

TRADEMARK TROLLS AND "ALL-CLASS" APPLICATIONS: A TROUBLING TREND COMES TO CANADA

19 April 2018

In the intellectual property context, the term "troll" is commonly used to refer to a (generally non-practicing) person or entity who registers an exclusive right and then demands payment and threatens litigation against persons who infringe upon the registered intellectual property right. Trademark trolls (also referred to as "trademark squatters" or "trademark assertion entities") garner less public attention than their cousins in the patent world, but may still pose serious problems for legitimate businesses and brand owners.

Applications filed by trademark trolls are generally directed to marks that comprise either: (1) common words or names of general application; or (2) marks belonging to established businesses but which have not been made the subject of an application in the jurisdiction of interest.

In jurisdictions where filing fees are not based on the classification system established under the Nice Agreement (the "Nice Classification system"), applications filed by trademark trolls often include claims to goods and services classified in each of the 45 classes recognized under the Nice Classification system, to give the broadest possible coverage for any resulting registration. Such applications are often referred to as "all-class" applications or "45-class" applications.

The rise in "all-class" applications filed in Canada

Recent months have seen a considerable rise in "all-class" applications filed through the Canadian Trademarks Office, containing claims to all 45 classes of goods and services

recognized under the Nice Classification system. In the year 2017 alone, more than 400 such all-class applications were filed in Canada, a considerable increase over the number of such applications filed in previous years. Of the all-class applications filed in 2017, the majority appear to be in the name of known trademark trolls, including more than 300 such applications filed in 2017 in the name of a single applicant.

The all-class applications filed in 2017 include a wide array of common words (including applications for "AQUA", "GLASS", "SELFIE", "HEART", "QUALITY", and "CONCIERGE"), common first names (including applications for "Andres", "Cesar", "Curtis", "Preston", and "Margaret"), and surnames (including applications for "ROCKEFELLER", "TANNER", and "GARRETT"). The all-class applications filed in 2017 also include applications which appear to be directed to established brands, including applications for "BAIDU", "EUTM", "NARS", "CHLOE", and "Pan Am". This filing activity has continued in early 2018, with several dozen applications having been filed in the past three months, many of which are directed to common words (including applications for "QUEST", "TITAN", "TRIANGLE", and "BLUE") and some of which appear to target established brands (including applications for "OMEGA", "VERISMO", and "ATMOSPHERE"). These applications have generally been filed on the basis of "proposed use" of the marks in Canada.

Few brand owners can legitimately claim an intent to use their marks in association with goods and services in all 45 classes recognized under the Nice Classification system, and under Canada's current use-based system of trade-mark registration - which currently lacks a divisional practice - all-class applications offer little practical benefit to legitimate brand owners. It is suspected that the recent influx of all-class applications has been triggered by forthcoming changes to Canada's Trademarks Act expected to be implemented in early 2019, which will eliminate use as a prerequisite to registration and will make Nice Classification a mandatory requirement. The changes to the Trademarks Act and Trademarks Regulations will also increase filing fees for multi-class applications, from a \$250 CAD flat filing fee (regardless of the number of Nice classes covered by the specification of goods and services) to a filing fee of \$330 CAD for the first class plus \$100 CAD for each additional class. Under the current draft of the revised Trademarks Regulations, an all-class application would cost \$4,730 CAD in filing fees, instead of the current fee of \$250 CAD.

What is being done and how can brand owners protect themselves?

The filing of multiple "all-class" applications by a single applicant is arguably objectionable on its face, because of the requirement under the current law to state a basis for registration of the mark and, in the case of a proposed use application, to state that the applicant, by itself or through a licensee, intends to use the mark in association with the applied-for goods and services in Canada. It can be presumed that no one applicant has or could have a legitimate intention to use multiple marks on or in connection with goods and services in each of the 45 Nice classes, particularly where the applicant has filed several hundred such applications. Moreover, as is the case in the practice of domain name dispute resolution, where the registration of multiple domain names comprising trademarks of others can be treated as evidence of bad faith, it can arguably be presumed that a pattern of filing multiple all-class trademark applications constitutes evidence of bad faith and/or fraudulent intent.

The Canadian Intellectual Property Office ("CIPO") has taken note of the recent rise in the number of all-class applications, and has prioritized examination of these applications. A number of the all-class applications filed in 2017 have now been examined, and each such application has received examiner's reports detailing multiple objections to registration. However, because CIPO does not have clear policies on all-class applications and/or the filing of multiple such applications by a single applicant, it remains to be seen whether CIPO will maintain its objections to registration of the aforementioned all-class applications. In the absence of clear policies on these issues from CIPO, it may be that some of these all-class applications will be approved for publication and it will become the responsibility of brand owners to initiate opposition proceedings against applications that purport to affect their freedom to operate and the scope of their legitimate rights.

Given the recent rise in the filing of questionable trademark applications and the current lack of clarity in how CIPO will handle the prosecution of such applications, it is recommended that brand owners take steps to protect against these threats:

- Brand owners who sell goods and services in Canada (or whose brands may otherwise be known in Canada or to Canadians) or who simply do not wish to see their brands registered in Canada by others, should consider investing in applications to protect their important brands in Canada now to avoid the difficulty and (potentially far greater) expense of trying to recover their marks from others at a later date. Any such applications should cover goods and services that the owner uses or **legitimately** intends to use in Canada. Trademark owners should resist the temptation to "fight fire with fire" by filing all-class applications of their own, which could give rise to grounds for opposition or invalidity of any resulting registration.

- Brand owners should diligently monitor trademarks databases to determine whether they have been targeted by trolling activity in Canada or elsewhere. Studies of filing patterns reveal that trademark trolls often file for registration of the same marks in multiple jurisdictions, often with applications spread amongst a variety of entities in complex corporate structures to make it difficult to easily track and monitor trolling activity. Identifying such activity at an early date can help brand owners respond appropriately, particularly where they have been targeted in multiple jurisdictions.
- Brand owners who have been targeted by trolling activity should closely monitor any filed applications and, among other steps, initiate oppositions against any applications advertised in Canada or elsewhere, and challenge any issued registrations using available means of legal redress.

In light of the general increase in the number of trademark applications recently filed in Canada in anticipation of forthcoming changes to the Canadian Trademarks Act and the rise in questionable filing practices by suspected trademark trolls, it is recommended that brand owners implement such steps to maximize protection for their brands in Canada and elsewhere and minimize the risks posed by trolling activity.

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Related Intellectual Property, Trademarks, Brands & Designs, Canada's new Trademarks Act

Author

R. Nelson Godfrey

Partner - Patent and Trademark Agent,
Vancouver

 Email

nelson.godfrey@gowlingwlg.com

 Phone

+1 604-891-2799

 vCard

R. Nelson Godfrey