



NEWSLETTER | Markt to Market® - February 2018

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The February 2018 issue of Sterne Kessler's Markt to Market® discusses changes to Canadian trademark law, Federal Trade Commission versus California state rules for the "Made in the USA" designator, and lists the new gTLD Sunrise periods.

Sterne Kessler's [Trademark, Advertising, and Anti-Counterfeiting practice](#) is designed to help meet the intellectual property needs of companies interested in developing and maintaining strong brands around the world. For more information, please contact [Monica Riva Talley](#) or [Tracy-Gene G. Durkin](#).

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Changes to Canadian Trademark Law, Eh?

By: [Monica Riva Talley](#)

Those of us with clients who do business in Canada have been watching with interest as Canada prepares to implement significant changes to its trademark laws. The new *Trademarks Act* (no more Trade-hyphen- marks!) was enacted in 2014, it has been inching toward implementation ever since. The Trademarks Office forecasts that the new regulations will be in force by early 2019.

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When "Made in the USA" Means . . . Something Different

Adapted from Rob Sterne's [FOCUS2018 #7 Newsletter](#)

By: [Robert Greene Sterne](#) and [Monica Riva Talley](#)

As most manufacturers are aware, the Federal Trade Commission sets the rules for the Made in the USA designator. The current FTC standard requires that "all or virtually all" of all significant parts and processing that go into products designed as "Made in the USA" are of U.S. origin. A [full description of the rules is found on the FTC website](#) and should be consulted carefully before using the mark to avoid FTC liability.

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gTLD Sunrise Periods Now Open

As first reported in our December 2013 newsletter, the first new generic top-level domains (gTLDs, the group of letters after the "dot" in a domain name) have launched their "Sunrise" registration periods. Please contact us or see our [December 2013 Newsletter](#) for information as to what the Sunrise Period is, and how to become eligible to register a domain name under one of the new gTLDs during this period.

» [Read more](#)

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From a U.S. perspective, the new act includes several revisions that provide enhanced protections, and help align Canada with trademark practices in other jurisdictions, including the U.S. Of note:

- Canada will, at long last, become a party to the Madrid Protocol, allowing for more streamlined and cost-effective filing and maintenance;
- The Declaration of Use requirement and the registration fee will be eliminated;
- The Nice Classification of goods and services will be adopted, which will also allow for more streamlined international filing programs;
- Canada will allow for the protection of nontraditional marks to include anything that can function as an indicator of source, such as colors, three-dimensional shapes, sounds, scents, textures, and the like;
- It will finally be possible to divide applications in Canada, which is a useful tool during the prosecution phase.

On the down side, Canada has been a unique and cost effective jurisdiction for many years — due to the relatively low cost of filing (which will no doubt increase due to per-Class filing fees), and the 15 year registration term (which will now be reduced to the more typical 10).

Nevertheless, our neighbor to the north remains an important market for many U.S. businesses, and the upcoming changes to the trademark practice will help align trademark filing and prosecution strategies across North America.

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However, California, which has a reputation for enacting laws that differ from those in the other 49 states, has its own rule for using the Made in the USA designator. In the early 1960s, California passed a law making it illegal to mark a product "Made in the USA" unless every single part of the product had been made in the U.S. This law could be enforced by plaintiff attorneys in state class actions against companies that did not meet the absolute California standard even though domestic content of the product met the FTC standard in the other 49 states.

An example of such a state class action suit brought under the 1960's statute is ***Colgan v. Leatherman Tool Group, Inc.***, where a trial court ordered Leatherman to pay \$13 million in restitution; a higher court later reversed the restitution award and instead fined the company \$1,000 – the penalty amount under the ***Consumer Legal Remedies Act***.

In response to widespread pressure caused by this and other decisions, California [relaxed its 100% domestic content requirement to 95%](#) in 2016. However, the California requirements still impose significant burdens that differ substantially from those of the FTC standard. Specific differences in the California standard include a focus on cost (percentage of cost being US made), the maintenance of evidence, and the "availability of the foreign component" (which does not take into account quality of the component).

The U.S. Congress is currently considering legislation that would preempt the separate California standard and make use of the Made in the USA designation exclusively a federal issue. The [Reinforcing American-Made Products Act of 2017](#) is based on the premise that the California standard violates the interstate commerce clause of the U.S. Constitution by imposing a patchwork quilt of requirements that depend upon which state a product is sold.

Until a federal statute is enacted, manufacturers should take care that any products marked with the Made in the USA designation meet both federal and California statutes.

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As of February 28, 2018, ICANN lists Sunrise the period as open for the following new gTLD:

.nowruz	.kuokgroup	.kerryproperties
.kerrylogistics	.thd	

ICANN maintains an up-to-date list of all open Sunrise periods [here](#). This list also provides the closing date of the Sunrise period. We will endeavor to provide information regarding new gTLD launches via this monthly newsletter, but please refer to the list on ICANN's website for the most up-to-date information – as the list of approved/launched domains can change daily.

Because new gTLD options will be coming on the market over the next year, brand owners should review the list of new gTLDs (a full list can be found [here](#)) to identify those that are of interest.

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