Important changes in trademark law in Canada

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Amendments to the *Trademarks Act* (“Act”) and the *Trademarks Regulations* (“Regulations”) will come into force on **April 1, 2025.** These amendments are aimed at preventing abusive practices, improving efficiency in trademark proceedings and clarifying certain practices.

The main amendments are as follows:

Cost awards

The Registrar will have the **power to award costs in trademark opposition proceedings**, geographical indication opposition proceedings and **summary expungement proceedings** under **section 45 of the Act**.

Costs will not be awarded to compensate the successful party.

This power is discretionary. That being said,

costs will only be awarded at the request of a party;
the amount of the prescribed fees is not discretionary;
and costs will only be awarded in the following four (4) cases:

A. Late cancellation of a hearing, that is, less than 14 days before the hearing date;
B. Unreasonable behaviour resulting in undue delays or expenses. Various factors will be taken into account, including the general context, the duration and cause of the delay, the general behaviour of the other party and the extent of the expenses incurred by the other party. Certain behaviours may be deemed unreasonable, such as failing to attend a hearing or cross-examination without notifying the other party, pursuing a ground of opposition that has no chance of success, making disrespectful remarks or gestures, breaching a confidentiality order, as well as a series of acts that collectively amount to unreasonable behaviour;
C. Decision upholding the refusal of an application for the registration of a trademark on the grounds of bad faith;
D. Filing of a divisional application on or after the day that the original application is advertised (unless only one divisional application is submitted).

The Registrar will issue the order as part of the decision rendered on the merits of the case, where applicable.

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Costs may be substantial, depending on the reason for which they are awarded. They could be as much as ten (10) times the fee set out for filing a statement of opposition.

Confidentiality order

While the principle of open courts proceedings is the rule that governs the Registrar, it is acknowledged that in some cases, specific interests must be protected. Consequently, a party that considers that there is a risk in disclosing certain facts or documents may request a **confidentiality order** and must, in such a case, demonstrate that redacting or describing certain information in more generalized manner would not be sufficient.

Such orders are not intended to allow the adverse party to restrict access to certain information or documents, but rather to restrict the public's access to them.

A confidentiality order remains an exceptional measure and must therefore be requested sparingly and before the party requesting the order submits evidence. If the evidence has already been submitted, the Registrar will not issue the order. This also means that the evidence should not be submitted at the same time as the request for an order is made.

The Registrar will be guided, among other things, by the principles set out in *Sherman Estate* v. *Donovan*, 2021 SCC 25, to determine the merits of the request for a confidentiality order. Public access must pose a serious risk to a significant public interest that would otherwise be threatened. An order will only be issued if it is necessary to prevent such risk and if no other reasonable alternative exists. In addition, the benefits of granting the order must outweigh its negative effects. This Supreme Court decision also teaches us that direct evidence is not necessarily required to demonstrate a serious threat to a significant public interest, as the existence of harm can be established on the basis of logical inferences.

This process does not affect the timeline of the case, but it is possible to request an extension of time either before or at the same time as the request for confidentiality. In the absence of the other party's consent, the Registrar will issue a letter requesting such other party's representations. Should they fail to respond, the Registrar will render a decision. All of these exchanges will be made public, so evidence should not be included in them.

Th confidentiality order may be cancelled or amended. In the event of non-compliance with the order, the injured party will have to appeal to the Federal Court.

Where the Registrar's decision containing such an order is appealed, it is imperative that the person for whom the order was issued apply to the Federal Court for a confidentiality order.

Case management

While the Registrar already issues case management decisions for efficiency and cost-effectiveness purposes, the amendments to the Regulations **codify the Registrar's authority to deal with matters as the circumstances and considerations of fairness permit**, in order to assist in moving forward complex cases relating to trademark and geographical indication opposition proceedings and summary expungement proceedings under section 45 of the Act. These "case-managed procedures," allow the Registrar to set or change the time frame or manner in which a step must be completed, to schedule the steps, to deal with confidential aspects of files, to consolidate related cases and hold conference calls, and more.

The Registrar must consider the circumstances of the case, including:

> the level of intervention likely required by the procedure to ensure that the matters are addressed efficiently and effectively;
> the nature and extent of evidence;

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the complexity of the proceeding;
whether the parties are represented;
the number of related cases; and
whether substantial delay has occurred or is anticipated to occur in the conduct of the proceeding.

Official marks

Official marks are a type of mark with a very broad scope of protection in Canada. Once such a mark has been published, no person may, without the consent of the official mark owner, use or register an identical mark or a mark so nearly resembling as to be likely mistaken for that official mark for any goods or services. Moreover, official marks are not subject to renewal, so they can exist indefinitely.

To avoid unduly blocking new applications, a new **mechanism** is provided whereby the Registrar, on their own initiative or upon request, can deactivate official marks where the mark owner is no longer a public authority or has ceased to exist. Such requests are subject to fees.

Withdrawal of an opposition

The Registrar is given greater latitude where, in their opinion, an opponent fails to pursue the trademark opposition. The Registrar may, after giving notice of the default to the opponent consider the opposition as withdrawn, unless the default is remedied within the time specified in the notice.

Court proceedings

A prerequisite is now required to institute proceedings before the Federal Court,under certain circumstances.

The trademark owner must show that it has used the mark before asserting its rights before the courts where proceedings are filed within the first three years of its trademark registration, in cases where such proceedings allege infringement of a registered trademark or depreciation of goodwill.

Thus, the owner of a registered trademark will only be able to obtain relief if the trademark was used in Canada within the first three years of registration, or if the absence of use in Canada was due to special circumstances that excuse such absence of use.

Appealing the Registrar’s decision

The new provision recognizes that the court may exercise any discretion vested in the Registrar when allowing **the submission of evidence that was not provided before the Registrar.**

This provision requires leave of the court for the submission of evidence on appeal, to prevent minimal evidence from being presented at first instance and then supplemented on appeal.

The administration of justice is best served when the court can settle a case as a whole at the earliest opportunity.

Transitional measures

The Registrar is expected to publish transitional measures on April 15 or after April 1, 2025.

Conclusion

In conclusion, the upcoming changes to the Act and the Regulations, effective April 1, 2025, represent a significant step towards enhancing the legal framework surrounding trademarks in Canada, thereby addressing the growing need for transparency and efficiency in this field.

It is crucial for businesses and professionals in the sector to familiarize themselves with these

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changes to ensure compliance and optimize the management of their trademarks.

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