fee. Neither declarations of use nor Nice classifications will be requirements for registration. The registration term will be 10 years. Applications that are not advertised by June 17, 2019 will be subject to all the same new requirements as applications filed after the implementation date, including Nice classification. The \$200 registration fee will be payable and the registration term will be 10 years.

**Q: What about new applications filed in Canada on or after June 17?**

**A:** After the implementation date, the application filing fee will increase from the current flat fee of \$250 to \$330 for the first class and \$100 for each additional class. However, the current \$200 registration fee will be eliminated. All goods and services will be required to be grouped and classed according to Nice.

**Q: Is it true that use will no longer be a requirement for trademark protection in Canada?**

**A:** The requirement to formally disclose in writing a filing basis or bases claiming actual use of the trademark in Canada since the implementation date, an intention to use the trademark in Canada, and/or a foreign registration and use of the trademark will be eliminated. However, after the implementation date, it will nevertheless be a requirement for applications that an applicant is using or proposes to use, and is entitled to use, the trademark in Canada in association with the goods and services. It will also be possible to oppose applications on the grounds that the applicant neither used nor proposed to use the trademark, or that the applicant was not entitled to use the trademark. Thus, while the concept of use remains critical to

the Canadian trademark registration system, it will be possible under the new system for an applicant to obtain registration without actually having used the trademark in Canada (or in a foreign jurisdiction). In recognition that it will be possible to obtain a Canadian trademark registration without any showing of use and that this could lead to unwelcome enforcement scenarios, the government has proposed a solution. Pursuant to Bill C-86 (yet to come into force), the owner of a registered trademark will not be permitted to obtain relief in a proceeding alleging infringement or depreciation of goodwill during the first three years after registration unless the trademark was in use in Canada during that period or special circumstances exist that excuse the absence of use. Additionally,

pursuant to Bill C-86, "bad faith" will be added as a ground of opposition to applications and invalidation of registrations.

Changes to Canada's trademark registration system will result in decreased registration and renewal terms and increases to official application and renewal fees. Franchisors have a window of opportunity to act before the implementation date and take advantage of the current regime. ☺



*Andrae J. Marrocco is a partner in the Business Law Group and Co-Chair of the Franchise and Distribution Law Group in the Toronto office of McMillan LLP.*



*Peter Giddens is a partner and Co-Chair of the firm's Intellectual Property Group. Learn more at [franchise.org/suppliers/mcmillan-llp](http://franchise.org/suppliers/mcmillan-llp).*

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## How do you say "franchising" in Russian?

- Коммерческая концессия
- Франчайзинг
- Both of the above
- None of the above

Sanctions checks, FCPA Compliance, Franchising and Distribution

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