

Canadian Life and Health Insurance Association
2007 Legal Section Annual Meeting
Niagara-on-the-Lake, Ontario

BRIGHT IDEA – GREAT BRAND:

Trade-Marks

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September 2007

I begin by expressing my gratitude to the *Canadian Life and Health Insurance Association Legal Section* for inviting me to address trade-mark issues relevant to the life and health insurance—and essentially all—industries. This paper is intended to discuss many of the “bread and butter” issues related to trade-marks. I hope it provides you with a reference point if you are dealing with trade-mark issues on a more day-to-day basis, and act as a refresher for those that deal with the issues more intermittently. The following, while each worthy of its own comprehensive treatise, are covered in this paper:

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1. Choosing a trade-mark

How do you do it? It sounds like a simple question. Generally trade-marks are chosen in one of two ways, either: (a) Internally—when a marketing department is given the task or when a corporate discussion is held. Either can result in a decision as to what new mark you may want to use to identify your goods or services. Another creative alternative is to have a contest among employees to come up with ideas for a new mark from which you decide to choose one or several to explore as possible new marks; or (b) Externally—when you hire external professionals in the business of helping companies develop new products and new marks.

However you choose to come up with a new trade-mark, you will always want to do extensive searching prior to committing to the trade-mark to ensure the mark is one that is appropriate for you.

Searching is a very precise and important part of choosing a new trade-mark. Searching should tell you whether a mark is confusing with any other trade-mark, trade-name or domain name, and it should also tell you whether the trade-mark is likely available for registration (if you wish in fact to register the mark and not just use it).



There are different kinds of trade-mark searches, and the type and scope of the search will depend on various factors, including the scope of your company's own business activities and trade-mark use, the overall importance of the mark in your company's operations, as well as cost factors. Generally it is recommended that a Canada-wide search be conducted as well as a United States search, if there is a strong likelihood that your company will be offering its goods and services south of the border. Generally, a United States search is never a bad idea even if you have no intention of ever doing business south of the border. The reason being, there is a great deal of spill over advertising from the United States which could cause problems in Canada. If you are a multinational company, a decision will have to be made regarding searches in other jurisdictions where your business presence may be felt. Therefore, you could be looking into searches in Europe, South America, Australia and possibly other countries depending on your business plans.

Generally, the most straightforward trade-mark search consists of simply consulting the federal trade-mark registries—i.e. the trade-mark registry of the Canadian Intellectual Property Office (CIPO) and the trade-mark registry of the United States Patent and Trade-mark Office (USPTO). The trade-marks databases of many countries, including Canada and the U.S., are easily accessible online free of charge, and often permit searching under various fields, including trade-mark, owner, wares/services, etc. These kinds of searches can be quickly and inexpensively conducted in-house, however they are probably best suited to locating “dead hit” marks, since it is typically not possible to set up sophisticated search parameters or queries, or to organize the results. Often however, it is enough that a “quick and dirty” database search discloses a “dead hit” mark (where it is identical, and the wares and/or services are very similar), which may end the need to expend any further time or money pursuing a particular mark.

It is also possible to subscribe to the services of trade-mark Search Houses; companies that develop their own private databases using trade-mark data received by the federal trade-mark offices (*Thompson & Thompson* being one of them). While subscriptions cost money, the searching interface and capabilities of these private databases, as well as the available tools to

organize, interpret and report search results are much more sophisticated and searching help is available, if required, from the search house searchers. Alternatively, rather than conducting the trade-mark search in-house, the search may be conducted by the search house itself and the results forwarded in the form of a report setting out the relevant marks of interest. Notably however, such third party search reports typically do not contain an *opinion* regarding the availability of the searched mark – they contain merely a listing of the relevant marks disclosed by the search – it is still necessary to review and analyze the contents of the report and form an opinion as to the significance of the findings.

It is important not only to know what other trade-marks exist on the Register and in the marketplace that are similar, but also things like:

- what other trade names, trading styles, corporate names are out there that are similar;
- what domain names are registered that are similar;
- other marketplace uses of similar marks.

Another type of trade-mark search which takes the above and other factors into account is a common law search, which is typically combined with a trade-marks database search. Common law searches can often provide a fairly good idea of the extent to which a particular word, element or concept has been adopted in the trade and they are important to consider since trade-mark rights are granted not just via registration, but via common law use as well. Common law searches generally include, at a minimum, business/corporate/trade name/NUANS searches, trade directory searches and Internet domain name searches. A common law search could be very time-consuming and overwhelming to do alone. Full trade-mark searches which incorporate both register and common law searches are most easily done by ordering them through search houses, which typically have numerous resources, including proprietary databases at their disposal, and it is then a less formidable task to follow up on any results of interest disclosed by the search or to supplement them as required by searches of print media databases, general Internet searching etc.

Despite being able to access many of these resources yourself and despite being able to obtain search reports from search houses, there is value in hiring a trade-mark professional to conduct your searching. A trade-mark professional will not only provide you with the results, but, can provide an expert opinion discussing the implications of the search results, which are often extensive, complicated and multi-faceted.

In addition to the searching that looks into the question of whether there are other marks that might prevent you from adopting the mark or might put you in the position of infringing someone's rights (availability), there are also questions of registrability that can be searched as well.

Among those registrability questions are whether the prospective trade-mark is:

- clearly descriptive or deceptively misdescriptive;
- primarily merely the name or surname of an individual;
- the name of the goods/services in any language;
- a geographical indication;
- representative of some recognized standard, such as “GRADE A” for meat;
- too close to an official mark registered under Section 9 of the *Trade-marks Act*.

During the examination process the Trade-marks Office will assess a trade-mark application not only in respect of likelihood of confusion with prior marks that are already of record, they will also assess the registrability of the applied for mark in light of various factors, including those above. Non-registrability is also a ground of opposition upon which a third party may rely in order to challenge an application that has moved past the examination stage. For these reasons, the expert opinion of a trade-mark lawyer/agent in relation to these issues as well is a very valuable tool in the trade-mark selection process.

In choosing a mark initially, any trade-mark professional will tell you, that you ought to look for something that has what is called "*a high degree of inherent distinctiveness*". In English, what this means is that it does not have any meaning in relation to the product or service and it is not in common use as an identifier or an epithet in relation to the subject wares or services.

One of the difficulties in business is that most people want to choose a trade-mark that describes something about what they are selling, whether it be a service or a product, or they want to choose a mark that is a laudatory epithet, which hints something excellent or good about the product or service that they sell. Many people have developed such trade-marks and have done so successfully, and it is a particularly prevalent branding strategy in areas such as mass-market consumer products, where many products are expected to be on the shelf for only a few years before being redesigned and often re-branded. In such cases, “descriptive” marks that have instant meaning and recognition for hurried consumers are often selected.

However, as you can well imagine, the Register of Trade-marks and the market place is very crowded with trade-marks of this type because there are only so many words or so many ways to extol the virtues of particular kinds of products; words like “good”, “excellent”, and “ultra” appear in considerable profusion in the marketplace and on the trade-mark Register. Interestingly, the most powerful marks, and the most successful marks of all time, have been highly distinctive, coined words, e.g. SONY, KODAK, XEROX. These are virtually household words around the world, and yet they have absolutely no meaning whatsoever and started out as unknown, rather strange words, that people could not understand or relate to at the beginning.

I had the pleasure of attending an anniversary party in Tokyo some years ago, which was hosted by the Sony Corporation and in particular by Mr. Morita the founder. He spoke during this cocktail party for a few minutes about the history of his company and in particular about the choosing of his brand name. He spoke publicly with considerable pride and passion, unusual in my experience with Japanese business people. The point he made was how he had been told, when he introduced his brand that it was silly, that nobody had ever heard of such a name and he



would not sell anything, and that he ought to partner with PHILLIPS, a recognized international brand at that time, and simply sell his products under license through the PHILLIPS mark. Mr. Morita said that it was a very difficult decision for him but at the time he felt strongly that his products would stand alone and would sell. He pointed out with considerable irony and a great deal of pride that today SONY is considered one of the two or three best known marks in the world, while the PHILLIPS mark has significantly declined in notoriety and value on the world electronics stage.

The point was made clear to all of us, and has stayed with me in my career: when choosing a mark, choose something that is distinctive. If you are successful with the product or service sold under that trade-mark, the mark will become well-known and the mark will be strong, valuable, and more easily protected.

Such is the equation for choosing a strong mark. The stronger it is, the easier it is to protect, and the larger ambit of protection you can establish. The weaker the mark is, the closer other people can come to it without your being able to prevent it.

One of the great miracles that has happened in the last five to ten years is, of course, the Internet. Among the things that make the Internet so special today are the incredible search engines that are available to everyone. GOOGLE is probably the best known, though as most of you know, there are several. I would recommend to anyone that before they take any steps in relation to a formal search process, they first simply use the GOOGLE search engine to search the prospective mark and see what comes up. The more information that you have, and in fact the more information about a proposed mark you can provide to the person doing your searching, the easier it is for them to make sure the search is done properly and covers all bases.

We like it when somebody asks us to search a prospective trade-mark, and provides us with preliminary search results, including reports generated from the GOOGLE search. First, we do not generally have to do that ourselves (thus lowering costs for you), but the results disclosed by



such inquiries do suggest to us where we need to look to make sure that all the bases that need to be covered, are covered, so that the opinion you get from us about availability and registrability, is probably about as thorough as you can get. The rule of thumb is, the more important the trade-mark is to you and the longer you see it being valuable to you, the more thorough you should search at the outset. It is a relatively small investment compared to the potential payoff in the end.

Sometimes people have a number of prospective trade-marks and cannot decide on which one to search. Our advice is always to prioritize the prospective marks and ask somebody to search them in order of your preference and that they keep searching down the list until they find one that they feel has a high probability of availability for use and registration, at which point they stop the searching and report.

2. Register or Not?

The next question you have to decide in choosing a mark is whether to register it or not. The rights conferred by registration, and the primary advantage thereof, are set out in the *Trade-marks Act*, which says:

- (a) a registrant is deemed to have the exclusive right to the use of the mark in association with those wares and services throughout Canada, with or without a reputation in any particular part of the country as per Section 19; that is to say there is a presumption of validity of the trade-mark if it is registered, and the registration itself acts as *prima facie* proof of facts and distinctiveness; and
- (b) a registrant has the right to sue for infringement under Sections 19 or 20 prevent people from using the same mark, or any mark that is confusingly similar therewith, as defined in Section 6 of the *Trade-marks Act*. Under Sections 19 and 20, infringement is a purely a statutory action and can only be brought based on a validly registered mark, and
- (d) a registrant has the right to sue for depreciation of the value of the goodwill under Section 22 of the *Trade-marks Act*.

On the other hand, anyone can use the provisions of Section 7 of the *Trade-marks Act*, which are essentially the statutory codification of the tort of “passing off” at common law. However, the decision whether to register a trade-mark or not however, is only in part a question of the benefits that you can obtain from such a registration. There may be trade-marks that for one reason or another are capable of being used, and perhaps being used effectively, for the purposes you have in mind but may not be capable of registration because they offend one of the provisions of the *Act* that must be met in order to register a trade-mark. For instance, you might for some reason want to use the trade-mark SALT for your product salt. This is absolutely prohibited by the *Act* and of course, choosing such a trade-mark will limit (or eliminate) your ability to protect it, but nonetheless, if for some reason or another you feel a fanciful version of the word, which is actually the name of the product, will help you sell it, you can do so. Certainly you can use a descriptive term (SALTY) or a laudatory epithet (ULTRASALT), which might not be capable of registration, or the name of a person as the trade-mark, which might not be capable of registration as a trade-mark, and build goodwill in it, such that it may, in due course, be capable of being protected at common law. If enough time passes and you establish enough distinctiveness you may even be able to register it under one of the provisions of the *Act* that allow marks that are initially not registrable to be registrable based on a considerable amount of what's called "acquired distinctiveness" (Sections 12(2) and 14). However, you will have to prove that distinctiveness at the time you apply for registration.

There are times when you will decide not to register a mark at all. One such time would be when you think you are going to use a mark in such a way that it will not come to other similar trade-mark holders' attention in the marketplace or will never cross paths with other marks that might be sufficiently close to it, to trigger litigation. When you simply adopt a mark and put it in use there is not the same kind of public notice of the adoption of the mark as there is when you go through the registration process with the Trade-marks Office and the mark is eventually advertised in the Trade-marks Journal for opposition.

There may be questions of cost involved as to whether you register a mark or not register it but as a general rule, we would strongly recommend that if a trade-mark is worth using and building goodwill in it, it is worth registering. The benefits you obtain from registration are very valuable in trying to protect a mark in the event that at some point or another you need to defend your rights. Generally speaking, the cost of registering a mark is relatively small considering that its shelf-life is in perpetuity. Yes, trade-marks need to be renewed every fifteen years for a relatively small charge but otherwise, as long as they are kept in use in more or less the form in which they were registered and you follow some other basic rules, they will live forever.

3. Protecting your trade-mark

This leads me to the question of methods for protecting, or for that matter attacking, a trade-mark and these are generally through opposition proceedings or litigation.

First, opposition proceedings:

Opposition proceedings are semi-litigious proceedings that take place before the Registrar of Trade-marks, namely the Opposition Board. All trade-marks applied for must at some point be advertised in the Trade-marks Journal for opposition purposes. Anyone may oppose on the grounds set out in Section 38(2) of the *Trade-marks Act*.

The grounds of opposition are as follows:

1. the trade-mark application does not meet statutory formality requirements listed in Section 30 of the *Trade-marks Act*;
2. the trade-mark is not registrable;
3. the applicant is not the person entitled to register the trade-mark;
4. the trade-mark lacks distinctiveness.

An opposition proceeding can last anywhere from two years to some multiple of same. The opposition proceeding basically involves an exchange of pleadings, an exchange of evidence, cross-examination on the evidence, a written argument and an oral hearing. A decision is then rendered by the Opposition Board, which may be appealed as of right to the Federal Court. In the Federal Court, either party may file new evidence as of right and may apply for leave to cross-examine on any such new evidence introduced by the other side. From the Federal Court there is an appeal as of right to the Federal Court of Appeal and from there to the Supreme Court of Canada, if one can obtain leave. Very few oppositions ever reach the Supreme Court of Canada. A surprising number do reach the Federal Court and of those, quite a few manage to move on to the Federal Court of Appeal. Accordingly, an opposition proceeding is not one that should be taken lightly. The process from beginning an opposition through to the Federal Court of Appeal can take many years, be very expensive and have significant far reaching effects.

Second, litigation:

Litigation on trade-mark matters can take place in the Provincial Courts or in the Federal Court. The one exception is any litigation relating to the expungement of trade-marks, which is within the exclusive jurisdiction of the Federal Court of Canada.

It is important to note that you may start litigation against a party even though you are in opposition proceedings. It is also important to note that the opposition proceedings may well not be suspended while the litigation takes place, which does have the potential for resulting in conflicting decisions. However, there are many tactical things that can be done to avoid this happening.

Litigation can involve, as mentioned earlier, suing somebody for infringement, depreciation of the value of goodwill, for passing off under Section 7, and possibly for other matters. There is precedent whereby the Federal Court will hear ancillary matters that relate to contractual issues between the parties and perhaps others, if the case in its pith and substance is an Intellectual

Property matter and the contractual matters are simply ancillary to the Intellectual Property matter. You should not therefore assume that because part of the action against somebody is not true Intellectual Property that it is not possible to get it before a Federal Court judge.

Something many people ask is: when does one trade-mark infringe another trade-mark?

Sometimes this is very clear, other times it is not so obvious. The determination of whether a mark is confusing with another is not an exact science and requires the consideration of all the surrounding circumstances in a given case, including but not limited to the five factors specifically enumerated in Section 6(5) of the *Trade-marks Act*. There are some fundamental guiding principles, such as the idea that trade-mark rights do not exist in the abstract – the monopoly in a trade-mark that is granted is in association with particular wares and/or services. As a result, identical trade-marks covering different wares or services may be able to co-exist without confusion whereas similar but not identical marks could well be confusing if they are associated with overlapping wares and services traveling in the same channels of trade. Another key principle is that ordinary English or French words are typically entitled to a limited scope of protection (at least initially, in the absence of acquired distinctiveness) in contrast to inherently distinctive, coined terms which typically enjoy a wider ambit of protection.

Some of the things to consider right away when looking at the trade-marks in question to determine confusion:

- Are the wares and/or services associated with the trade-marks identical or related?;
- Are the goods and/or services associated with one trade-mark in the “natural zone of expansion” of the other?;
- Do the competing wares/services travel in the same or similar channels of trade? Are they directed to the same or similar end users? Are they at the same price point?

- Are the trade-marks identical in appearance, sound, and/or do they convey the same ideas? in English or French?;
- Is one trade-mark a clever parody of the other mark (e.g. PERRIER v. PIERRE EH!) even if the wares and/or services are not the same?;
- What is your date of first use (or your entitlement date) v. the other trade-marks? What is the length of use of the trade-marks?;
- Has either trade-mark enjoyed a reputation in Canada prior to adoption?;
- Has either trade-mark enjoyed an international reputation?;
- Has either mark been licensed? Is the licensing proper?;
- Has either mark been advertised? How often? To whom? And where?

Generally speaking, Intellectual Property litigation is expensive. That being said, I believe most good Intellectual Property lawyers will take whatever steps are reasonable to try and avoid litigation through some form of acceptable resolution or settlement. But when that is not possible, having a solid, valid and enforceable registration is extremely important.

Another frequently asked question is the proper use of trade-mark notices, particularly in relation to online trade-mark use. There is no legal requirement in Canada to use a notice such as TM or ® symbol with a trade-mark, nor is there any penalty in Canada¹ for using the ® symbol in association with non-registered marks. However, the use of such symbols, or clearly identifying your trade-marks on your website, is usually recommended since these all serve as clear notice that trade-mark rights are being claimed (or have been registered, as the case may be) in a given mark. Similarly, the identification of licensed use of a mark is not required *per se*, but the licensing provisions of the *Trade-marks Act* do provide a rebuttable presumption that a license exists where public notice is given of the fact that the use of trade-mark is licensed use and of the identity of the trade-mark owner, and this can be a very valuable tool in when seeking to enforce one's trade-mark rights.

¹ Please note that in the United States it is prohibited to use ®, unless the trade-mark is registered.

As a rule it is prudent to identify on your website or materials where the trade-mark appears to have it stand out from its surroundings. Make it flash; use a different colours; use an asterisk to point the reader to a notice about ownership.

4. Policing your trade-mark

The last topic I want to cover is the policing of the trade-mark. There is a common misconception that when you have registered a mark, and you have your certificate of registration, the mark is yours for all time and you really do not have to do anything except use it and if there is a problem you can defend it. That is not true. A trade-mark is a little bit like a hot house plant. It needs to be in the right temperature; it needs to be watered; it needs to be fed. The difference is, watering and feeding a trade-mark is making sure that:

- it is used as it was registered - you do not change it little by little, add, delete or change design features;
- you do not license it unless you do so properly within the rules set for licensing of trade-marks;
- you do not assign it unless you do it properly;
- you do not change the owner without recording it;
- you take the other steps necessary to preserve the distinctiveness in the mark.

If you do any one of the above or many other possible things, you may find that you have lost rights in the mark or lost the ability to enforce it. Third parties can challenge your registration and have it expunged from the Register, or, if you are not paying attention, other people may adopt domain names, trade names, or even trade-marks without your knowledge that encroach on the distinctiveness or the ambit of protection of your trade-mark. It is therefore very important that you have a review process, both for your internal treatment and use of the mark which probably should be vetted by your trade-mark professional, and for some kind of periodic

searching of the marketplace to identify any marks, trade-names or domain names which you feel need some attention in order to preserve the validity, the distinctiveness, and ambit of protection of your mark. The more valuable or the more widely in use your mark, the more likely such encroachment will be and the more important it is that you do effective policing.

5. Domain Names, your trade-mark and you

Everyone knows that the Internet has significantly and irrevocably changed the familiar business landscape.

Accordingly, no longer do you have to be a large multinational with dozens of trade-marks registered around the world and an extensive Internet presence to consider implementing an international trade-mark / domain name strategy. Today, if you own a business of virtually any size and in any country, the question you must ask yourself is not *whether* you need an international trade-mark / domain name strategy, it is *what kind* of international trade-mark / domain name strategy do you need to effectively protect whatever intellectual assets you may have (even if it is only a trade-name) and/or to prevent liability that is unexpected both in occurrence and jurisdiction. The concept of a domain name/IP strategy has thus entered the mainstream, with domain names often assuming a role of equal - and sometimes greater - significance than that of trade-marks.

The interesting thing is that even though domain names are increasing in overall significance, they still remain somewhat of an enigma as to their legal status. Some treat them the same as they would a trade-mark, others consider them a bundle of rights, others still consider them a lease of a number-based address from a Registrar to which persons give a recognizable name. There is some case law developing in the United States where the courts are leaning more and more to considering domain names as something that can represent a property right.

The trade-mark / domain name strategy itself may be anywhere on the spectrum from quite simple (i.e. the mere registration of a single existing trade-mark or trade-name as a domain name

in one's home ccTLD (country code Top Level Domain, e.g. ".ca", ".de", etc.), or conversely seeking trade-mark protection for an existing domain name, if it is being used as a trade-mark) to complex (i.e. the registration of thousands of domain names across multiple TLDs (Top Level Domains) corresponding to exact spellings and common misspellings of a company's main marks, coupled with an aggressive policy of pursuing the registrants of any offending domain names), but its effectiveness can only be ensured by a careful consideration of the many relevant factors on an ongoing basis. In other words, in order to remain effective, a trade-mark / domain name strategy should be kept current by means of a periodic review that takes into account not only the rapid and relentless pace of developments in the Domain Name System around the world but any changes within the business itself that the strategy is designed to protect.

With respect to the primary focus of an effective international trade-mark / domain name strategy, the issue of cybersquatting *per se* has become somewhat less of a concern than it originally was, at least for larger businesses. This is because the jurisprudence of many countries has now successfully tackled the problem, but more significantly, the UDRP, which is mandatory in respect of all domain names registered in every gTLD (generic Top Level Domains, e.g. ".com", ".net", ".org", etc) as well as in some 30 ccTLDs, has proved to be a resounding success in providing a quick and comparatively inexpensive alternative to litigation for the clearest and most obvious cases of abusive domain name registration. Nonetheless, for a small to medium-sized business, cybersquatting can still be a costly problem, and for all businesses the UDRP (Uniform Dispute Resolution Policy) cannot help if a conflict develops between legitimate competing third party interests on the Internet.

Often it is difficult to implement the optimal international trade-mark / domain name strategy for yourself, at least initially, because serious thought is only given when certain steps have already been taken, i.e. registered a number of domain names on their own in one or more TLDs and have encountered a problem either because of, or despite their efforts. This is a frequent occurrence given that domain names can generally be registered relatively easily and inexpensively. All too often, little, if any trade-mark or domain name searching has been done

and virtually no thought has been given to jurisdiction issues. Yet these are all questions which should be asked right at the beginning and it is only possible to answer them competently if one has a fairly good understanding of key issues such as: the gTLDs, the ccTLDs, ICANN, the relevant contractual relationships between them (and ultimately you, as the contractual terms trickle down to individuals and have jurisdictional implications), the importance of adequate WHOIS services or dispute policies or the lack thereof, the significance of the location of a given registry or certain precautions that should be taken to minimize the risk of a foreign court exercising personal jurisdiction should the client have the misfortune of being sued there. Many of these issues also have technological and/or political components and knowledge of these can further enhance the quality of your response to your problem.

There are not too many intellectual property practitioners who have true expert knowledge and experience in this field. It is rare that a practitioner appreciates trade-mark law; trade-mark case law; how ICANN operates; the implications of the contracts between ICANN, the Registrars and the Internet Service Providers; the gTLD world; the ccTLD world; and the processes and case law of the UDRP in combination. Therefore, when choosing an advisor in relation to your trade-mark/domain name strategy, make sure you choose someone with a well-rounded knowledge of the whole picture, and consult with him or her on all these issues.