

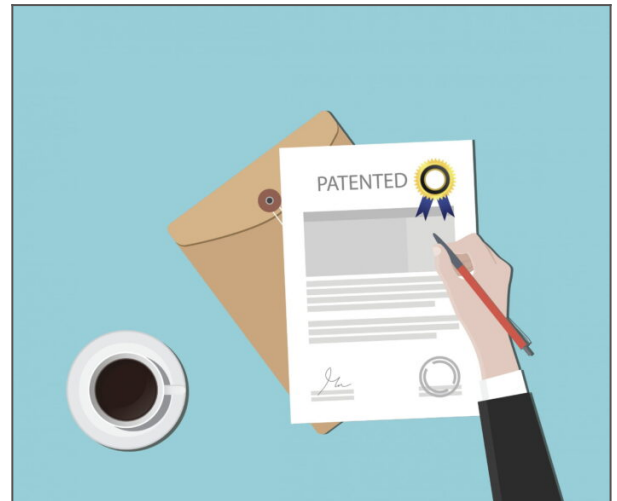
TradeMark Security Interests in Canada

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U.S. IP often goes hand-in-hand with trademarks, patents, and copyrights registered in Canada. Should security interests against Canadian IP be treated the same as in the U.S.?

If a bank holds a security interest against registered trademarks in Canada, is recordation of the security interest required in order to “perfect” the security interest? If so, with what agencies or registries must the security interest be recorded?



In order to create an enforceable security interest in a trademark, one must look to the applicable provincial legislation.

Most provinces in Canada have enacted a Personal Property Security Act to govern security interests in personal property. For example, Ontario has enacted the Personal Property Security Act (Ontario) (the “PPSA”) which is based on Article 9 of the American Uniform Commercial Code (“U.C.C.”).

The PPSA applies to “personal property” which normally includes, among other things, intangibles. At law, a trademark is generally considered to be a “chose in action” and is therefore included in the definition of “intangibles” under the PPSA. Thus, the terms of the PPSA are likely applicable to trademarks.

To take a security interest in intellectual property under the PPSA, two general requirements must normally be satisfied: attachment and perfection. A security interest for trademarks attaches when the debtor signs a security agreement that contains a description of the collateral sufficient to enable it to be identified, value is given and the debtor has rights in the collateral. A security interest in a trademark is normally perfected when it has attached and a financing statement has been filed with the appropriate Personal Property Security Registry (“PPSR”).

There has been much debate as to whether security interests should be registered with the Canadian Intellectual Property Office (“CIPO”) in addition to the applicable PPSA. The Trademarks Act is silent on the creation of a security interest in a trademark, and although

the CIPO will permit a party to record a security interest against a trademark on its internal database, the CIPO does not take any position as to the validity of such an interest. Thus, it remains unclear whether there is any benefit to filing such a registration with the CIPO.

If a security interest is recorded against registered trademarks, will an indication of the security interest appear in online records of the Canadian Intellectual Property Office? If not, are there other ways of confirming the existence of a security interest against registered trademarks?

Yes. A security agreement notice will appear under the “Action History” tab of a registered trademark on CIPO’s website.

The United States Patent and Trademark Office makes security interests - and releases of security interests - available online as recorded documents. Are security interests against Canadian trademarks available online as well?

No. Security interests and releases of security interests are not available to view on CIPO’s website as recorded documents. However, a copy of these documents can be requested from CIPO.

Under current Canadian law, what are the governmental fees for recording a security interest in trademarks?

There is no prescribed form or fee for registering a security interest against a trademark with CIPO.

While we’ve been discussing trademarks, do the same rules regarding perfection of security interests apply to issued patents and registered copyrights in Canada? Or are there any important differences about which intellectual property owners should be aware?

The Patent Act and Copyright Act are similarly silent on the creation or perfection of a security interest in a patent or copyright. Patents and copyrights are also considered “intangibles” for the purposes of the PPSA and are governed by the same rules as trademarks outlined above as it relates to the PPSA.

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