



Trademarks: Why You Should Register Your Brands

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If you want to be sure that you, and only you, have the legal right to use your important trademark or brand identities such as your company's name, and the names of its goods and services, be certain that those brands are registered as trademarks.

Otherwise, you may be stopped from using them by someone who had previously registered them as a trademark, or by someone who had previously established a reputation using the same name or a very similar one.

Many – but, surprisingly, not all – established businesses register their company names (when the name is also used as a trademark), and the names of their products and services -- and even particular aspects of those products, services and operations – as trademarks.

All new enterprises have the unique, high-value opportunity to do the same thing from the very beginning, thereby ensuring that the revenue, profit and goodwill that their trademarks help generate will flow to them exclusively, and potentially indefinitely.

In all of this, it is necessary to be clear on what does – and does not – confer rights.

Using a particular corporation name or trade name in the forms you fill out when you register your company with the appropriate government authorities does *not* mean that your business acquires the automatic right to use that name. Nor does it provide your business with an automatic right to prevent others from using the name.

The only thing that provides such protection is a trademark registration, which should be part and parcel of every well-planned, comprehensive business start-up process.

Canadian enterprises of all sizes must conduct their business in increasingly competitive Canadian and global marketplaces. Trademarks or brands are important tools and valuable business assets in this changing world and protecting trademarks makes sound business sense. As the Supreme Court of Canada put it in a decision:

“Trade-marks in Canada are an important tool to assist consumers and businesses. In the marketplace, a business marks its wares or services as an indication of provenance. This allows consumers to know, when they are considering a purchase, who stands behind those goods or services. In this way, trade-marks provide a “shortcut to get consumers to “where they want to go.”¹

¹ The Supreme Court of Canada in *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27 at para 1, [2011] 2 S.C.R. 387.

What is a trademark?

Trademarks are used by businesses to distinguish their goods or services from those of other businesses and thereby represent a company's goodwill. Trademarks indicate a single source of goods or services and may also represent quality, reliability, and even prestige.

Although the registration and use of a corporation name or business or trade name does not give rise to trademark rights, a company or trade name in many instances often becomes the primary trademark or brand identity of a business. It is therefore a prudent business practice to register the business or trade name as a trademark early in the start-up period of a new business venture.

There are many forms of trademarks protectable under Canadian law. They can consist of:

- **Word(s)**

TIM HORTONS

- **Letters, numerals, or alphanumeric characters**

BMO

501 [a Levi Strauss trademark for jeans]

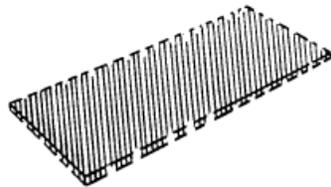
- **Designs or logos**

Tim Hortons

- **Slogans**

THE ULTIMATE DRIVING MACHINE

- **Colour**



The colour pink applied to the whole of the visible surface of foam insulation.

- **Product designs**

iPhone Trade Dress Icon Screen (color) Design.



- **Product configurations**

The Coco-Cola bottle.

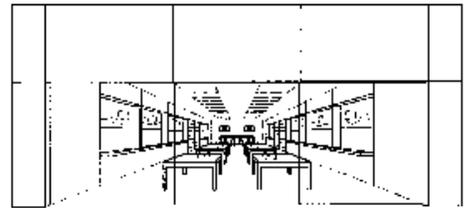


- **Sound**

MGM's Roaring Lion.

In jurisdictions outside Canada, other non-traditional trademarks are registrable.

For example, in the United States, trademark protection can extend to interior and exterior store and restaurant designs. Apple's retail store layout, to take one instance, is the subject of US Trademark Registration No. 4,277,914.



The US and the UK also permit registration of a scent. US Trademark Registration No. 4,113,191 is for a trademark consisting of a coconut scent or fragrance in association with, among other things, "Retail store services featuring sandals and flip flop sandals." It is owned by Flip Flop Shops, based in Simi, California.

UK Registration No. 2001416 is for a trademark consisting of "a floral fragrance/smell reminiscent of roses as applied to tyres." It is owned by Goodyear Dunlop Tyres UK Limited.

Canada permits registration of a sound mark. By virtue of proposed amendments to the Trade-marks Act now before Parliament, other non-traditional trademarks may soon be registrable in Canada, including a hologram, a moving image, a scent, a taste, and a texture.

Establishing Trademark Rights

It is important to understand the distinction between a trademark and a trade name. A trade name is simply the name a business is known by. As was mentioned earlier, registering a corporation name or trade name with the appropriate government authorities does not mean that a business acquires the automatic right to use that name. A business could be prevented from using a name by someone who had previously registered it as a trademark, or by someone who had previously established a reputation in the same area using the name or a very similar one. Even multi-national companies that did not secure a Canadian trademark registration before their entry into Canada can face litigation. Both Wal-Mart and Target encountered trademark litigation at the time of their entry into Canada.

A business name registration or incorporation does not provide a business with an automatic right to prevent others from using the name as a trademark (though others will generally be prevented from registering the name in the province as a company name).

A trademark, on the other hand, is the mark, brand or logo, or other device by which goods or services are known to the public as a result of the mark's appearance on goods, or their packaging, or in advertisements that promote services.

In order to obtain or maintain rights, a trademark should be designated as a trademark, as opposed to being mere descriptive text. In other words, it should be made clear to both customers and competitors which words, images and other features are intended to be protected as trademarks. In the case of word marks, this can also be done by simply using different style lettering, such as bold face, italics or capital letters. In addition, trademarks should be identified with the TM/MC symbol with each appearance of the trademark on a product, product container, published text (such as warranty cards and use and care booklets) and in advertising material.

A trademark, even if not registered, protects against others from using a trademark and unfairly and unjustly benefiting from the goodwill represented by that trademark. However, an unregistered trademark may only afford protection within the specific geographical area in which a business can show that it has established a substantial reputation associated with its asserted trademark.

The Benefits of Trademark Registration

A trademark registration enhances the ability of a business to protect its goodwill.

1. A trademark registration provides proof of ownership. In contrast, a business asserting unregistered trademark rights is required to prove trademark ownership by extensive use of the trademark in the marketplace.
2. A trademark registration gives its owner the exclusive right to the use of the mark in association with the registered goods or services across Canada, even if the owner's use only occurs in parts of Canada. Trademark registrations are granted for 15 years and may be renewed indefinitely.
3. Five years after registration, a trademark registration becomes incontestable as against allegations of prior use by a third party.
4. Registration gives the owner the right to sue, for trademark infringement (as well as passing off and unfair competition), any person who uses an identical or similar trademark or trade name. The owner need only show that the mark as registered is being used or, in the case of a similar trademark or trade name, that there would be a likelihood of confusion if the registered owner and the infringer were selling in the same geographical area, regardless of whether or not the registered owner actually is in the same area, or whether or not the wares or services are of the same general class.
5. An application for registration of a trademark may be filed before use of a trademark has occurred. (Registration will only occur after the trademark is used, however).
6. Under international conventions, a Canadian business may file an application for trademark registration in most other countries and claim the benefit of its Canadian trademark application filing date, provided the foreign application is filed within six months of the Canadian filing.
7. A Canadian trademark registration may be used to obtain a trademark registration in another country, such as the United States, without the requirement of use of the trademark in commerce with or in the United States. Similarly, a foreign company that owns a trademark registration in another country and has used its trademark abroad can secure a Canadian trademark registration based solely on such registration and use abroad; no use in Canada is required to perfect the trademark registration.
8. Trademarks are often top-of-mind search terms for an internet user. Just as trademarks drive repeat business in the traditional bricks and mortar world, trademarks equally drive visitors to a website and repeat business. A Canadian trademark registration can lessen the evidentiary burden in domain name dispute proceedings for securing ownership over a confusingly similar domain name held by persons in Canada or in other countries.
9. Trademarks are property which can be bought and sold (assigned), pledged (e.g. as loan security) or licensed (merchandising, sponsorship, co-branding, contests). A trademark registration may facilitate licensing of a trademark.
10. The cost of obtaining and maintaining a trademark registration is relatively low compared to other intellectual property rights and typically represents a fraction of advertising expenditures.

Summary

The strategic management and registration of trademark rights is more important than ever in today's sharply competitive global marketplace. Trademarks are valuable business identifiers that can drive business development and enhance company value and that merit every protection that can be arranged. ■