

GENERAL INFORMATION
ON
TRADEMARKS IN CANADA

Compliments of:

Hofbauer Professional Corporation
3350 Fairview Street
Suite 3-166
Burlington, Ontario
Canada L7N 3L5

Telephone: (905) 319-9168
Facsimile: (905) 319-0809
E-mail: info@capatents.com
Website: www.capatents.com

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INTRODUCTION

Although you may not have thought about it, you already know a great deal about the importance of trademarks. You are confronted and influenced by numerous trademarks every day. Every time you reach for a COKE® soft drink, or choose pink® bats of fibreglass insulation over another similar product which is a different colour, or you stop for lunch at a restaurant displaying the golden arches™, you have recognized the existence of a trademark, and have used that mark to identify the source of a particular product or service. A trademark helps the purchasing public to make the connection between a particular product, any favourable (or unfavourable) impressions they may have about that product, and the source or supplier of that product. At this point, you probably want to know how you can make a trademark work for the benefit of your product or business.

The purpose of this brochure is to answer some common questions, and to clarify a few of the misconceptions surrounding trademarks. Further, we hope that the information provided will start you off in the right direction toward taking full advantage of trademarks to maximize the recognisability of your product or service in the marketplace.

If after reading this brochure, you would like further clarification, we will be pleased to answer general questions without charge. If the information you require involves providing an opinion on the registrability of your proposed trademark, or requires a detailed discussion of your particular fact situation, then it will be necessary for you to arrange an initial consultation with one of our registered trademark agents. A flat-rate charge will be levied for an initial one hour consultation, during which time you can obtain further detailed information about the topics covered in this brochure as they relate to your specific situation.

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1.0 WHAT IS A TRADEMARK?

A trademark is a symbol which is used to convey a message to the public that the products or services provided under the trademark are to be distinguished from similar products or services provided by other traders. A trademark can be a word, name, slogan, symbol, design, package shape, the shape of the product itself, or a combination thereof. The key factor is that, whatever the trademark, it must be capable of carrying out its function of distinguishing the goods and services of one trader from those of other traders.

A trademark is often the single most valuable asset of a business. It is a "concentrated version", of the public image of the trader who is conducting the business. A trademark is usually chosen to be catchy and memorable, so as to help consumers to make the link between the product or service and the trader who is providing it. Thus, in your business, who you are and what you do is crystallized in your trademark. When you are selling a product or service which differs only slightly in type or quality from the products or services of other traders, then the trademark may be the major distinguishing factor that consumers will look to when making a choice between the competing products or services. You need only look to the major brand name beers, soft drinks, or cigarettes for examples of situations where trademarks strongly influence consumer choice!

Even in situations where you start out with a product which is completely unique, a trademark may be a very useful marketing tool. If you have no patent or other intellectual property protection to help ensure exclusivity of supply in the marketplace, a trademark may be of significant value in the marketing of your new product, as a catchy trademark will stick in the mind of the purchasing public, and they will tend to "ask for it by name". Moreover, vendors are required by law to differentiate between a substituted product where the trademarked product asked for by the customer is not available, and a substitute is offered in its place. [Hence, the ubiquitous, "Will a Pepsi® do?" when you ask for a Coke® in a restaurant that sells only Pepsi® cola]. Thus, if you are quick out of the gate with a new unpatentable product and are able to rack up considerable sales before the copiers catch on to your success (copiers only copy winners, never losers), you may have captured considerable goodwill (i.e. favourable marketing presence) in the relevant marketplace. This goodwill is typically embodied in your trademark. Even where you are able to obtain a period of exclusivity in the marketplace by patenting your product, a trademark can add considerable value to your product. When your patent expires, anyone can produce the same product (probably cheaper than you, since you have to recoup your research and development costs). You may have had a marketing head start while the patent was in force, but patents, unlike trademarks, cannot last forever. If you had selected a distinctive trademark, promoted and enforced it effectively during your patent monopoly, then consumers will recognize your product by your trademark long after the patent has expired. Moreover, if their previous experience with your trademark was favourable, they will likely continue choosing your product over the unknown copier's. Best of all, the exclusive rights offered by your trademark will be yours indefinitely, if you manage your trademark well.

1.1 Trademark vs. Trade Name

People frequently ask, "What is the difference between a trademark and a trade name?"

A trade name is the commonly recognized name under which someone (a company, an individual, or a partnership) carries on business. The trade name may be, but is not necessarily, the full legal name of the business. For example, a company may have the legal name 1234567 Ontario Inc., but it may carry on business under the trade name "Acme Widgets". Alternatively, an individual may carry on business under a trade name, (Mr. John Doe, trading as Coyote Express Courier).

You would expect to see the trade name on the stationary of the business, in telephone listings, business cards, and posted outside their place of business. Provincial laws may require that the full legal name of the business be provided in certain instances (such as on cheques, contracts or invoices), so that people conducting business with these traders know the true legal entity behind the name. By contrast, a trademark would typically be applied to the products sold by the business, and would also appear in the advertising for the products and services of the business. Thus in our examples, ACME™ would be a typical selection for a trademark to apply to the packaging of the widgets sold by Acme Widgets. Similarly, COYOTE EXPRESS™ would likely be selected as a trademark to advertise the courier services provided by Mr. Doe under his Coyote Express trade name. It is possible for a trademark to be the same as a trade name, or to be a variation thereof.

An example of a variation is THUNDERBIRD™ automobiles manufactured by the Ford Motor Company. THUNDERBIRD™ is a trademark, while "Ford Motor Company" is the trade name of the manufacturer. When a business provides only services, rather than products, there is often a substantially complete overlap between the trade name of the business and the trademark.

2.0 HOW TO ACQUIRE AND PROTECT TRADEMARK RIGHTS

2.1 Trademarks at Common Law

Historically, the only way to acquire rights to a trademark was by selecting a mark not already used by others in the relevant trade, and then using it as a trademark. As you used your trademark, consumers would start to identify the mark as indicating the products or services of your particular business, and you would establish a reputation under that trademark. Thus, the trademark would in this manner, become a symbol of your business as a source of a certain type of product or service. This is called acquiring common law trademark rights. It was possible to protect and enforce the trademark at common law only to the extent to which you could demonstrate that your product or service had become known under the trademark.

It is still possible to acquire and enforce trademark rights in this manner. If you rely upon the common law, then, in order to prevent someone else from using your trademark, or a mark that is confusingly similar to yours, you must be able to show that your reputation (as represented by the

trademark), extends over a certain geographical area. You must also be able to show that the other party's use of their mark in "your" geographical area will cause confusion amongst the relevant sector of the purchasing public, and that you will suffer damage as a result of their activity.

For example, if you are using a trademark in Southern Ontario in association with a product, you will eventually establish a reputation in all or part of that area. If you later learn that someone in Calgary, Alberta has copied your trademark, and is using the trademark for essentially the same type of product, then you are no doubt, going to want to stop them, assuming you may someday want to expand your business into Alberta. Relying upon common law principles, you could not prevent their use of your trademark in Alberta if you cannot prove that you currently have a reputation under your trademark for the product in Calgary!

Taking this example further, even if you think that your reputation in the trademark has spread beyond Southern Ontario, it may not be easy to prove the extent of your reputation, that the offending trademark was used in "your" territory, or that you have suffered damage resulting from the activity of another trader, all with the degree of certainty required by our courts. It may take several days, or even weeks, at trial in an Alberta court (at considerable expense), to lead the necessary evidence to lay the groundwork to establish the scope of your reputation, and the damage which has resulted from the activities of another party within the area of your reputation. Moreover, each time you are forced to sue a new transgressor, you will be required to prove your reputation all over again.

Some people give little thought to the important role trademark(s) play in marketing their business, and so they continue to rely upon the common law to protect their trademarks. If they think of it at all, they view the hardships of protecting their interests at common law as simply one more bridge to cross when they come to it. A major problem with this approach is that someone else may already have built a similar bridge by the time you attempt to cross a distant river. There is a better way.

2.2 Trademarks Under the *Trade-marks Act*

In order to regulate trademarks and their protection, the Parliament of Canada enacted the *Trade-marks Act*, which *Act* provides a consistent and predictable system for obtaining and enforcing trademark rights throughout Canada. This legislation has created a regime under which you can, by following through on the registration of your trademark, obtain **exclusive nation-wide rights** to the trademark, which rights can be invoked to prevent others from using trademarks which are confusingly similar to yours in association with similar products or services. The system provides numerous advantages for trademark owners over the situation which exists at common law. Some of these advantages will be discussed below.

Registration under the *Trade-marks Act* will be awarded to the first trader to "adopt" the trademark in Canada. Adoption can take place under the *Trade-marks Act* by either "use" of the trademark (as at common law), or by filing an application for registration of the trademark. The bases for filing an application for registration under the *Trade-marks Act* include, actual use in Canada, making known in Canada, use and registration abroad, and most importantly for present purposes, **proposed use**. Thus, unlike at common law, filing an application under the *Trade-marks Act* based on proposed use gives you a date of

adoption for your trademark **before** you even start to use the mark! This is an advantage that you cannot obtain at common law, since common law rights in a trademark can, as discussed under the previous heading, only be acquired at common law through actual use. Accordingly, where you are planning a product launch and wish to heavily promote a trademark in the context of such launch, an advance filing for registration under the *Trade-marks Act* on the basis of proposed use is advisable. Among other things, it provides some protection against would-be copiers for your investment in the product launch, in that, if a third party, after learning of your trademark during the course of your launch, were to beat you to the marketplace with the trademark, you could rely on your earlier filing date in a contest between you and the third party for rights in the trademark. Also, as discussed more fully below, a filing reserves your priority to similarly protect your proposed use trademark in other countries for up to six months from the date of your first application for registration in Canada.

Additionally, if you register your trademark under the *Trade-marks Act*, it is much easier to enforce your trademark against third parties, as your reputation in relation to that trademark (as referenced under the previous heading) is presumed to extend throughout Canada. A valid trademark registration will allow you to prevent other traders of similar products or services anywhere in Canada from infringing your trademark, even if you are only using your trademark locally. Thus, you are safeguarding opportunities for the future expansion of your business throughout Canada. Furthermore, if someone does use your trademark, or a trademark which is confusingly similar to your trademark, you do not need to sue him/her in the provincial court system as you would at common law; instead you can seek a remedy in the Federal Court of Canada for infringement of your registered trademark. This may allow you, under certain circumstances, to sue an infringer operating in a different province from your own home province, and that can save considerable trouble and expense.

Lastly, if you are going to franchise or license your trademark, registration is essential. Without registration of your trademarks, you must rely on the terms of the contract with your licensees to control their use of the trademarks. As the various licensees continue to use your trademark in their locations, the purchasing public in those localities may come to think of the licensees as the source of the products, and may not be aware of you at all. If one of your licensees in a certain area stops carrying on business, and your trademark is not being used in that area, people could argue that you have abandoned your trademark rights in that area. As discussed above, this will limit your ability to prove the geographical scope of your reputation when attempting to stop infringers. Moreover, your contract may state that the goodwill created through use of your trademark should accrue to you, but if the contract is terminated and your ex-licensees continue to use your trademark outside the contract, there will be more than one ultimate source of products or services provided under the same trademark. This situation is incompatible with the fundamental principle that a trademark functions to distinguish the goods and services of one trader from those of others. If the trademark no longer, in fact, indicates one single trader, it has lost its distinctiveness, and cannot be enforced by anyone. In this situation the original owner may be deemed by the courts to have abandoned his/her original trademark rights.

A trademark Registration is valid in Canada for fifteen (15) years from registration, and can be renewed every fifteen years, indefinitely, upon the payment of the required renewal fees.

3.0 GETTING STARTED

3.1 Trademark Clearance and Pre-Screening

It is strongly recommended that you have pre-screening searches conducted before you finalize your trademark selection. Pre-screening searches are a good indicator of whether there are any prior trademarks which could be cited by the Trademarks Examiner against an application to register your trademark. Additionally, a search can help you to avoid infringing the prior existing trademark rights of others so as to avoid potential lawsuits. The clearance and pre-screening of potential trademarks can be as simple as a quick computer search for "direct hits", or it can be an extremely detailed, thorough, and costly process. In fact, the variety of information sources and the methods of searching them are virtually open-ended. The main distinction in trademark searching is between searching only databases of registered trademarks (including pending applications for registrations) and common law databases of unregistered trademarks and trade names (the latter of which may be registered or unregistered). The level of searching you undertake will depend to a significant extent upon the level of risk you are prepared to accept, the amount of time you have to conduct the searches, and the financial resources available for searching. Budget anywhere from about \$CA 1,500.00 to about \$CA 4,000.00 to have a registered trademark agent simultaneously search each trademark in **both** Canada and the United States and provide an opinion on the registrability of the mark in both countries. These costs will be approximately halved if only one of the two countries is searched.

(a) Searching Registered Trademarks

It is possible to search all existing trademark registrations and pending applications which have been filed and indexed for searching by the Canadian Intellectual Property Office, the United States Trademarks Office, or in various other national trademark offices around the world. Ordinarily, when a trademark application is filed in Canada, an Examiner in the Canadian Trade-marks Office will conduct a search of all pending Canadian trademark applications and of all issued Canadian Trademark registrations. The Examiner will use this search as a basis for determining whether your trademark is registrable. A pre-screening search of the Canadian trademarks register is the minimum pre-filing search that should be conducted in order to determine beforehand the availability of a trademark for registration in Canada. While it is possible to carry out such a search yourself through the Internet site maintained by the Canadian Intellectual Property Office, this is not recommended, nor terribly practical. Moreover, you will not have the opinion of a registered trademark agent, which is, generally speaking, at least as valuable as the search results themselves. In fact, most registered trademark agents provide their search opinions at well below their normal billing rates, with the result that cost of the search and opinion does not represent a significantly profitable item. In other words, although the cost of a preliminary trademark search may seem like a significant initial outlay, it represents a good deal for the client. Moreover, the savings in lost time, energy and money that can accrue to the trademark user by early detection and avoidance of a prior trademark reference (whether registered or unregistered) will make the search costs seem like money very well spent.

(b) Searching Unregistered Trademarks and Trade Names

As discussed under section 2.1, above, it is possible that a trademark may be confusing with a trademark or trade name which has been previously used by another party, even where such prior party has not sought to register its trademark or trade name. In such circumstances, the subsequent trademark may not be registrable, and the prior user may be able to successfully stop registration during opposition proceedings or use by way of passing-off litigation, assuming he/she can successfully show prior use and reputation as previously discussed. During the examination of an application in the Trade-marks Office, searches of trade names are **not** routinely conducted by the Trade-marks Office staff. Thus, the Examiner will **not** be aware of prior trade names, and will **not** cite trade names against your pending trademark application. Moreover, if a prior party has **not** sought to register its trademark under the *Trade-marks Act*, there will be no record for a trademarks Examiner to find during his aforementioned search. Accordingly, it is possible that there may be third parties in existence who have prior rights in trademarks or trade names which are confusingly similar to yours. You may find your application "ambushed", after the Trade-marks Office routinely advertises your application for opposition, by third parties of which you (and the Examiner) were previously unaware.

To lessen the chance of such surprise occurrences, we can conduct a computer search of Canadian registered business and corporate names (i.e., registered trade names), in an effort to alert you to the existence of other persons who may be carrying on business under trade names which are similar to your proposed trademark. It is also possible to check other sources, such as telephone directories, domain name registers, dictionaries, web pages, business directories, popular media, and trade publications to determine whether or not a particular trademark or trade name is being used, despite the fact that the owner may not have sought a registration in respect thereof. These types of searches are generally more involved and expensive, as there is no one single place or source at which to conduct the search.

If you know about prior unregistered trademark or trade name rights before you finalize your trademark selection, you can better assess the risk that you may be infringing the prior existing rights of another trader, and/or that someone may seek to oppose your application for a trademark after it is advertised for opposition. Investing a modest amount in preliminary searching may save you significant costs and headaches in the long term. Your trademark agent can also be of assistance in advising you if there is a likelihood that your trademark will be objectionable for other reasons, such as descriptiveness, or genericness. Additionally, a registered trademark agent can advise you on choosing a strong trademark versus a weak trademark (see Section 5.1, below). In most cases, this service is provided for a relatively nominal charge, and can be done in advance of carrying out any preliminary searches, thus saving you the cost of unnecessary searches.

3.2 Filing a Trademark Application

In order to file an application, you will need to provide some basic information, and to make some choices. For example, the Trade-marks Office will need to know exactly who and what the applicant is, (i.e. an individual, a partnership, a corporation, etc.). You will also be required to provide a description, in commercially acceptable terms, of the specific goods and/or services that are to be provided under the

trademark, and when (if at all) the trademark was first used with those goods and/or services. You will also have to decide and inform the Trade-marks Office of the form in which you want your trademark to appear (i.e. will the trademark be a word or words, a graphic design, or some combination thereof). You must additionally consider whether your plans will include licensing others to use trademark. A trademark agent can advise you regarding these matters, so that the choices you make will result in obtaining a registration for the most versatile trademark possible to complement your present business plan and possible future expansion plans.

3.3 Prosecution of a Trademark Application

Once an application has been filed with the Trade-marks Office of the Canadian Intellectual Property Office, it undergoes a thorough review by a trademarks Examiner to make certain that an applied for trademark is registrable under the criteria specified in the *Trade-marks Act*. This procedure includes conducting a search of all existing trademark registrations and applications of record to determine whether there are any prior confusingly similar trademarks for which registration has been made or applied for. This search is essentially the same as the minimum pre-screening search that our firm would recommend be carried out prior to filing. After the application is filed, the Examiner will issue a report notifying the applicant of any objections, and providing an opportunity to respond. The timing of the report depends upon the workload of the Examiner, and can often take a year or more to issue. The response to such a report, typically prepared on your behalf by your trademark agent, may include amendments to the application and/or written arguments attempting to overcome the Examiner's objections. Failure to respond to the Examiner's report will result in the abandonment of the application. The Examiner will consider the response filed, and decide whether or not it is satisfactory. If the objections have not been overcome, the applicant may be granted another opportunity to respond, and there are further avenues for appeal of the Examiner's decision. If the Examiner has been satisfied, the application will be "approved for advertisement". Approximately 6 to 8 weeks after such approval, the trademark will be advertised in the Trademarks Journal (a publication regularly reviewed by many registered trademarks agents and also available online at the Trade-marks Office website). Interested parties will then have two months in which to indicate their intention to oppose the application. An opposition is a complex adversarial proceeding involving the filing of evidence, written arguments, and optionally, oral submissions. If there is no opposition by any interested third party, or if an opposition is decided in your favour, your application will be issued a Notice of Allowance. After receiving the Notice of Allowance, it is necessary to pay a registration fee and, if the application was originally based on proposed use, you will be required to provide a declaration that you have started using the trademark since the filing date of the application.

3.4 Registration of a Trademark and Beyond

Once all of these requirements have been fulfilled, a Certificate of Registration will issue for your trademark. In a fairly routine case, it will take approximately 1 - 2 years from the date the application is filed to complete the prosecution process, and to obtain a Certificate of Registration. The registration is valid for fifteen (15) years, and can be renewed indefinitely, every fifteen years upon payment of the required renewal fees.

After you have registered your trademark it is essential that you continue to use the trademark in association with the goods or services listed in the Certificate of Registration. There is a procedure under Section 45 of the *Trade-marks Act* which permits "dead wood" trademark registrations to be cancelled for non-use. Under Section 45, any person may request the Trade-marks Office (after the registration has been issued for at least three years) to issue a notice to the owner of a registered trademark, requiring the owner to provide evidence that the trademark has been in use by the owner or its licensee, within the previous three years (or to indicate when the trademark was last used, and the reason for the non-use since that time). If the owner is unable to show that the trademark was in use at some time during this period, or that there were special circumstances justifying the non-use, then the registration is liable to be expunged from the Trademarks Register.

4.0 PROTECTION IN OTHER COUNTRIES

The registration of your trademark in Canada protects your trademark rights in Canada only. If you intend to sell goods or services in other countries, you should consider registering your trademark in each of those countries. For most people, the United States is the first foreign market in their business plan.

The nature of the process to obtain registration of a trademark in the United States is quite similar to that in Canada, but the United States uses a classification system for goods and services. Applicants are still required in their trademark application to provide a description of their goods or services in commercially acceptable terms, but additionally, it is necessary in such applications to specify the particular international class(es) of goods or services for which registration is sought. A separate filing fee is payable in respect of each international class in a U.S. trademark application.

It is not necessary to decide immediately upon a complete list of countries in which to seek to register your trademark. Canada, along with over 120 other countries (including the U.S.A.), is a member of the World Trade Organization (hereinafter, "WTO"), with the result that the nationals of each WTO member country have substantially reciprocal rights for the protection of their intellectual property rights in each other's country. One of the most important results of this arrangement is the granting, to applicants from WTO member countries, of a "convention priority filing date". This means that anyone from a WTO member country who has duly applied for a trademark registration in his resident country, is entitled, when subsequently filing a corresponding application in any other WTO country, to claim the priority date of the first application, so long as the further application is filed within six months of the first application. The priority filing date is frequently used to help delay the costs of filing trademark applications in foreign countries for six months. This extra six months provides time to see how your business is developing, and to decide whether or not to seek registration of your trademark in the foreign countries which are next in your business plan.

There are several international systems and treaties in place which can streamline the process of obtaining registration in foreign countries. For example, since January 1, 1996, it is possible to obtain a

single trademark registration which is effective in all countries of the European Union: presently 27 countries: Austria · Belgium · Bulgaria · Cyprus · Czech Republic · Denmark · Estonia · Finland · France · Germany · Greece · Hungary · Republic of Ireland · Italy · Latvia · Lithuania · Luxembourg · Malta · Netherlands · Poland · Portugal · Romania · Slovakia · Slovenia · Spain · Sweden · United Kingdom. A European Community Trademark can be obtained for a period of 10 years and is renewable for like terms. The registration of a European Community Trademark is available to residents of non-European Union countries, including Canada.

Another system of multi-lateral trademark registration exists in a system commonly known as the Madrid System of International Registration of Marks, governed by the Madrid Agreement and the Madrid Protocol, which allow its members to file a single application designating a number of member countries and have the application treated as being deposited in each of the selected member countries. On November 2, 2003, the U.S. became a member of the Protocol which will allow businesses which have an effective industrial or commercial establishment in the U.S. to take advantage of the Madrid System in countries also a member to the Protocol. Canada is not currently a member of the Madrid Union, but this system may be advantageous for Canadian businesses which have an effective industrial or commercial establishment in a member country.

A more detailed analysis of foreign trademarks is beyond the scope of this article, but our office can provide further information and advice regarding the filing of trademark applications in other countries at an office consultation.

5.0 TIPS AND STRATEGIES TO MAXIMIZE YOUR TRADEMARK'S EFFECTIVENESS

5.1 Choosing a Trademark

The first step is to choose a trademark that suits your service or product. A trademark can be a word, name, slogan, symbol, design, package shape, the shape of the product itself, or combination thereof. In some instances, your trademark could be a distinctive colour applied in a certain manner, or (in some countries) even a distinctive combination of sounds. Fairly recently, a distinctive scent as applied to an automobile tire has been recognized as a trademark in the U.S.A.. With such a wide range of possibilities for what a trademark can be, it might be simplest for you to know what your trademark **cannot** be. As a general rule, there are five (5) basic areas which you must avoid when choosing a trademark in Canada.

(a) You cannot use a word that is primarily merely the **name or surname of an individual** who is living or who has died within the preceding thirty years. Names and surnames should be available for use by all traders, as relevant in the context of their own businesses; thus, no single trader should be allowed to trademark a surname to the exclusion of all others.

(b) You cannot use a word(s) which whether depicted, written or sounded, is/are either **clearly descriptive or deceptively misdescriptive** of the character, quality, or origin of the goods or services which you will provide under the trademark. Trademarks containing words which are only suggestive, but not clearly descriptive or deceptively misdescriptive, may be acceptable, but distinctions of this type can often be quite subtle. In any event, highly suggestive trademarks are not usually strong trademarks since they are, at least on a conceptual level, equally suggestive of the goods or services of all competitors in a given market. Such trademarks do little to distinguish one trader from another.

(i) The rationale for the restriction on **clearly descriptive** terms stems from concerns for fairness amongst traders. If one trader were permitted to trademark a merely descriptive word, such as WHITE for milk, and to assert an exclusive right to use the word, then other sellers of milk would be hindered in their businesses since they could no longer use the word WHITE to describe milk, even though "white" is clearly an integral feature of their products. Similar considerations apply in respect of laudatory words, such as "fresh", "premium", "specialty", etc., and to indicators of geographic origin or descriptions of the conditions of production of goods or services.

(ii) The prohibition against trademarking **deceptively misdescriptive** words stems from the need to protect the purchasing public from deception or misrepresentation. For example, it would be unfair to use LEATHER as a trademark for products which are made of vinyl, since potential purchasers might be misled into believing that they were getting goods of a different character or quality than was in fact being provided under the trademark.

(c) It is not possible to adopt as a trademark, the **name in any language of the goods or services** to be provided under the trademark. For example, it is not possible to use a generic term such as BICYCLE as a trademark under which to manufacture bicycles (though BICYCLETM could be and is used as a trademark under which to sell playing cards). Similarly, using APPLE as a trademark for the sale of apples is unacceptable; APPLE® for computers is an excellent choice (already owned by Apple Computer, Inc.).

(d) If your proposed trademark is **confusingly similar to a trademark or trade name** of another trader, then you will not be able to use that trademark. The question of what is, or is not, "confusingly similar" is sometimes quite difficult. In general, to decide whether one trademark is confusingly similar to another, a number of factors are weighed. These factors can be thought of as falling into two categories: intrinsic factors and extrinsic factors.

(i) Intrinsic factors relate to the distinctiveness of each trademark in itself. For example is the trademark a common word, such as BLUE, or was it coined especially for use as a trademark, such as XEROXTM or KODAKTM? What is the impact of a trademark in terms of visual appearance, sound, and ideas suggested? How closely does one trademark resemble another when one looks at these criteria?

- (ii) The extrinsic factors take into account the interplay of the trademarks in the marketplace. The extrinsic factors which are considered include the following: how well known have the trademarks become? How long have they been used? What goods or services have they been used to promote? Are the products under both trademarks marketed and sold in the same way (i.e., through the same channels of trade)?

(e) Finally, certain words or symbols are **prohibited by law** from use as trademarks. Generally, the prohibitions (codified in the *Trade-marks Act*) include such things as the coats of arms of the Royal Family, symbols or marks reserved by governmental bodies and public authorities (termed “official marks”), national flags and symbols, appellations of origin for liquors and alcoholic spirits (e.g., champagne), and anything obviously immoral or offensive.

As long as you do not run afoul of any of the above restrictions, then you are free to choose your trademark based upon business considerations. Does your trademark convey the impression that you are looking for? Is it catchy? Is the trademark equally applicable in both the French and English languages? Does it translate well into foreign languages? Will it be equally useful with your present and future products or services?

5.2 Taking Care of Your Trademark

Once you have selected a trademark and established your ownership rights in your trademark through registration, there are certain practices you should follow in order to preserve the value of your trademark.

(a) Proper Use of the Trademark

The key factor in establishing a right to a trademark is use of the mark. **This use requirement never stops.** Even if your trademark is registered, you must still use the mark in order to safeguard it from attack by third parties. For further details on the use requirements, please refer back to paragraph 3.4, above. It is important when you use your trademark that the public recognizes that what you are doing constitutes trademark use. By following the simple guidelines below, you can help to ensure that your trademark is being used correctly and that the benefits of using the trademark will flow to your business.

- (i) A trademark 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 typeface, 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. ACMETM widgets

- (ii) A trademark 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

If you allow your mark to be used as a noun, you risk having your trademark become a generic term and the trademark significance will be lost. This was the fate of ZIPPER (a slide fastener) and ESCALATOR (a moving staircase).

- (iii) Avoid the use of epithets such as "original" or "genuine" in association with the trademark, as this implies there may be other products produced by third parties bearing the same trademark.
- (iv) All variations of the trademark should be avoided. **Never** use the trademark 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 trademark or compounding it with another term or using it to coin another word or phrase.

e.g. avoid this situation: COCA-COLA's great taste

(b) Source Identification - House Marks

If possible, you should use the trademark for a diverse range of products. This directs both 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.

(c) Trademark Notices

A proper trademark notice should be used with each trademark at least once, preferably the first time the trademark appears, on all labels, nameplates, hang-tags and packaging, and in all advertisements, promotional material, publications and other literature distributed by the trademark owner or his licensees.

- (i) The ® symbol, indicating the trademark has been registered, is recommended for registered trademarks;
- (ii) The letters ™ should be used after trademarks which have not been granted registration.
- (iii) Alternatively, the trademark may be followed by an asterisk (*), with a footnote indicating that it is a registered or an unregistered trademark, as the case may be.

(d) Police your Trademark

- (i) Be certain that all employees, agents, dealers and distributors follow the above rules of proper trademark usage, and educate the public through advertising or other media to use the word as a trademark. Additionally, any improper use of the trademark by others, such as where it is used generically in dictionaries, fiction, newspaper articles, scientific magazines etc., should be protested in writing, and wherever possible, require written retractions to be published.
- (ii) Be vigilant in protesting against all unauthorized uses of your trademark, and be prepared to promptly initiate legal proceedings if the unauthorized user will not volunteer to discontinue its use of your trademark.

(e) Licensing of your Trademark

If you intend to license one or more other parties to use your trademark, then it is critical that you have a written license agreement in place, which strictly controls the use your licensee can make of the trademark. It is also advisable that where products or services are provided by your licensee under license, that public notice of the name of the trademark owner and of a licensee's capacity as such be given. Some examples of acceptable notices are:

ACME is a registered trademark of Coyote Inc.
Road Runner Ltd. is a licensed user.

ACME is a registered trademark of Coyote Inc.
Made in Canada under licence by Road Runner Ltd.

*denotes registered trademarks of Coyote Inc.
Used under licence by Road Runner Ltd.

ACME Reg. T.M of Coyote Inc.
Road Runner Ltd., auth. user.

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FEE ESTIMATES FOR CANADIAN TRADEMARK MATTERS

The following estimates for trademark related services are estimates, only, and are based upon routine cases of average complexity which entail an average expenditure of time on the part of the professional(s) involved. The estimates are based upon performing the services as routine cases and not on an expedited basis. Premiums may be applied if expedited service is requested. As to the time frames normally required to complete the services, these vary from time to time depending upon our current workloads, and should be discussed with the professional handling your affairs at the time of your initial interview. Thus, the estimates which follow should only be seen only as a guide to the charges which you will ultimately incur.

PRELIMINARY REGISTRABILITY SEARCHES (Canada)

All charges given below are calculated on the assumption that no more than 15 minutes is required to receive your instructions by telephone, or otherwise, and that the search results are reported to you by telephone prior to sending our written report, exclusive of usual disbursements such as facsimile charges, long distance telephone charges, photocopy charges and H.S.T..

COMPUTER SEARCHES (word marks only)

- | | | |
|----|--|----------|
| 1. | Canadian trademark screening search (federal trademark Register, <u>only</u>), with our written opinion on registrability | \$750. |
| 2. | Canadian and US trademark screening search (federal trademark Register, <u>only</u>), with our written opinion on registrability | \$1,500. |
| 3. | Registered business name screening search (provincial [except Quebec] and federal registers) with our opinion as to registrability, when done as an adjunct to the Federal trademark search under 1. above | \$500. |
| 4. | Locate search for a particular trademark application or registration, where application serial number or registration number are provided | \$150. |
| 5. | Full Canadian search - federal trademark registrations, corporate and business name registrations, common law business names, including phone directories, trade directories, dictionaries and Internet Domain Names | \$2,500. |

N.B. Analogous U.S. and foreign trademark and trade name searches can be conducted for higher costs.

TRADEMARK APPLICATIONS - (excluding all government fees)

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| 6. | Preparing and filing application for registration and reporting the filing to you | \$1,250. |
| 7. | Receiving, docketing and reporting receipt of Approval for Publication and Notice of Allowance | \$500. |
| 8. | Paying issuance fee, forwarding Certificate of Registration and docketing for renewal (except proposed use application) | \$600. |
| 9. | Supplying declaration of use for execution, paying issuance fee, forwarding Certificate of Registration and docketing for renewal (proposed use applications only) | \$750. |

TRANSFERS

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|-----|---|--------|
| 10. | Preparing trademark assignment (single application or registration) | \$300. |
| 11. | Filing trademark assignment, when received ready for filing (single registration) | \$300. |

RENEWALS

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|-----|---|----------|
| 12. | Preparing and sending reminder, paying renewal fees on your behalf by electronic transmission to the Trade-marks Office, forwarding renewal certificate to you and docketing for next renewal | \$1,325. |
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FURTHER INFORMATION CONCERNING THESE ITEMS AND CHARGES FOR OTHER MATTERS WILL BE FURNISHED ON REQUEST. ALL AMOUNTS ARE APPROXIMATE AND IN CANADIAN DOLLARS.

E. & O. E. 1/09/16
(O24)

ABOUT THE AUTHOR

Patrick Hofbauer is a lawyer with over 35 years of experience in patent and trademark matters. He is also a patent and trademark agent registered to practise before both the Canadian and U.S. Patent and Trademarks Offices and is a member of numerous legal and professional organizations, including the Intellectual Property Institute of Canada and The International Federation of Intellectual Property Attorneys (FICPI). Mr. Hofbauer is a Toronto native who has lived in Burlington, Ontario since 1986.