

# CHANGES TO 'DEADWOOD' REGISTRATIONS

Gladys Tibbo Witt  
Shapiro Cohen



Hot on the heels of the recent Practice Notice, which made sweeping changes to the way parties must conduct themselves during opposition proceedings, the Canadian Intellectual Property Office (CIPO) has published a new Practice Notice effective September 14, 2009 (Section 45 Proceedings) setting out changes to how summary cancellation actions against trademark registrations, under the provisions of Section 45 of the Canadian Trade-marks Act, are to be conducted before the registrar.

Section 45 proceedings are a means of removing what are considered 'deadwood' registrations that are over three years old from the register. Since Canada does not require an owner to submit evidence of current or continuous use in order to maintain a trademark on the register at every renewal, a subsequent applicant can be stymied, either during the examination process or during opposition proceedings, by the existence of an active registration that is no longer in use. A registered trademark can also be an effective tool in an action before the courts to stop another trader from using a potentially confusing mark in Canada, despite the fact that the registered trademark has been effectively abandoned at common law by the owner for some time.

Section 45 proceedings are administrative in nature and neither the Act nor the Trade-mark Regulations have changed significantly in recent years on the general process involved. At the written request of a third party (the requesting party) who pays the appropriate fee, the registrar (CIPO) will issue a notice to the owner of the registered trademark requiring it to submit evidence 'showing' use in Canada of the registered trademark for the registered wares and/or services during the timeline set out in the notice. This is recognised as any commercial transaction during the three years preceding the date of the notice.

Both the requesting party and the registered owner are given opportunities to make both oral and written submissions on the evidence submitted before the registrar makes the decision to maintain, amend or expunge the registered trademark. The registrar's decision is subject to an appeal to the Federal Court of Canada.

Section 45 proceedings are often initiated as a means of creating a negotiating tool for an applicant for a possible settlement when confronted by either an opposition or other action from a registered trademark owner. Under the former practice at the CIPO, the registrar would allow numerous extension requests at all stages of the proceedings, so long as reasons were given (such as settlement negotiations) and with the consent of the other party. This is no longer the case.

Although as noted, there have been no recent changes to the Act or the Regulations, and there certainly have not been any recent court decisions that would warrant any changes to Section 45 proceedings, what has changed

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is the CIPO's view on how disputes should 'rightly' be handled at the administrative level before the registrar. Falling back on the interpretation of what is the purpose of Section 45 proceedings, as defined by case law over the years, the CIPO has expressly stated in this new Practice Notice that: "Section 45 proceedings are not intended to replace *inter partes* expungement proceedings...where issues of ownership, distinctiveness or abandonment of a registered trademark may be raised before the Federal Court of Canada."

The new Practice Notice, while allowing the registered owner a maximum of two extension requests to submit its evidence of use, disallows either party to request extensions *ad nauseam* with consent, primarily based on settlement negotiations.

Another strategic option, which has been explicitly eliminated under the new Practice Notice, is the requesting party's ability to choose that the Section 45 Practice Notice be restricted to certain wares or services in the registration, rather than against the entire registration.

While Section 45 proceedings may still be an effective bargaining tool during settlement negotiations, the requester should be made aware of the new limitations set by this new Practice Notice, and strategise the timing and conduct of any such proceedings accordingly.

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Gladys Tibbo Witt is a partner at Shapiro Cohen. She can be contacted at: [gtibbowitt@shapirocohen.com](mailto:gtibbowitt@shapirocohen.com)