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Pharmaceutical Trademarks and Changes to Canadian Trademark Legislation

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In June 2014, Bill C-31, the Economic Action Plan 2014 Act, No. 1, received Royal Assent. Among other things, the Bill contained significant amendments to Canada's Trademarks Act that will fundamentally change Canadian trade mark law and practice. Expected to come into force in late 2016 or 2017, the amendments also facilitate Canada's accession to the Madrid Protocol, Nice Agreement, and Singapore Treaty.

Other amendments to the Trademarks Act contained in the Combatting Counterfeit Products Act, and implemented in early 2015, created new border measures designed to provide registered trade mark owners with additional tools to stop the import and sale of counterfeits.

The following represents a brief summary of some of the most notable changes and their impact on the pharmaceutical trade mark field.

(i) No Filing Grounds; No Declarations of Use; No Registration Fees

Current applicants must claim at least one filing ground in a trade mark application—use, made known, use and registration abroad, or proposed use—and, if used, identify the date of first use. Use is of fundamental importance under the current regime. Applications based on proposed use cannot issue to registration without the filing of a Declaration of Use attesting to use of the mark in Canada with the goods and/or services. Trade mark use in Canada must be in the normal course of trade; hence, sample shipments of pharmaceuticals or use of the mark in clinical trials, will not ordinarily constitute use (a small exception may exist for unapproved drugs sold as part of Health Canada's Special Access Program). Current applicants must therefore carefully assess how the mark is used to identify proper filing grounds and avoid filing a false Declaration.

The amended Act will eliminate application filing grounds altogether. Applicants need only be using or propose to use, and be entitled to use the mark applied for. Applications will also automatically issue to registration upon expiry of the opposition period, even without use anywhere, and will not be subject to a registration fee.

Pharmaceutical products cannot be sold in Canada until the drug is approved by Health Canada, which can take years. Current practice, therefore, is to apply for a pharmaceutical trade mark and obtain extensions of time to file the Declaration of Use until the product is approved for sale in Canada.

Under the new regime, trade marks will issue to registration simply upon the expiry of the opposition period, even without use. Accordingly, trade marks covering pharmaceutical products could issue to registration long before the products are approved by Health Canada for sale here. Further, without a use requirement, trade mark applications may issue to registration for virtually all pharmaceutical products and/or services. Indeed, pharmaceutical companies with currently pending applications filed on the basis of proposed use may want to consider obtaining extensions of time to file the Declaration of Use pending the implementation of the new legislation, at which time, the application would issue to registration for all of the goods and/or services contained in the application—without any use.

The elimination of use as a prerequisite to registration will bring both advantages and new challenges for the pharmaceutical field. Overclaiming— including virtually all pharmaceutical products/services in an application— is of strategic advantage to pharmaceutical companies since such registrations, obtained without use, can conceivably block similar applications covering overlapping goods or services.

However, overclaiming is also likely to lead to additional expense and uncertainly. Without use information on the Trademarks Register, and with registrations potentially covering virtually all pharmaceuticals, marketplace investigations will become increasingly necessary (and expensive) for clearance purposes. Office actions are also anticipated to increase as examination for confusingly similar marks will be difficult with lengthy listings of goods and services, and Examiners are likely to issue more citations. More oppositions are also likely to be filed, if only to give prospective opponents time to investigate and determine whether there are prior rights on which to oppose.

Registrations will still be vulnerable to non-use cancellation beginning three years after the registration date under the amended Act. Because registrations will issue without proof of use, a pharmaceutical trade mark registration could become vulnerable to attack prior to Health Canada approval of the drug. However, the inability to market a product due to a pending regulatory approval process may be considered a special circumstance excusing non-use, permitting the registration to be maintained. Moreover, even if the registration is cancelled for non-use, a fresh application could be filed and, subject to an intervening right, a new registration would issue, without use, and be immune from a non-use cancellation attack for a further three years.

(ii) Adoption of Nice Classification for Goods and Services

Currently, trade mark applications can include any number of goods and services in a single application with no additional government filing fee. Once the amendments are implemented, however, applicants will be required to classify the goods and services in the application according to the Nice Classification system. While class fees have not yet been adopted and will be the subject of further consultation, the adoption of Nice classes will likely be accompanied by class filing fees, thereby increasing the cost of filing a multi-class application in Canada. Pharmaceutical companies wanting to cover lengthy listings of products and services may want to file these applications before the implementation of the class based system, with a view to avoiding the payment of multi-class filing fees.

(iii) New Non-Traditional Marks and Examination for Distinctiveness

The amendments expand the definition of trade mark to include many non-traditional marks such as colour, shape, as well as so-called sensory marks (smell, taste and texture). This will be useful for pharmaceutical companies wanting to protect colour and shape of pharmaceutical tablets or capsules. However, the amendments also permit the Trademarks Office to request evidence establishing the distinctiveness of the mark during examination, which is not currently permitted. Examination for distinctiveness will likely increase the cost of securing registration for non-traditional marks and accordingly, pharmaceutical companies wishing to secure registration of non-traditional marks may want to file the application before implementation of the new legislation.

(iv) Renewal Term

Registrations are currently valid for renewable terms of 15 years. This will be reduced to renewable periods of 10 years by the amended Act. It is not clear yet whether renewal fees will be reduced as a corollary. To take advantage of the longer term of protection, owners of allowed pharmaceutical trade mark applications based on proposed use should file Declarations of Use as soon as possible. However, if it is more important to secure registration for the broadest possible goods/services, not all of which may be used, a trade mark owner may wish to delay the deadline for filing a Declaration until the amendments are implemented, when the application will automatically register without use, although this will result in a shorter 10 year term of protection.

(v) New Border Measures

On 1 January, 2015, Canada implemented its Request for Assistance (RFA) border measures program—the cornerstone of the Combatting Counterfeit Products Act (CCPA). Under the program, registered trade marks can be recorded with the Canada Border Services Agency, permitting customs officials to detain suspect imported counterfeit goods bearing such marks at the border for up to ten days (five for perishable goods). During detention, the trade mark owner may be provided with samples of the goods and can request information to help to identify the source of the counterfeit products and facilitate a civil claim against the importer.

The new program complements provisions of the Customs Act, Trademarks Act, Copyright Act and Criminal Code generally governing the import and sale of counterfeit products, as well as the new criminal sanctions and an expanded definition of infringement in the Trademarks Act that came into force in December 2014 when the CCPA received Royal Assent.

While the border measures regime does not apply to grey goods, pharmaceutical preparations cannot be sold in Canada without prior Health Canada approval or without complying with Canada-specific labelling requirements. Consequently, parallel import of pharmaceutical preparations is illegal, and importers of such products would be subject to prosecution, even if not under the Trademarks Act.

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