

Registrar of Trademarks to Break Hearts: Time to Show Your Trademarks Some Love

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Non-Use of a Trademark can Lead to the Loss of the Right

In Canada, an owner must "use" their registered trademarks or risk their cancellation. If your trademark is associated with a product (i.e., "goods"), "use" is satisfied if the trademark is marked on the product itself or its package, at the time the product is sold. If your trademark is associated with a service, "use" is satisfied if the trademark is displayed in the performance or advertising of those services.¹

Once a trademark has been registered for three years, the registered owner may be required to provide evidence of "use" to the Registrar of Trademarks to maintain its registration. This happens by way of an "expungement" or "section 45" proceeding. The trademark owner can receive a formal notice (also known as a Section 45 notice), asking the owner to provide evidence of use, or justification of non-use, in the past three years from the date of the Section 45 notice. If the Trademarks Opposition Board is satisfied that the trademark has been "used", or there are special circumstances excusing non-use, the trademark will be maintained. If not, the trademark registration will be lost.

Registrar of Trademarks to Ask for Evidence of Use on its own Initiative

Typically, an expungement proceeding is initiated by an interested third-party, often a competitor who has an interest in the registered mark. However, as of January 2025, the Registrar of Trademarks has begun a [pilot project](#) whereby it will initiate expungement proceedings even if no interested party applies. The Registrar will randomly issue Section 45 notices to owners of trademarks that have been registered for more than three years. The rationale is to clear "dead" trademarks and promote fair competition.

The Registrar issued 100 Section 45 notices in January and plans to issue 50 in February and March. The number of notices to be issued in April is yet to be determined. After April, consultation will be done to determine if the pilot project should continue.

Reminder to Address Evidence of Use in Acquisitions

The launch of the pilot project is a good opportunity to remind trademark owners about the seriousness of ensuring evidence of use is addressed when acquiring trademark rights. The recent case of *Centric Brands Holding LLC v Stikeman Elliot LLP*, [2024 FC 204](#) ("**Centric Brands**") illustrates this.

Centric Brands Holding LLC ("**Centric**") had acquired the trademark at issue, AVIREX. Centric put AVIREX in use quickly after the acquisition. However, just 17 days before Centric *officially* owned the mark, a Section 45 notice was issued. Because the Section 45 notice was issued when the original owner owned AVIREX (and not Centric), the only way Centric could save the AVIREX mark would be by providing evidence of use, or justification for non-use, by the *original* owner. The Court found that Centric did not tender sufficient evidence to do so.

Practical Tips

Centric should serve as a warning to purchasers of registered trademarks; especially given the pilot project. There are steps that can be taken during the negotiations phase of an acquisition to ensure that the trademarks you are acquiring will remain active. This may include for example: asking for evidence of use during the due diligence phase, requiring the original owner to assist in a Section 45 proceeding, and/or representations, warranties, and indemnities. This can be done with the help of counsel.

¹ See section 4 of the *Trademarks Act*.