The United States–Mexico–Canada Agreement (USMCA): What this means for Canadian IP law

November 1, 2018

Authors

James Duffy

Patent Agent and Senior Associate

Isabelle Jomphe

Partner, Lawyer Partner, and Trademark Agent

Serge Shahinian

Partner, Patent Agent

As we reported on October 15, 2018, Canada, Mexico, and the United States were finally able to agree on the terms of the United States–Mexico–Canada Agreement (USMCA) on September 30, 2018. The USMCA is intended to replace the North American Free Trade Agreement (NAFTA), which has been in place for over 20 years.

The USMCA comprises 34 Chapters, one of which is dedicated entirely to Intellectual Property. With such a focus on Intellectual Property, it is worth asking what changes this agreement will bring forth to current Canadian IP laws.

While this Chapter may seem extensive, many of its provisions reflect what is already provided for under Canadian law. However, there are several changes worth noting, most of which will bring our IP regime closer to that of our US counterparts.

What follows is a brief summary of the more significant changes the USMCA will bring to the fields of patents, trademarks, copyrights, industrial designs and border measures.

Patents and Undisclosed Test or Other Data

Patent term adjustment

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The USMCA will provide for a patent term adjustment for unreasonable delays in the issuance of patents. This means that the Canadian Intellectual Property Office (CIPO) will compensate for such delays by adjusting the terms of issued patents, similar in principle to the current system at the United States Patent and Trademark Office.

These “unreasonable delays” will include delays where the issuance of a patent occurs more than five years after the filing date, or three years after a request for examination has been made, whichever is later. Canada will have 4.5 years to implement this change once the USMCA enters into force.

Patent Law Treaty

Under the USMCA, the parties shall give due consideration to ratifying or acceding to the Patent Law Treaty (PLT), or adopt or maintain procedural standards consistent with the objective of the PLT. The Canadian *Patent Act* has already been amended to this end, however the relevant provisions are not yet in force pending the preparation of amended *Patent Rules* to implement such changes.

Extended data protection for biologics

Another significant change concerns data protection for biologics (patented or not), which will be increased from 8 years to 10 years (still 2 years less than what is presently available in the US) from the date of first marketing approval. Canada will have 5 years to implement this change once the USMCA enters into force.

Trademarks

The USMCA describes a number of obligations related to Canadian trademarks. However, many of these obligations are already met or will soon be, once Canada implements the amendments to its trademark laws in 2019. This includes not denying registration to sound marks and making “best efforts” to register scent marks, as well as adopting the Madrid Protocol, the Singapore Treaty and a trademark classification system consistent with the Nice Agreement.

It appears however that amendments may be required to include protection for “collective marks” (i.e. marks used by members of cooperative, association or other collective group or organization) and some changes may also be necessary with respect to geographical indications

As for “well known-marks”, it is questionable whether additional statutory protection will be necessary to meet the requirements of the USMCA.

Furthermore, the USMCA requires that Canada implement a system that provides for “pre-established damages” or “additional damages” in civil proceedings with respect to trademark counterfeiting, to deter infringement and fully compensate trademark owners. As “additional damages” seem to include exemplary or punitive damages, no change to the law would be required to meet USMCA requirements. The Canadian government could however seize this opportunity to incorporate the concept of “statutory damages”, as is the case under the Copyright Act. Under such a system, those alleging infringement could elect to obtain damages in an amount that is explicitly stated in law, rather than having to prove such damages based on the level of harm they have suffered.

Copyrights

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Canadian copyrights will experience at least one significant change: an increase in the term of protection from 50 to 70 years after the author's death. Once again, this change will further align our copyright law scheme with that of the US.

It is also worth noting that the USMCA includes copyright provisions related to Internet Service Providers, including legal incentives for ISPs to cooperate with copyright holders, as well as limitations in the law that preclude monetary relief from copyright infringement that ISPs do not control, initiate, or direct. In order to benefit from this regime, ISPs will have to implement expeditious measures for removing access to infringing content and adopt a policy for terminating the accounts of repeat infringers.

Industrial designs

Consistent with the Hague Agreement, the USMCA notably sets forth a term of industrial design protection of a maximum of 15 years, which is 5 years longer than the current 10 year term under Canadian practice. Canada has already joined the Hague Agreement and is implementing its provisions, including the maximum 15 year term, which shall come into force on November 5, 2018.

Border Measures

A welcome change under USMCA will be the increased power for customs officials including the authority to initiate border measures against suspected counterfeits or pirated goods imported or destined for export. Such authority will extend to goods in transit or admitted into or exiting from a free trade zone or bonded warehouse.

Summary

While the final form of the USMCA remains to be seen (it still needs to be ratified by the three countries), the above changes point to a consistent trend: the strengthening of Canadian intellectual property rights. It remains to be seen how and when these provisions will be implemented into current Canadian laws, as well as how they will be enforced once adopted.

The Agreement, in addition to the Chapter pertaining to IP law, can be accessed using the following links: USMCA and Chapter 20 (Intellectual Property).

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