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## 2019: A Year of Trademark Transition

The year 2019, as it rushes in, will usher in dramatic changes in trademark law in both Great Britain and Canada, two enormously significant markets for United States Companies, including many of our clients. The purpose of this alert is to make our friends and clients aware of these changes and, in some instances, to take advantage of sunset opportunities.

### CANADA

Our contiguous neighbor to the north will start operating under a greatly altered trademark system beginning on June 17, 2019. The changes greatly modernize and harmonize Canadian trademark law.

#### Madrid Protocol:

As of June 17, 2019, Canada will become a participant in the Madrid Protocol, a system which allows the filing of a single trademark application through WIPO (the World Intellectual Property Organization) to be the vehicle for trademark registrations in 116 signatory countries, bypassing the need to file individual applications, one-at-a-time, in each country. The United States is already a Madrid Protocol participant. Canada's membership in the Madrid Protocol should make filing in Canada considerably less expensive than before, but see below.

#### International Classes:

At present, Canada is one of the few countries that does not follow the Nice Classification System. As of June 17, however, applicants and registrants will need to classify their goods/services according to the same classification system as that presently used in the United States.

The introduction of international classes will produce increased government filing fees, both for a basic application in one class and for each additional class of goods/services. For instance, official application filing fees will be \$330 CAD for the first class, and \$100 CAD for each additional class. The current filing fee is \$250 CAD, regardless of the number of classes, classes being irrelevant presently. Consequently, for anyone thinking about filing an application that covers a far ranging set of goods or services, now would be a good time to file – before June 17.

**It is not all about money.** Canada will become one of those countries where use information is not a part of the application/registration process. This means that opportunists (or trademark trolls) can jump in with a filing and then use that filing and a resulting registration to block legitimate brand owners from securing protection in Canada – until the legitimate brand owners pay a ransom. Prevention of this eventuality is another reason to file now rather than later.

Although of less immediate concern, beginning after June 17, owners of registrations will need to classify their goods and services before the registration can be renewed. The registration renewal fee will be \$400 CAD for

the first class, plus \$125 CAD for each additional class. The current renewal fee is \$350 CAD regardless of the number of classes, classes presently being irrelevant.

### **Miscellaneous Changes:**

Registrations, henceforth, in Canada will last for 10 years, not for 15 years as is presently the case. In addition, a “Trademark” will, after June 17, consist of any of the following: a “word, personal name, design, letter, numeral, color, figurative element, three-dimensional shape, hologram, moving image, mode of packaging goods, sound, scent, taste, texture, and the positioning of sign.” This means that some registrations that were once permitted in the United States, but not in Canada, can now very likely be registered in Canada as well.

## **UNITED KINGDOM**

On March 30, 2019, one way or another, the United Kingdom will no longer be a part of the EU. This exit (referred to as Brexit) may either be orderly and pursuant to an agreed process or rather abrupt. What can or should trademark owners do just in case the Brexit is a ripping apart rather than an orderly separation?

If one has an EUTM (formerly, a CTM) registration on March 29, 2019, that should be sufficient without more. Although the UK still has to articulate the details, it has announced that a new UK registration will be granted “with minimal administrative burden” and that EUTM owners will be notified of the new parallel UK registration, which will have identical priority. For EUTM registrants, therefore, Brexit, regardless of the circumstances, will matter little.

Well into November 2018, however, our UK correspondent counsel (along with other UK and EU IP firms) was advocating that persons with pending EUTM applications make a protective parallel filing in the UK and that persons with pending Madrid Protocol applications designating the EU should expand by designating the UK as well. The argument for doing so was that if Brexit occurs without a fully ratified “deal” in place on March 29, applicants could either lose their application priority or be nearly drowned by a flood of EUTM applications filed post-Brexit in the UK. That still may be good advice, but the likelihood of a “no deal” Brexit on March 29 diminished significantly as 2018 closed out.

On November 14, 2018, the EU and the UK finally reached agreement on a draft deal on withdrawal, the “divorce” phase. This draft deal, it is believed, will pave the way for the formal adoption of the withdrawal agreement by the UK and the EU, respectively. As the draft deal is presently articulated, the UK will be granting automatic rights to EUTM (applications and registrations) as from the end of the transition period (which ends on December 31, 2020) until a future relationship is established, though the UK will still have to adopt legislation to incorporate EUTM protection into UK law. Registration will be carried out “free of charges” and IP right-holders will “not be required to introduce an application or to undertake any particular administrative procedure”, nor to “have a correspondence address in the United Kingdom in the 3 years following the end of the transition period.”

Although the prospects for a “deal” are looking better, that there will be a fully negotiated and ratified Brexit agreement is far from certain. Prime Minister Theresa May received the backing of her cabinet on November 14. She also won a “defiance” vote in her own party (200 in favor, 117 against) on December 11. She will now need to round up a majority in favor of the deal in the UK Parliament by January 21, 2019. If that vote fails, the parallel filing strategy recommended last summer and early fall will become a matter of priority once again. As always, we will keep our friends and clients apprised as events unfold.

## Additional Information

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If you would like assistance evaluating and handling these and other related matters, please contact one of the authors or any member of our [Intellectual Property and Information Technology Practice Group](#). For more information regarding our practices, please visit us at [www.KutakRock.com](http://www.KutakRock.com).

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