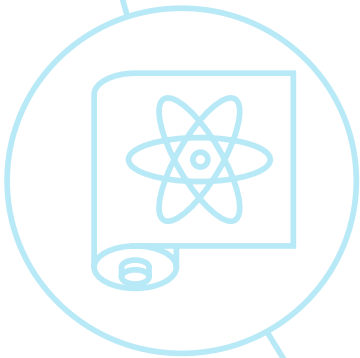




TRADEMARK PRIMER

Have a brand worth protecting?
This will help you get started.



WHAT IS A TRADEMARK?

A trademark is like an identification badge that distinguishes one party's products or services from those of others in the marketplace. For example, KRAFT DINNER® is a trademark used by Kraft Canada Inc. to distinguish its macaroni and cheese product from macaroni and cheese products made by others. Most commonly, trademarks are two-dimensional symbols, such as written text (e.g. a word or slogan) or a logo, which are displayed on products or associated with services to identify their source to consumers. Some less common types of trademarks include sounds, scents, colours and three-dimensional shapes, which can also serve as source identifiers.



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Trademark rights are typically created by actual "use" of the trademark on products or in association with services. A trademark is "used" in association with products when the products are sold with the trademark displayed on the products themselves, on the packaging for the products, or in association with the products in some other manner at the time the products exchange hands in the usual course of trade. A trademark is "used" in association with services when the trademark is displayed during the performance of the services or displayed in the advertising of the services.

HOW DO I CHOOSE A GOOD TRADEMARK?

A good trademark is distinctive. Distinctiveness means that the trademark enables consumers to distinguish your products or services from those of others. Trademarks with greater distinctiveness benefit from a broader scope of protection. Conversely, trademarks with low distinctiveness have a narrower scope of protection.

Choosing a distinctive trademark means you should choose a unique trademark. Avoid choosing a trademark that is identical or confusingly similar to a trademark already being used by a competitor. Trademarks are confusingly similar when, having regard to factors such as the similarity of the trademarks and the similarity of the products or services associated with the trademarks, a consumer would be likely to be confused as to the source of the products or services. If your trademark is identical or confusingly similar to an existing trademark owned by another party, you may not be able to obtain a valid registration for your trademark and you can be prevented from using your trademark. Conducting a trademark search can reduce the risk of choosing a potentially confusing trademark.

Choosing a distinctive trademark also means that you should avoid choosing a trademark that is descriptive of your products and services. For example, THE BURRITO SHOP would not be a distinctive trademark for a Mexican restaurant since it would be descriptive of the services offered by the business. To ensure commonly used words in a particular field



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remain freely available for all marketplace participants, clearly descriptive trademarks are typically not registrable.

Examples of non-descriptive trademarks include coined words, words unrelated to the associated products or services, and words that are merely suggestive of the associated products or services. The EXXON trademark (for petroleum products) is an example of a coined word. The APPLE trademark (for computers) is an example of a word unrelated to the associated products. The GREYHOUND trademark (for bus transportation) is an example of a suggestive trademark.

Trademarks that fall within the scope of the following limitations also may not be registrable and should therefore generally be avoided:

- **Names or surnames.** Persons' full names or surnames are not normally registrable as trademarks, unless there has been extensive use of the name in question as a trademark. For example, FORD, despite being a surname, is a registered trademark for motor vehicles.
- **Place names.** Geographic place names may not be registrable. For example, PARIS is likely not a good trademark choice for perfumes.
- **Generic terms.** Words which are the name, in any language, of any of the products or services associated with the trademark are not registrable. For example, BROGUE is not a good trademark choice for shoes because a brogue is a type of footwear.
- **Prohibited trademarks.** Certain trademarks, such as royal and government arms and crests, government flags, official and university marks, and marks of certain organizations (e.g. the RCMP and Red Cross), are specifically prohibited and not registrable as trademarks.

The foregoing list is not exhaustive but is intended to provide examples only.

WHY SHOULD I REGISTER A TRADEMARK?

It is not necessary to register a trademark in order to use it, but there are some important advantages if you do register.

These advantages include:

- **Enforceability.** A registered trademark can be enforced throughout Canada, and is easier to enforce than an unregistered trademark.
- **Value.** The value of a company is tied to customer goodwill in its branding. Registering a trademark can help create and protect value for a company.



It is important to ensure that a trademark application is based on the proper ground(s) for registration.

- **Notice and avoidance of conflicts.** A registered trademark will appear in the Trademarks Register and in the online trademarks database, which others frequently search when selecting a trademark.
- **Protection.** The Canadian Intellectual Property Office should refuse to register an application for a trademark that is confusingly similar with a registered trademark. Also, after a trademark has been registered for five years, it cannot be challenged on the basis that another party used it first (unless the owner of the registered trademark knew of the other party's use before adopting the trademark).
- **Securing Internet Domain Names.** A trademark registration can assist in acquiring or protecting a domain name.
- **Foreign Rights.** A Canadian trademark registration can be used as a basis to seek registration of the trademark in some foreign countries.

WHAT ARE THE STEPS AND COSTS INVOLVED TO REGISTER A TRADEMARK?

Registration Process

The registration process is initiated by filing a trademark application at the Canadian Intellectual Property Office, including the application fee, a list of the goods and services associated with the trademark, and any other requirements specific to the type of trademark sought to be registered. The Trademarks Act sets out a number of requirements for trademark registration. It is important to ensure that a trademark application complies with the requirements for registration. Otherwise, the resultant trademark registration may be invalid and unenforceable, or the application may be refused.

An examiner evaluates the application by conducting searches for identical or potentially confusing trademarks, and assesses other potential obstacles to registration. If the examiner raises no objections, the application is approved for publication in the Trademarks Journal. For a two-month interval after publication, the application may be opposed by another person. Oppositions, which are relatively uncommon, may for example be based on prior use of a confusing trademark. If no opposition is raised, the trademark will be registered. A registration is valid for 10 years, after which a renewal fee must be paid in order to maintain the registration.

It typically takes 24 to 36 months to “prosecute” an application through all of the stages, assuming that there are no examiner’s objections, no oppositions are filed against the mark, and no extensions of time are requested by the applicant. Prosecution of an application typically consists of responding to any requirements or objections that may be raised by a trademarks examiner.



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Cost

The initial cost of filing an application to register a trademark is about \$1,700 for an application covering one class of goods or services, with additional costs for applications including more than one class. Further costs on the order of about \$1,800 may be incurred later in the process for a straightforward application. A straightforward application means that there are no major objections raised by the trademarks examiner, no oppositions are lodged by third parties, and no extensions of time (e.g. to respond to examiner objections or to meet other formal requirements) are required.

Costs relating to dealing with examiner objections are highly variable and depend upon the number and complexity of the objections. We can discuss with you in advance of filing the costs that might be incurred in your particular case, but we cannot know in advance what objections will be made to an application, and so there is always some uncertainty in this regard. Opposition proceedings are adversarial proceedings conducted before an administrative tribunal called the Trademarks Opposition Board, so costs are difficult to predict in advance.

WHY SHOULD I CONDUCT A TRADEMARK SEARCH BEFORE USING A TRADEMARK?

Before using or applying to register a trademark, it is advisable to conduct a trademark clearance search. At a minimum, the search should cover the records of registered trademarks and pending trademark applications maintained by the Canadian Intellectual Property Office. To limit the risk of future conflicts and liability, the search should also look for unregistered or “common law” trademarks in use in Canada. The objective is to assess the potential for consumer confusion of a trademark with existing trademarks, both registered and unregistered.

A search does not guarantee that a mark is available or that liability will not result from adopting and using a given trademark in Canada. However, a thorough search will reduce the risk of selecting a trademark that conflicts with another party’s trademark.

The cost for conducting a trademark clearance search in Canada that looks for both registered and common law trademarks is typically on the order of CA\$2,500-\$3,000 for a trademark that consists of a word. Additional costs can be incurred if the word has a translation or there is a design component that must also be searched.

Searches are country-specific. In many cases, it may be important to conduct a clearance search for a trademark in more than one country. We can assist with having appropriate searches conducted for countries outside of Canada as well.

HOW DO I OBTAIN INTERNATIONAL TRADEMARK PROTECTION?

The Madrid Protocol provides a centralized filing system allowing a trademark application or registration in one country to form the basis for an international trademark registration. Advantages of filing under the Madrid Protocol include potential cost and time savings over filing individual national applications. Canada and major industrialized countries and regions are members of the Madrid Protocol.

Advantages of filing under the Madrid Protocol include the potential cost savings over filing individual national applications. Filing under the Madrid Protocol requires filing a single application in the home country. Applications in foreign countries are then filed by designation of the foreign member countries. The application in the home country is prosecuted to registration in the same manner as a regular national application for that country. For the designated foreign member countries, the respective national trademark offices will conduct their own separate examination to determine whether the trademark can be registered in their country.

Another advantage over individual national applications is that administrative matters subsequent to registration (e.g. name change, address change, owner change, renewals, etc.) can usually be processed in a single procedural step, with effect across all designated contracting states. This simplifies the management of trademark portfolios and can result in significant cost savings.

A disadvantage of the Madrid Protocol is that a trademark owner can lose its rights granted by an international registration if the home country application does not mature to registration or if the home country registration is canceled during its first five years. A corresponding loss of rights can be avoided in foreign countries by timely converting the foreign member country designations into individual national applications. Such conversions would, however, negate any cost savings achieved by initially filing under the Madrid Protocol.

Another disadvantage is that the International Registration is based on the home country application. For example, the United States requires more narrow descriptions of goods/service in trademarks than some other countries. As such, you may be able to secure broader protection by filing directly in those countries.

Of course, an international registration can only cover Madrid Protocol member countries. Separate national applications would still be required for non-member countries.

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The Madrid Protocol can be a useful tool for trademark protection for companies seeking coverage in a significant number of foreign countries but a careful assessment should be made in each case of the relative benefits and risks of using the system.

DO I HAVE TRADEMARK RIGHTS IN A CORPORATE NAME?

A trade name is a name under which a particular business is carried on by an individual, partnership or company. It may be the corporate name of the company carrying on the business. A trade name displayed on products or associated with services may also function as a trademark.

Incorporation protects the name of the corporation only in the limited sense that the incorporation authority (e.g. the British Columbia Corporate Registry) will not allow incorporation of another company with an identical or a very similar name. However, this differs from a company's ability to do business under its corporate name, or its use of the corporate name as a trademark. If the corporate name is identical or confusingly similar to a trade name or trademark under which another party conducts business in a competing marketplace, then this other party may prevent use of the registered corporate name. This is so even if the corporate trade name was adopted without knowledge of the established name or trademark, the business using the established name is not incorporated, and the Corporate Registry has "approved" the corporate name.



You can permit someone else to use your trademark, but only if you control the character or quality of the products or services with which the other party uses the trademark

CAN I LET SOMEONE ELSE USE MY TRADEMARK?

You can permit someone else to use your trademark, but only if you control the character or quality of the products or services with which the other party (the "licensee") uses the trademark. Typically, a license agreement is prepared to document both your rights as licensor and the rights and obligations of the licensee. Care must be taken in preparing and implementing a license agreement, because improper licensing can cause a loss of trademark rights.

Proper licensing is presumed if the product packaging, labeling or signage identifies the trademark owner and indicates that the trademark is used under license. But if the trademark owner does not actually control the licensee's use of the trademark, the trademark's distinctiveness may be diminished, leading to a loss of trademark rights. In other words, even if you have a license agreement in place, if you do not actually take steps to ensure that the licensee is producing goods or providing services that meet your quality standards, you may harm your trademark rights.



Sounds, tastes, smells, colour, holograms, motion marks, three-dimensional shapes, modes of packaging goods, textures, or the positioning of a symbol on an object can all serve as, and be registered as, trademarks.

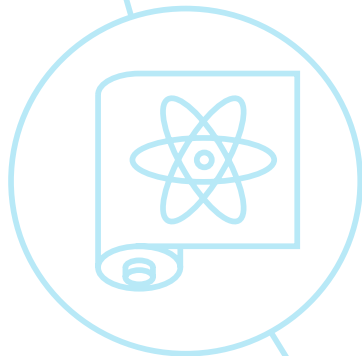
NON-TRADITIONAL TRADEMARKS

Although we frequently think of word marks, logos and slogans when we think of trademarks, there is a considerably broader scope of subject matter that can serve as, and be registered as, a trademark. Sounds, tastes, smells, colour, holograms, motion marks, three-dimensional shapes, modes of packaging goods, textures, or the positioning of a symbol on an object can all serve as, and be registered as, trademarks, as can combinations of these features.

There are, however, special provisions that apply to these types of trademarks. For example, if you wish to register a sound as a trademark, you must supply in your trademark application both a clear and concise description of the sound, as well as an electronic recording of the sound.

Also, most non-traditional trademarks will not be considered to possess inherent distinctiveness. That means that consumers will likely not perceive these features as inherently designating that a product or service originates from a particular source. This means that affidavit evidence must be filed during examination of the application to prove that the trademark has acquired distinctiveness, or become recognized by consumers as having brand significance, before the trademark application will be approved by the Canadian Intellectual Property Office.







INTELLECTUAL PROPERTY LAWYERS

ABOUT US

Oyen Wiggs is a Vancouver-based independent intellectual property boutique law firm. We are experienced patent lawyers with a variety of technical backgrounds that provide us with the insight to help our clients define and protect their innovations. Through our wide-reaching network of foreign associates, we advance our clients' interests around the world.

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