

GENERAL INFORMATION
ON
PROPER TRADE-MARK USAGE
AND
TRADE-MARK NOTICES

Compliments of:

Hofbauer Associates

Barristers & Solicitors. Patent & Trade-Mark Agents.
205N - 1455 Lakeshore Road
Burlington, Ontario
Canada

Telephone: (905) 634-0040
Facsimile: (905) 634-9119
E-mail: info@capatents.com
Website: www.captents.com

1. Proper Trade-Mark Usage

Once a trade-mark owner has established rights in a trade-mark through use or registration, it is important that precautions be taken so that such rights are not diminished by becoming diluted, non-distinctive or generic. These precautions are directed mainly to proper trade-mark usage, the more important ones being summarized in the following rules.

1. A trade-mark should be used in a manner to distinguish it from descriptive or generic words. This can be done, for example, by the use of distinctive type, or by capitalization of all of the letters of the mark. At least the first letters of each word of the mark should be capitalized in each occurrence.

e.g. ACME widgets

2. A trade-mark should be used only in an adjectival sense i.e. it should not be used as a noun or a verb.

e.g. BAND-AID bandages

e.g. ACME widgets

This is so even where the mark may include a noun.

e.g. BLACK CAT cigars

If the trade-mark owner allows his mark to be used in other than an adjectival sense, he runs the risk that the trade-mark may become a generic term and valuable rights could thereby be lost. "Shredded Wheat" and "Linoleum" are examples of trade-marks which, because of misuse, became generic terms in Canada and Britain respectively, and the proprietary rights established by the owners were forfeited.

3. A trade-mark should always be followed by the generic name of the goods or services. If a product is new or differs substantially from existing ones, it may be necessary to create or choose a suitable generic name for the product. The generic name used by the trade-mark owner should be highly descriptive, relatively short and easily pronounceable and be more attractive as a generic term than the trade-mark itself.

e.g. XEROX copier

4. If possible, the owner should use the mark for diverse products. This directs consumers and the trade toward recognition of the word as a source-indicative house mark, rather than as the generic name for any particular product.

5. The use of epithets such as "original" or "genuine" in association with the trade-mark should be avoided, as this implies there may be products of others bearing the same trade-mark.

6. All variations of the trade-mark should be avoided. Never use the trade-mark in the plural form or as a possessive, or as a descriptive adjective to modify any words other than the generic name of the product. Avoid abbreviating a trade-mark or compounding it with another term or using it to coin another word or phrase.

e.g. COCA-COLAS'S great taste

7. A proper trade-mark notice should be used with each trade-mark at least once, preferably the first time the trade-mark appears, on all labels, nameplates, hang-tags and packaging, and in all advertisements, promotional material, publications and other literature distributed by the trade-mark owner or his licensees. The ® symbol, indicating the trade-mark has been registered, is recommended for registered trade-marks and the letters ™ should be used after trade-marks which have not been granted registration. Alternatively, the trade-mark may be followed by an asterisk (*), with a footnote indicating that it is a registered or an unregistered trade-mark, as the case may be.

While no set format for trade-mark notices is statutorily recognized in Canada, the use of the ® and ™ symbols as I have outlined stems from U.S. statute law, and has received general commercial and judicial acceptance in Canada. Care must be taken, however, not to use the ® symbol with unregistered trade-marks, as this could be seen as running afoul of the provisions against false and misleading advertising and false monopoly under the Competition Act. Moreover, such false usage of the ® symbol on products sold into the United States may subject the user to fines under U.S. law and create difficulties in maintaining an infringement action. However, once a mark is registered in the United States, use of the ® symbol in relation to goods or services sold in that country is a prerequisite to the collection of damages in an infringement action.

The trade-mark owner must not only ensure that all of his employees, agents, dealers and distributors follow the above rules of proper trade-mark usage, but he must also educate the public through advertising or other media to use the word as a trade-mark. Additionally, any improper use of the trade-mark by others, as where it is used generically in dictionaries, fiction, newspaper articles, scientific magazines etc. should be protested in writing, and wherever possible, written retractions published.

Lastly, the trade-mark owner must always be vigilant in protesting against all unauthorized trade-mark uses of the mark, and in promptly initiating legal proceedings if voluntary discontinuances are not forthcoming.

2. TRADE-MARK NOTICES

In addition to proper trade-mark usage as described above, which is designed to ensure that the public recognizes the trade-mark as a trade-mark, it has always been seen as highly desirable to give the public notice, by appropriate markings on at least packaging and in advertisements, as to the actual ownership of the trade-mark. This is deemed prudent to ensure that all goodwill stemming from such uses of the trade-mark will enure to the true owner, thereby lessening the chance that the trade-mark might be held invalid as non-distinctive. Such marking is especially important in situations where a licensee is allowed to use the trade-mark under licence from the trade-mark owner, in order to prevent the public from incorrectly identifying the licensee as the source of the goods or services, in place of the trade-mark owner. Where licensees were properly recorded as registered users under former

Section 50 of the Trade-Marks Act, R.S.C. 1985, c. T-10, inadequate or incomplete trade-mark notices would not necessarily invalidate a registered trade-mark, as the use by the registered user was deemed by that section to enure to the benefit of the trade-mark owner. However, on June 9, 1993, former section 50 of the Act was repealed, and was replaced by a completely new Sub-section 50. New sub-section 50(1) reads as follows:

50(1) For the purpose of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the license, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

Thus, quality control by the owner is the hallmark of a valid licensing arrangement. Sub-section 50(2) of the Act states:

50(2) For the purposes of this Act, to the extent that public notice is given of the fact that the use of a trade-mark is a licensed use and of the identity of the owner, it shall be presumed, unless the contrary is proven, that the use is licensed by the owner of the trade-mark and the character or quality of the wares or services is under the control of the owner.

Thus, in order to obtain the benefit of the statutory presumption of quality control under Sub-section 50(2), public notice of the name of the trade-mark owner and of a licensee's capacity as such is absolutely necessary. Moreover, the possibility of formal redemption under the former registered user system has vanished. Accordingly, sloppiness in trade-mark notices should no longer be tolerated, under any circumstances.

(1) Identification of the Trade-Mark Owner

One form of acceptable notice of trademark ownership is:

ACME is a registered trade-mark of Coyote Inc.

Where space is at a premium on the packaging or in the advertising, abbreviations such as "Reg." for "registered" and "T.M." for "trade-mark" are acceptable. The * and footnote method of identifying trade-marks mentioned previously with regard to proper trade-mark usage can be usefully employed here, particularly where multiple trade-marks of the same owner are being used on the same material as follows:

* Registered trade-mark(s) of Coyote Inc.

As no specific statutory form is mandated in the Act, other forms of ownership notices are possible, so long as they clearly convey the message of ownership to the public.

(2) Identification of Licensees

As noted previously, it is imperative that a notice of a licensee's capacity as such accompany all public usages of the trade-mark. The following exemplary types of notices are commonly used:

ACME is a registered trade-mark of Coyote Inc.

Road Runner Ltd. is a licensed user

ACME is a registered trade-mark of Coyote Inc.

Made in Canada under licence by Road Runner Ltd.

*registered trade-marks of Coyote Inc.

Used under licence by Road Runner Ltd.

ACME Reg. T.M Coyote Inc.

Road Runner Ltd. auth. user

Again, there is no magic to the particular form of marking. It is the overall effect of the notice that is important.

In closing on the topic of public notices regarding trade-marks, all assignments, name changes or transfers must be promptly recorded in the Trade-marks Office, and all of the trade-mark notices we have been discussing must be promptly corrected to accurately reflect such changes in order to fully protect the distinctiveness of the affected trade-marks. In extreme cases, as where the source or quality of the goods changes in a significant way following such an assignment, it may be necessary to fully disclose such changes to the public, whether by advertising, direct mailings to customers or other appropriate measures. Failure to do so may result in invalidity of the registration, as happened in the case of Heintzman v 751056 Ontario Limited (1991), 34 C.P.R. (3d) 1.