

IP monitor

Don't be afraid! Our guide to the IP tricks and treats in a Halloween budget bill

November 2018 Intellectual property

The federal government's recent omnibus budget bill, [Bill C-86 tabled October 29](#), proposes significant changes to Canada's IP laws. Division 7 of the bill is intended to implement many aspects of the government's [IP strategy](#), announced in April 2018. The bill targets the *Patent Act*, the *Trade-marks Act*, and *Copyright Act*, provides for a new *College of Patent Agents and Trade-mark Agents Act*, and effects changes to diverse legislative schemes affecting the IP regime, including privacy and bankruptcy.

Below, we have outlined some of the most significant changes to Canada's IP regime. Stay tuned for more targeted posts on aspects of these amendments in our blog network, including: [Pharma in Brief](#), [Les Actifs créatifs](#), and the [Brand Protection Blog](#), which includes coverage on [copyright](#) and [trademarks](#).

Impact on Canada's patents regime

Bill C-86 includes several notable changes to the *Patent Act*, including:

- **Prosecution history (file-wrapper) admissibility.** A patent's file history will become admissible on the issue of claims construction in litigation, overturning a long-standing Canadian Supreme Court precedent.
- **Revised and expanded exceptions to infringement:**
 - ⇒ **Expanded prior use exception.** A new exception to infringement protects good-faith prior use. This provision applies to patents as well as certificates of supplementary protection (CSPs), and includes flow-through protection for third-party purchasers/users.
 - ⇒ **Further codifying the experimental use exception.** The amendments codify Canada's experimental use exception, confirming that an act committed for the purpose of experimentation relating to the subject matter of a patent is not an infringement of the patent.
- A demand letter right of action. Aimed at addressing bad-faith allegations of patent infringement, a right of action will be given to persons who receive a written demand that does not comply with requirements to be defined by regulation. A right of action is also provided where a person is aggrieved by another person's

receipt of such a non-compliant letter. Liability may extend, in certain circumstances, to directors and officers of a corporation that sends out a non-compliant demand letter.

- **Standard-essential patents (SEPs).** As part of a series of amendments aimed at protecting subsequent-users' rights, the government has proposed that an SEP patentee's licensing commitments will bind any subsequent patentee and CSP holder.

Impact on Canada's trademarks regime

Bill C-86 proposes several changes to Canada's trademarks regime that will affect brand owners' strategies for oppositions, expungement proceedings, and enforcement. Some of the significant changes include:

- **Increased procedural powers for oppositions and s. 45 proceedings.** Adjustments to the rules governing oppositions under section 38, expungement proceedings under section 45, and statements of objection concerning geographic indications under section 11.13, including:
 - ⇒ granting the registrar the power to award costs;
 - ⇒ granting the registrar the power to issue confidentiality orders for evidence filed;
 - ⇒ permitting particular orders, such as confidentiality and costs orders, to be filed with and enforced as orders of the Federal Court; and
 - ⇒ permitting the creation of regulations to provide for case management of proceedings.
- **Limit on ability to file new evidence on appeal.** Parties will be required to seek leave in order to adduce new evidence on appeal from a registrar's decision.
- **Introduction of bad faith.** Parties will be able to assert bad faith as a ground of invalidity and as a ground of opposition.
- **Limit on official marks.** The registrar will be empowered to remove official marks from the register if they are owned by entities that no longer exist or are no longer public authorities.
- **Limits on enforcement without use.** A registered trademark owner will have to have used a trademark in Canada (or have special circumstances justifying the absence of use) in order to be entitled to seek relief during the first three years of registration for infringement or depreciation of goodwill.

Changes to the copyright regime

Bill C-86 proposed a number of changes to the *Copyright Act*, which are grouped into two main headings:

- **Regulation of content in notices of claimed infringement.** A new section has been introduced to regulate acceptable content in notices of copyright infringement pursuant to the "Notice and Notice" regime. Such notices will not be permitted to include settlement demands. Notices that fail to comply will not be required to be forwarded to Internet subscribers.
- **Copyright Board reform.** Subdivision 7 of Bill C-86 contains extensive amendments to reform the Copyright Board and its processes.

The new College of Patent Agents and Trade-mark Agents

The proposed legislation introduces an entirely new College of Patent Agents and Trade-mark Agents, empowered to govern licensing of and professional standards for patent and trademark agents.

Other changes

As part of implementing the government's IP strategy, Bill C-86 includes a wide range of amendments to non-IP statutes, including:

- **Preservation of usage rights.** Amendments to the *Bankruptcy and Insolvency Act* and the *Companies' Creditors Arrangement Act* have been proposed to expand protection for licensees, maintaining the right to use IP belonging to a person who is subject to either of those acts. The existing law provides protection in certain circumstances in the event agreements are disclaimed or resiliated. The proposed amendments would expand this protection to also cover usage rights for IP that is included in a sale or disposition of assets authorized under those acts.
- **Privileged information.** The *Access to Information Act* and the *Privacy Act* will gain exceptions that would allow the government to refuse to disclose records containing information that is subject to patent or trademark agent's privilege.
- **National Research Council (NRC) IP rights.** Amendments to the *National Research Council Act* will give the NRC new powers for dealing with IP and will vest rights to patents for inventions made by public servants employed by the NRC in the NRC.

Status of the legislation

The introduction and first reading of Bill C-86 in the House of Commons was completed on October 29. We will be carefully tracking this bill as it moves through Parliament. Further updates to come.

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The authors wish to thank [Louis Gratton](#) for his help in preparing this legal update.

For more information, please contact your IP professional at Norton Rose Fulbright Canada LLP.

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