

Game changer: Canada overhauls key intellectual property statutes

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In 2019, Canada finally made good on its promises to modernize its intellectual property (IP) rights registration system, bringing into force key amendments to the *Trademarks Act*, the *Patent Act* and their respective regulations. The laudable goal of these changes is to further harmonize Canadian and foreign IP prosecution practice and fulfil the government's objective to make investing in Canadian IP as competitive and frictionless as possible. The next step is for the Canadian government to implement an ambitious experimental IP strategy.

Overhaul of the *Trademarks Act* and Regulations

In June 2019, myriad legislative amendments came into force, together with significant practice changes at the Canadian Intellectual Property Office (CIPO). Many of these changes had been anticipated for some time as they stem from the implementation of three important trademark treaties, first announced in 2014: (1) the *Protocol Relating to the Madrid Agreement Concerning International Registration of Marks*; (2) the *Singapore Treaty on the Law of Trademarks*; and (3) the *Nice Agreement Concerning International Classification of Goods and Services*. Key changes include

- the elimination of grounds for filing
- the elimination of the requirement to file a declaration of use to obtain a registration
- the implementation of the Nice classification and charging of per class government fees
- changes to the definition of "trademark" to permit registration of new categories of non-traditional trademarks, including 3D and holograms
- the shortening of the Canadian trademark registration term, from 15 to 10 years
- procedural changes to the trademark opposition regime
- the introduction of examination for distinctiveness

Initial criticisms of these amendments included concerns that eliminating proof of use would precipitate widespread trademark squatting and increase contentious proceedings. Some of these concerns were addressed in 2018 with the introduction of a "bad faith" ground of opposition into the proposed amendments. Case management provisions and costs awards were also added, as well as a requirement to demonstrate use in cases where a registrant seeks to enforce trademark rights in the first three years following registration. Provisions

were also included to limit the scope of official marks no longer active or in existence.

Many changes were designed to simplify the trademark registration process and encourage more brand owners to protect their marks in Canada. Paradoxically, prior to the amendments coming into force, many brand owners rushed to file their mark in Canada to avoid paying “per class” filing fees, which now apply.

While the 2019 amendments have brought a welcome simplification of the registration of trademarks in Canada, the new regime is also likely to subject brand owners to increased costs and added pressure to be vigilant in monitoring CIPO filings for potentially conflicting third-party marks. The *Trademarks Act* changes are therefore likely to result in more opposition and cancellation proceedings. What remains to be seen is whether the elimination of the use requirement for Canadian trademark applicants will precipitate speculative filings and other types of objectionable behaviour.

Long-awaited changes to the *Patent Rules*

On October 30, 2019, new Canadian *Patent Rules* and amendments to the *Patent Act* also came into force. These amendments have brought significant changes to Canadian patent practice. Although the details of these technical amendments go beyond the scope of this publication, their overall effect is to shorten delays and enhance procedural certainty in the prosecution of Canadian patent applications. For example, the *Rules* include a number of changes:

National phase entry of PCT application: Previously, a Patent Cooperation Treaty (PCT) application could enter national phase in Canada, as of right, as late as 42 months from the priority date on payment of a late fee. For international applications filed after October 30, 2019, late entry will no longer be permitted as of right, with the national phase deadline being set at 30 months, subject to exceptions.

Direct Canadian filing: Previously, to obtain a filing date, a Canadian patent application had to include a description of the invention in English or French and be accompanied by the payment of a filing fee. Under the new *Rules*, a description can be filed in any language, and the filing fee and a translation into English or French can be deferred.

Examination request: Formerly, the deadline for filing a request for examination was five years from the Canadian filing date, with related rules for divisional applications. Under the new *Rules*, the deadline for requesting examination is shortened to four years from the filing date, with correspondingly shorter deadlines for divisional applications.

Official action deadlines: The standard deadline for responding to official actions is now shortened to four months, from six. Extensions of up to two months can be obtained at the discretion of the Patent Office on payment of an extension fee and by submitting reasons for the request.

Allowance and amendments after allowance: Under the new *Rules*, patent applicants will have four months after the Notice of Allowance to pay their final fee. Moreover, prosecution of an application may be reopened, and an application amended by requesting withdrawal of the Notice of Allowance within four months of its issuance and before payment of the final fee.

Third-party rights: Under the new *Rules*, third-party rights may arise when an application is deemed abandoned because of a failure to request examination or pay a maintenance fee by the prescribed deadlines or after non-payment of a maintenance fee for an issued patent.

The period during which third-party rights are applicable starts six months from the original maintenance fee or examination request due date.

With these and numerous other technical amendments, the *Rules* aim to make obtaining Canadian patents faster, more certain and generally more attractive for all applicants.

Canada's experimental IP strategy

Over the last five years, Canada has committed to increasing protection for intellectual property rights in a series of international trade agreements. These commitments have put the onus on Canadian businesses to capitalize on these IP protections by developing market-leading IP positions, notably in strategic industries, such as artificial intelligence and green energy.

With this overarching goal in mind, the Canadian government released a novel IP strategy in 2019, which includes pilot initiatives designed to make IP more accessible. For example, ExploreIP is a government-administered IP marketplace designed to demystify and provide access to patents awarded to Canadian public sector entities. In addition, the federal government announced a \$30-million investment in the Innovation Asset Collective, a new non-profit patent collective that will hold strategic cleantech patents for the benefit of Canadian small and medium-sized enterprises.

These experimental measures aim to be first steps toward building a Canadian IP ecosystem that will foster the growth of IP in Canada. These measures are also intended to complement the recent legislative changes to Canada's key IP statutes and to encourage Canadian businesses of all sizes to invest in, and benefit from, registered intellectual property rights.