
**CANADIAN BAR ASSOCIATION /
ONTARIO BAR ASSOCIATION**
2nd National Symposium on Charity Law
“What’s New and What’s Coming”
Toronto, Ontario

April 14, 2004

**AVOIDING WASTING ASSETS II –
TRADE-MARK AND DOMAIN NAME
PROTECTION FOR CHARITIES**
(CURRENT TO MARCH 22, 2004)

By Terrance S. Carter, B.A., LL.B., Trade-Mark Agent
©2004 Carter & Associates

CARTERS.ca

CARTER & ASSOCIATES
BARRISTERS, SOLICITORS & TRADE-MARK AGENT
Affiliated with Fasken Martineau DuMoulin LLP

Main Office Location

211 Broadway, P.O. Box 440
Orangeville, Ontario, Canada, L9W 1K4
Tel: (519) 942-0001 Fax: (519) 942-0300
Toll Free: 1-877-942-0001

www.carters.ca

Toronto Meeting Location

Toronto Dominion Bank Tower, Suite 4200
TD Centre, Toronto, Ontario, Canada
(by appointment) Tel: (416) 675-3766

“Proactive Advice”

www.charitylaw.ca

AVOIDING WASTING ASSETS II - TRADE-MARK AND DOMAIN NAME PROTECTION FOR CHARITIES

TABLE OF CONTENTS

A. INTRODUCTION	1
B. THE ROLE OF THE LAWYER IN TRADE-MARK MATTERS	3
C. WHAT IS A TRADE-MARK?.....	4
1. The Basic Nature of a Trade-Mark	4
2. What do Trade-Marks Consist Of?	5
3. Types of Trade-Marks Involving Charities	6
D. WHY ARE TRADE-MARKS IMPORTANT TO CHARITIES?.....	6
E. THE DIFFERENCES BETWEEN TRADE-MARKS AND TRADE NAMES	8
F. THE DISTINCTION BETWEEN TRADE-MARKS AND OTHER INTELLECTUAL PROPERTY	9
1. Copyrights.....	9
2. Patents	10
3. Industrial Designs.....	11
4. Trade Secrets	11
5. Registered Topography (Micro-Chips)	12
G. HOW TRADE-MARKS BECOME WASTING ASSETS FOR CHARITIES.....	12
H. TRADE-MARK PROTECTION AND THE COMMON LAW	15
I. THE ADVANTAGES OF TRADE-MARK REGISTRATION.....	16
1. Trade-Mark Registration Provides a Presumption of a Valid Trade-Mark	16
2. Trade-Mark Registration is Effective Throughout Canada	17
3. Trade-Mark Registration Permits Enforcement Across Canada.....	17
4. Trade-Mark Registration Provides the Exclusive Right To Use The Trade-Mark With Respect To Its Goods Or Services	17
5. Trade-Mark Registration Gives Public Notice of The Trade-Mark	18
6. A Trade-Mark Registration Can Become Incontestable in Some Situations.....	18
7. Failure to Obtain Trade-Mark Registration May Result in a Limitation of Trade-Mark Rights	19
8. Trade-Mark Registration Can Assist in Protecting a Domain Name on the Internet	19
9. Trade-Mark Application in Canada Permits "Convention" Filing in Other "Convention" Countries.....	19
10. Trade-Mark Registration Facilitates Obtaining Trade-Mark Registration in Other "Convention" Countries.....	20
J. THE ACQUISITION OF TRADE-MARK RIGHTS	20

K. BARRIERS TO TRADE-MARK REGISTRABILITY.....21

L. THE SELECTION OF TRADE-MARKS FOR CHARITIES23

 1. Inherently Strong Marks.....24

 2. Inherently Weak Marks24

 3. Suggestive Marks.....24

 4. Compound Word Marks.....25

 5. Marks That Have Acquired A Secondary Meaning25

M. THE IMPORTANCE OF CONDUCTING TRADE-MARK SEARCHES25

 1. When To Do a Trade-Mark Search.....25

 2. Why Conduct a Trade-Mark Search?.....26

 3. Types of Trade-Mark Searches.....27

 4. The Trade-Mark Registrability Opinion29

 5. Expunging Competing Trade-Marks29

N. TYPES OF TRADE-MARK APPLICATIONS.....30

 1. Ordinary Trade-Marks.....30

 2. Distinguishing Guise.....30

 3. Certification Mark31

O. THE BASIS FOR OBTAINING ORDINARY TRADE-MARK REGISTRATION.....32

 1. Use in Canada32

 2. Proposed Use.....33

 3. Registration in Foreign Countries33

 4. Making Known in Canada34

 5. Combination Application34

P. FILING AND PROSECUTING TRADE-MARK APPLICATIONS35

 1. What Does a Trade-Mark Application Cover?35

 2. When to File The Trade-Mark Application35

 3. The Contents of a Trade-Mark Application.....36

 4. Amendments to a Trade-Mark Application37

 5. Examination by the Trade-Marks Office37

 6. Advertisement in the Trade-Marks Journal38

 7. Allowance of a Trade-Mark.....38

 8. After Trade-Mark Registration39

Q. THE IMPORTANCE OF FOREIGN TRADE-MARK REGISTRATION.....39

 1. Paris Convention for the Protection of Industrial Property42

 2. Agreement on Trade-Related Aspects of Intellectual Property Rights43

R. SECTION 9 OFFICIAL MARKS.....45

 1. What is a Section 9 Official Mark?.....45

 2. The Advantages of a Section 9 Official Mark.....46

 3. Recent Court Decisions Concerning the Definition of “Public Authority”49

4. The Future for Section 9 Official Marks.....54

S. TRADE-MARKS AND INTERNET DOMAIN NAMES56

1. What Are Internet Domain Names?56

2. Conflicts Between Domain Names and Trade-Marks58

3. Securing and Protecting Domain Names63

4. Contesting Existing Domain Names.....65

5. Licensing of Domain Names67

T. TRADE-MARK LICENSING67

1. When is Trade-Mark Licensing Relevant?.....67

2. Licensing Requirements Prior To June 9th, 199368

3. Licensing Requirements After June 9th, 199368

4. Current Licensing Requirements For Trade-Marks.....69

5. Use and Enforcement of the Trade-Mark License70

6. General Licensing Considerations70

U. PROPER USE OF TRADE-MARKS73

1. Ensure Continued Usage73

2. Ensure Proper Marking74

3. Ensure Identification of License Arrangement.....74

4. Trade-Marks Should be Distinctive.....75

5. Trade-Marks Should be Used as an Adjective, Not a Noun.....75

6. Trade-Marks May Need to be Followed by a Generic Name76

7. Trade-Marks Should Avoid Plural or Possessive Applications and Maintain Consistency in Use76

8. Change of Name of Trade-mark Owner76

9. Other Wares/Services76

10. Importance of Education Concerning Trade-Mark Use77

V. PROTECTING THE TRADE-MARK77

1. Ensure Parallel Registrations of a Trade-Mark.....77

2. Monitor Infringement by Other Competing Trade-Marks78

3. Be Pro-Active in Stopping Infringement of a Trade-Mark.....79

4. Protect an Unregistered Trade-Mark79

5. Protection Under the *Trade-Marks Act* for Registered Trade-Marks81

6. Ensure Usage of the Trade-Mark.....81

7. Abandonment Under Common Law.....81

W. CONCLUSION.....82

X. LIST OF APPENDIXES.....84

CANADIAN BAR ASSOCIATION / ONTARIO BAR ASSOCIATION
2ND NATIONAL SYMPOSIUM ON CHARITY LAW
April 14, 2004

**AVOIDING WASTING ASSETS II - TRADE-MARK AND
DOMAIN NAME PROTECTION FOR CHARITIES**

Terrance S. Carter^{*}, B.A., LL.B, Trade-mark Agent
©2004 Carter & Associates

A. INTRODUCTION

This paper is intended to provide lawyers and other advisors who counsel charities with an explanation of why it is important to assist charitable clients in preventing trade-marks from becoming "wasting assets". A "wasting asset" used in the context of this paper is an asset that through either neglect or error is allowed unintentionally to diminish in value over time. This paper was presented in an earlier form for the Canadian Bar Association's Continuing Legal Education Program in 1997 on Charity and Not-for-Profit Law – The Emerging Specialty. Since then, the paper has been updated and considerably expanded to reflect recent developments in the law, such as changes concerning The Advantages of Trade-mark Registration, Foreign Trade-mark Registration, Section 9 Official Marks and Domain Name Disputes. What this paper does not do is provide a detailed or a comprehensive discussion of technical issues involving trade-marks. For more information in this regard, reference should be made to authoritative texts, such as *Hughes on Trade-Marks* or *Fox on Trade-Marks* or *Fox on Trade-Marks and Unfair Competition*,¹ since it is impossible within the confines of a Continuing Legal Education paper to provide anything more than a cursory overview of a complicated area of law.

^{*} The author would like to thank Mervyn F. White, Mark J. Wong and U. Shen Goh of Carter & Associates for reviewing and commenting upon this paper. Any errors are solely those of the author. © Copyright 2004. All rights reserved.

¹ See *Hughes on Trade-Marks*, (Butterworths, Toronto, 1984-2003), (hereinafter "*Hughes on Trade-Marks*"); Harold G. Fox, *The Canadian Law of Trade-Marks and Unfair Competition*, (Carswell Company Limited, (3d), 1992, Toronto); Hugues G. Richards, editor, *Canadian Trade-marks Act Annotated* (Carswell Company Limited, Toronto); John T. Ramsay, *Technology Transfers and Licensing* (Butterworths, Toronto, 1996).

In recent years, trade-mark issues have taken on a greater significance for charities, and as a result are necessitating that lawyers who advise charitable clients become more familiar with trade-mark issues. Unfortunately, though, there is little introductory resource material available relating to trade-marks for use by the general practitioner, other than a few helpful articles in Continuing Legal Education programs on Intellectual Property.² This is regrettable, since it is often the general practitioner and not the trade-mark specialist who is in the best position to raise concerns about trade-mark matters with clients. This is particularly so for charitable clients who seldom, if ever, contact a trade-mark agent, partly as a result of the perceived expense involved and partly because of a general lack of knowledge by the charitable client concerning trade-mark issues.

This paper is an attempt to fill this void by providing an overview of some of the key trade-mark concepts for lawyers who are not trade-mark agents but who want to have a general understanding of trade-mark issues when advising their charitable clients.

The comments and observations contained in this paper are provided to identify trade-mark issues that are unique to charities as opposed to other types of clients, although most of the comments that follow will have equal application for business clients as well. As a matter of simplicity, any reference to "charity" in this paper is deemed to refer to both non-profit organizations as well as to charities unless otherwise indicated. Also for ease of reference, the main points in this paper and other comments have been separately summarized in an attached checklist and reference guide included at the end of this paper as Appendix 1 to provide practitioners with a reference tool that can be utilized separate from this paper when meeting with clients.

² Intellectual Property Law – Trademarks (The Law Society of Upper Canada, Eighth Annual Intellectual Property Law: The Year in Review, Toronto, January 15, 2004); Infringement on the Internet: How Businesses Can Protect Their Intellectual Property From Internet Abuses (The Ontario Bar Association, Continuing Legal Education Publications, Toronto, October 26, 2001); Intellectual Property Issue (The Ontario Bar Association, Continuing Legal Education Publications, Toronto, June 9, 2001).

B. THE ROLE OF THE LAWYER IN TRADE-MARK MATTERS

With the exception of a few large and sophisticated charities, it is unlikely that the majority of charities understand what trade-marks are, let alone the value of the trade-marks that they may have acquired over time, or for that matter the steps that should be taken to protect the intellectual property rights that are associated with their trade-marks. It is often only when a problem develops that a charity is willing to become informed about trade-marks. As often as not, the charity learns with surprise or dismay that it is too late for the charity to do anything to reverse the damage that has been done to the trade-mark rights that they may once have had.

There is little point in explaining to a charity after the fact what it is that has been lost. Instead, what is needed is pro-active legal risk management advice concerning trade-mark issues, assuming that there is still something that the charitable client can do to preserve its trade-mark rights. Obviously, such an approach requires that the charity has either sought the advice of a trade-mark agent (an unlikely event), or alternatively that their legal counsel has some knowledge about trade-marks and can identify trade-mark issues that are relevant for the charity when they arise and knows when to refer matters to a trade-mark agent. It is therefore increasingly important that lawyers who advise charities become familiar with at least basic trade-mark issues that may be of concern to their clients.

Familiarity with trade-mark issues is particularly important for those lawyers who advise charities because of the increased expectations that are placed upon directors of charities to ensure that all assets of the charity are properly identified, protected and applied in fulfilment of the charitable purposes for which the charity was established. This follows from the fiduciary obligation placed upon directors of a charity (as opposed to a non-profit organization) to act as effective stewards of the charitable property entrusted to them and to take appropriate steps to protect those assets.

Obviously, a director of a charity cannot be expected to take steps to protect the trade-marks of a charity if the director knows nothing about trade-marks or how vulnerable the intellectual property rights are that are associated with the trade-marks. As a result, a lawyer dealing with a charity needs to take the initiative and explain to the CEO or the board of directors of a charity the nature of the intellectual property that the charity has in its trade-mark, what the risks to its trade-mark rights might be, and what

steps need to be taken to properly preserve those trade-marks. If the lawyer fails to do so and the charity loses entitlement to key trade-mark rights, then the directors may be left to explain to the corporate members of the charity or possibly even to a court on a passing of accounts why appropriate steps were not taken to preserve what will likely have been an essential asset of the charity. Unfortunately, ignorance of the law will not be an adequate explanation in such a situation.

If called upon to account, the board of directors will have every right to ask why the legal counsel for the charity failed to adequately warn the board of directors of their responsibilities, or to at least explain to the board of directors the vulnerable and wasting nature of the trade-mark that had constituted an important asset of the charity. Whether a lawyer would be found negligent for failing to properly advise the charitable client in this regard is debatable and would obviously be subject to the specific facts of each situation. However, the question that a thorough lawyer will want to ask when advising a charity is whether the lawyer can do a competent job in protecting and assisting the board of directors of a charity without addressing an area of the law that involves one of the most important assets that the charity may ever possess.

At a time when charities are called upon to utilize every available asset in ensuing viability of operations, trade-mark rights are too important to ignore.

C. WHAT IS A TRADE-MARK?

1. The Basic Nature of a Trade-Mark

The *Trade-marks Act* defines a trade-mark as "...a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares and services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others..."³ As

³ *Trade-marks Act*, R.S.C. 1985, c.T-13, s.2.

such, a trade-mark identifies the source of goods and services associated with a particular mark and in so doing represents the goodwill of a charity.

While most charities are not in the business of manufacturing or selling goods, they are generally involved in the performance of some sort of service and as such would normally be able to fulfil the definition of a trade-mark under the Act. Although trade-marks are recognized and protected at common law, they can receive significant additional protection through registration under the *Trade-marks Act*, as discussed later in this paper.

2. What do Trade-Marks Consist Of?

While the *Trade-marks Act* defines what a trade-mark consists of, it does not define what constitutes a "mark". In practical terms, a mark consists of any of the following:

- (a) a single word, e.g.,
"Lego";
- (b) a combination of words, e.g.,
"Miss Clairol";
- (c) a logo or symbol, e.g.,
the big "*M*" in McDonalds;
- (d) a slogan, e.g.,
"you deserve a break today";
- (e) a package or container design, e.g.,
"the Coca-Cola bottle"; or
- (f) even a telephone number, e.g.,
*"967-1111" for Pizza Pizza.*⁴

⁴ *Pizza Pizza Ltd. v. Can. Reg. of Trade-Mark* (1989), 26 C.P.R. (3d) 355 (F.C.A.), rev'g (1985), 7 C.P.R. (3d) 428 (F.C.T.D).

It is also possible to have more than one trade-mark used in combination, such as a word trade-mark that is used in conjunction with a logo. For example, a university may use both its name and a school crest in close association of each other.

3. Types of Trade-Marks Involving Charities

A trade-mark used in conjunction with the operations of a charity is usually any word, combination of words or logo that is used as the primary identifier of the operations of a charity. This could consist of any one of the following combinations:

- (a) a full name of the charity, e.g.,
"ABC Relief Agency of Canada";
- (b) a portion of the charity's name by which the charity is known to the public, e.g.,
"ABC Relief Agency" of ABC Relief Agency of Canada;
- (c) a division of a charity, e.g.,
"ABC Children's Club", a division of ABC Relief Agency of Canada;
- (d) a logo, e.g.,
The panda for World Wildlife Fund;
- (e) an emblem or crest, e.g.,
The cross for the Canadian Red Cross; and
- (f) a slogan, e.g.,
"Here's life".

D. WHY ARE TRADE-MARKS IMPORTANT TO CHARITIES?

A fundamental issue that needs to be addressed at the outset in advising a charitable client is, why is it important for a charity to protect its trade-marks? The factors to consider in this regard are as follows:

1. Trade-marks constitute the goodwill of a charity, not only in relation to goods and services but also in the context of both present and future fundraising. In this regard, a charity's trade-mark becomes a focal point for:
 - (a) donations from regular supporters of a charity;
 - (b) donations from estate gifts;
 - (c) enhancing the present reputation of a charity with current supporters;
 - (d) building the future potential of a charity to expand its charitable activities; and
 - (e) developing future sponsorship arrangements.

2. Trade-marks distinguish one charity from another. In an increasingly crowded charitable market, the ability of a charity to successfully distinguish itself from other charities is becoming a major concern. In addition, when a trade-mark is used to identify a charity that operates as a branch of a main charity, such as where a charity establishes a chapter, the trade-mark is essential in developing a common identity for the charity in the minds of the public.

3. Trade-marks have both present and future marketing value in relation to the sale of related items associated with the services of a charity, such as books, tapes, videos, and promotional materials, as well as facilitating access to the charity on the Internet or other forms of electronic communication.

4. Trade-marks may have a significant licensing value, in that a trade-mark could be licensed to an associated charity located either in Canada or abroad or licensed for commercial or quasi-commercial purposes. Many businesses are prepared to pay a licensing fee for the right to be associated as an official sponsor of an event that is held in the name of a charity. The most obvious example in this regard is the considerable licensing value associated with the trade-marks of the Canadian Olympic Association that entitle companies to advertise that they are an "official sponsor" of Canadian Olympic events.

5. As a result of the above, a trade-mark will normally be one of the most valuable assets of a charity.
6. Trade-marks, though, are fragile assets, the value of which can be lost or seriously eroded through error of commission and/or omission. As a result, failure to properly identify and preserve trade-mark rights could lead to the eventual loss by a charity of the right to preclude others from using its trade-marks.
7. It is essential that trade-marks be used in a proper manner, in order to enhance and protect their value instead of being used in a manner that unintentionally diminishes their value.

E. THE DIFFERENCES BETWEEN TRADE-MARKS AND TRADE NAMES

The *Trade-marks Act* defines a trade name as "...the name under which a business is carried on, whether or not it is the name of a corporation, partnership or an individual".⁵ It is not necessarily the same as a mark utilized as a trade-mark. A trade name and a trade-mark can, however, be one and the same. An example of a trade name is "*The Coca-Cola Company of Canada*", whereas "*Coke*" or "*Coca-Cola*" are each trade-marks.

The *Trade-marks Act* does not provide for registration of a trade name unless it also is a trade-mark, in which event the trade name is registered under the *Trade-marks Act* by virtue of fulfilling the requirements for a trade-mark.

Trade names which are not trade-marks are registered as either:

1. a corporate name under either provincial or federal corporate legislation; or

⁵ *Trade-marks Act*, R.S.C. 1985, c.T-13, s.2.

2. a business name under applicable provincial legislation, such as the Ontario *Business Name Act*.⁶

Registration of a trade name as either a corporate name or a business name is for public information purposes only. Registration alone does not give any trade-mark protection on its own. However, the owner of a trade name who uses the trade name will accrue certain common law rights, including the right to restrain others from misappropriating the goodwill associated with the trade name.

The owner of a pre-existing trade name, which is used even though it is not registered, can attack an application for registration or a registration of a trade-mark that is the same or similar to that trade name. In addition, the owner of a trade name can bring a common law action to restrain the usage by a competitor of a similar trade name or unregistered trade-mark based upon the common law action of "passing off", as well as an application to expunge a registered trade-mark that is similar to the pre-existing trade name, provided that the expungement application is brought within five years of registration.⁷

F. THE DISTINCTION BETWEEN TRADE-MARKS AND OTHER INTELLECTUAL PROPERTY

To understand what a trade-mark is, it is first important to understand how a trade-mark is different from other forms of intellectual property. In this regard, the following is given as a brief summary of the characteristics of the different forms of intellectual property other than trade-marks:

1. Copyrights

Copyrights are regulated by the *Copyright Act* (Canada).⁸ Copyright is the sole right to reproduce original works of art, music, drama, literature, photographs, manuscripts and

⁶ *Business Names Act*, R.S.O. 1990, c. B-17.

⁷ *Trade-marks Act*, R.S.C. 1985, c.T-13, s.17(2).

⁸ *Copyright Act*, R.S.C. 1985, c.C-42.

computer programs. It is not necessary to register a copyright, although under certain circumstances it may be advisable so that an official record that the author created the work has been established.

Copyright protection is limited by the notion of “fair dealing”, as demonstrated by the Supreme Court of Canada decision in *CCH Canadian Limited v. Law Society of Upper Canada* on March 4, 2004.⁹ In that landmark decision, the Court held that one can photocopy copyright material for research purpose pursuant to the “fair dealing” exception without paying a licensing fee to the author of the copyrighted work. Furthermore, the Court held that the act of providing self-service photocopiers alone did not constitute authorization of copyright infringement.

Generally, a copyright exists for the life of the author and 50 years thereafter. A copyright and a trade-mark can co-exist, such as when a work of art also constitutes the trade-mark for the owner.¹⁰ A good example of where this has occurred is the character of Mickey Mouse, which in its creative context is a work of art but in a business context constitutes a primary trade-mark for the Disney corporation.

2. Patents

A patent is a creature of statute regulated under the *Patent Act* (Canada).¹¹ A patent is a statutory protection given to an inventor to make, use and sell to others the invention that he or she has made. An invention is defined under the *Patent Act* as any new and useful art, process, machine, manufacturer, or composition of matter, or any new and useful improvement in any art, process, machine, manufacturer, or composition of matter.

⁹ *CCH Canadian Ltd. v. Law Society of Upper Canada*, [2004] S.C.J. No. 12, varying [2002] F.C.J. No. 690 (C.A.) (varying [1999] F.C.J. No. 1649 (T.D.)).

¹⁰ *Hughes on Trade-Marks*, *supra* note 1, at 363-2.

¹¹ *Patent Act*, R.S.C. 1985, c.P-4.

Under patent law in Canada, there is a principal referred to as the "modified absolute novelty requirement", which means that the public disclosure by the inventor of an invention for more than twelve months prior to the date of application will bar the ability of the inventor to obtain a valid patent.

If a patent application was filed on or after October 1, 1989, the patent has a term of 20 years from the filing date. However, patent applications filed before October 1, 1989, will receive a limited protection of only 17 years from the date the patent was issued.

3. Industrial Designs

Industrial Designs are regulated by the *Industrial Design Act* (Canada).¹² This Act provides the registrant with exclusive rights to apply an ornamental design to an article of manufacture such as the shape a bottle. However, the rights are limited to the ornamental appearance only of the article of manufacture.

Unless the industrial design is registered, there can be no legal claim to ownership and no legal protection or defence available. Registration gives exclusive rights in Canada for up to ten years.

4. Trade Secrets

A trade secret is a common law protection arising out of a fiduciary obligation to act in good faith. A trade secret is a secret known only to the owner. The secret is protected only to the extent that it is kept secret. As a result, it is essential that the owners of a trade secret ensure that the matter is never disclosed and is maintained as a secret. An example of a trade secret is the formula for "Coca Cola" which continues to have protection as a trade secret because the Coca Cola Company has taken extraordinary steps to ensure that the formula is always kept a secret.

¹² *Industrial Design Act*, R.S.C. 1985, c.I-9.

5. Registered Topography (Micro-Chips)

Registered topography is regulated by the *Integrated Circuit Topography Act*.¹³ Registered topography provides exclusive rights to the owner to reproduce and manufacture the topography of integrated circuits, i.e., a three dimensional configurations. An example of this is the highly technical integrated circuit of a computer chip, e.g., a micro-chip. There are no rights, though, unless the topography is registered. Application must be filed within two years of first commercial exploitation of the topography.

G. HOW TRADE-MARKS BECOME WASTING ASSETS FOR CHARITIES

Even if a charity recognizes that its trade-mark is an important asset, the value of the trade-mark can be significantly reduced or eliminated altogether as a result of an action or inaction by the charity involving its trade-marks. Although not exhaustive, the following are some examples of how a trade-mark can unintentionally become a wasting asset:

1. A charity may have chosen a name that eventually becomes its trade-mark without having conducted the appropriate searches which would have disclosed existing registered or unregistered trade-marks of a similar or conflicting nature. As a result of failing to conduct the necessary searches, the charity may find its right to use the name it has chosen challenged by the owner of the pre-existing registered or unregistered trade-mark.
2. Even a trade-mark that is distinctive can lose its distinctiveness if the owner of the trade-mark allows unauthorized use of the trade-mark by:
 - (a) not objecting to another organization using a similar corporate name;
 - (b) not objecting to another organization adopting a similar operating name;

¹³ *Integrated Circuit Topography Act*, S.C. 1990, c.37, as amended, S.C. 1993, c.15, S.C. 1994, c.47, and S.C. 1997, c.1.

- (c) not objecting to another organization developing a similar logo to that of the charity; or
- (d) not objecting to a “cyber-squatter” adopting a domain name on the Internet that is the same as the trade-mark of a charity.

Where unauthorized use of a trade-mark occurs, it is essential that the charity take immediate steps to stop such unauthorized use, otherwise it may well lose the legal right to do so at a later time. The appropriate steps in this regard are discussed in more detail later in this paper.

3. Where a charity which has a trade-mark fails to stop another organization from making use of the same or confusing trade-mark, problems may arise when an estate gift is made out in the name of the charity's trade-mark but the right of the charity to receive the gift is challenged by the other competing organization. In such a situation, a cy-prés court application will be required and may result in the original charity receiving little, if any, portion of the gift that the testator may have intended to be given in total to the charity.
4. As will be discussed later, when a charity permits other associated charities to use its trade-mark, it is essential to do so in accordance with a license agreement setting out the standards that need to be maintained, failing which the charity may lose entitlement to the trade-mark as a result of multiple usage of the trade-mark without there being a clear identification that the usage of the trade-mark is being done in accordance with a properly documented license relationship.
5. Even if a charity has a registered trade-mark, the failure to use the trade-mark in association with the goods and services referred to in the trade-mark registration could result in the charity being found to have abandoned its trade-mark entitlement. The *Trade-marks Act* states that the Registrar of Trade-marks may at anytime at the request of a person after the trade-mark registration has been in existence for at least three years require that the registered owner provide evidence of its use of the trade-mark with respect to the wares and/or services for which it is

registered during the three year period commencing immediately before the date of the notice from the Registrar of Trade-marks.¹⁴

6. As will also be explained later, whatever common law trade-mark rights the charity may have in a trade-mark may be prejudiced if the charity fails to obtain trade-mark registration. The *Trade-marks Act* states that a registered trade-mark becomes incontestable based upon a claim of prior usage after a period of five years from the date of registration, unless the owner of the registered trade-mark was aware at the time of registration of the other unregistered trade-mark.¹⁵ As a result, if another party obtains a trade-mark registration for the same trade-mark, then five years after the date of registration of the trade-mark, it cannot be challenged on the basis of the earlier usage by a charity of a similar mark unless it can be shown that the registered trade-mark owner knew of the earlier use. The charity may face a legal challenge from the owner of the registered trade-mark to an expansion in usage of its unregistered trade-mark even though the charity was the first to use the trade-mark. Since a trade-mark search does not reveal any information about unregistered trade-marks, it is conceivable that the owner of the registered trade-mark may have never had notice of the unregistered trade-mark that had been first used by the charity.

As a result, failure by a charity to register a trade-mark not only precludes the charity from the statutory rights of the *Trade-marks Act* for a registered trade-mark, but it could also result in a restriction of the charity's common law rights in the unregistered trade-mark that it had acquired over the years.

7. A trade-mark can be diluted and possibly lost altogether if the trade-mark is used inconsistently.
8. The protection afforded by a trade-mark registration only extends to those wares or services listed at the time of registration. If the trade-mark is later used in association with a broader

¹⁴ *Trade-marks Act*, R.S.C. 1985, c.T-13, s.45.

range of wares and services or a completely different set of wares and services, there will be no statutory protection for the new use unless the registration is amended to reflect the additional wares and services.

H. TRADE-MARK PROTECTION AND THE COMMON LAW

Canada's trade-mark system is based upon a first-to-use system instead of a first-to-file system as in other countries. Therefore, the first person to use a trade-mark is deemed the owner of the trade-mark even if the person does not register the trade-mark. In this regard, the common law provides protection to an owner of a unregistered trade-mark or a trade name by providing to that person the right to restrain a competitor from "passing off" its goods or services under the trade-mark or trade name of another. The "passing off" cause of action permits an owner of a trade-mark to stop another from misappropriating its good will in association with the wares and services or business of another person.

The common law "passing off" action does not require that the trade-mark be registered under the *Trade-marks Act*. However, the action is limited to the local geographic area in which the trade-mark is known. The Supreme Court of Canada in *Ciba - Geigy Canada Ltd. v. Apotex Inc.*¹⁶ established that there were three elements that had to be present before the "passing off" action could proceed. Those elements are as follows:

1. There must be goodwill or reputation attached to the plaintiff's goods or services in the mind of the public in relation to the name in question, such that the name is identified with the plaintiff's goods or services.

¹⁵ *Trade-marks Act*, R.S.C. 1985, c.T-13, s.17(2).

¹⁶ *Ciba - Geigy Canada Ltd. v. Apotex Inc.* (1992), 44 C.P.R. (3d) 289 at 296 - 299 (S.C.C.), rev'g (1990), 32 C.P.R. (3d) 555 (Ont. C.A.).

2. There must be a misrepresentation by the defendant (whether intentional or not) leading or likely to lead the public to believe that the goods or services are those authorized by the plaintiffs.
3. The plaintiff has or is likely to have suffered damage.

From such requirements, it is evident that the protection of trade-mark rights through the common law is much more difficult to establish than prosecuting an infringement action for a registered trade-mark under the *Trade-marks Act*. However, because most charities will not have obtained registered trade-mark status for their trade-marks, they may have no alternative but to rely upon the common law protection provided to them in a "passing off" action.

I. THE ADVANTAGES OF TRADE-MARK REGISTRATION

Charitable clients will understandably want to understand the advantages that are associated with proceeding with trade-mark registration before deciding to do so. The key advantages are summarized under the following ten points:

1. Trade-Mark Registration Provides a Presumption of a Valid Trade-Mark

Obtaining a trade-mark registration establishes legal title to a trade-mark, similar to the registration of a deed for real property. This means that a court will presume that the trade-mark in question is a validly registered trade-mark owned by the registered owner. In contrast, at common law the validity of a trade-mark must be established before a court will be able to enforce a common law "passing off" action, and even at that, the "passing off" action is a lengthy, expensive and difficult remedy to pursue.

2. Trade-Mark Registration is Effective Throughout Canada

At common law, an unregistered trade-mark can only be enforced within the local geographic area in which the trade-mark is known. This means that a charity that carries on operations in Ontario will generally not be able to pursue a common law "passing off" action to restrain unauthorized use of the trade-mark by another charity or an organization in British Columbia. However, registration of a trade-mark under the *Trade-marks Act* is effective throughout Canada even if the trade-mark is used only in one geographic area of the country.

3. Trade-Mark Registration Permits Enforcement Across Canada

A trade-mark infringement action for a registered trade-mark under the *Trade-marks Act* can be brought in the Federal Court of Canada and enforced in any province across Canada. However, the common law "passing off" action must be brought within the provincial Superior Court where the trade-mark has been used and cannot, as a matter of right, be enforced throughout the country.

4. Trade-Mark Registration Provides the Exclusive Right To Use The Trade-Mark With Respect To Its Goods Or Services

Trade-mark registration remains in effect for a period of fifteen years subject to renewal¹⁷ and gives to the owner the exclusive right to use the trade-mark throughout Canada in respect of the wares and services for which it has been registered.¹⁸ The full implication of "exclusive right" has been highlighted recently by the recent 2002 case of *Molson Canada v. Oland Breweries Limited*¹⁹, in which it was established that a registered trade-mark can now serve as a complete answer against an action for "passing off". Unless the validity of the registration itself is contested, a trade-mark owner's exclusive right to use the mark is unassailable and any

¹⁷ *Trade-marks Act*, R.S.C. 1985, c.T-13, s.46(1).

¹⁸ *Trade-marks Act*, R.S.C. 1985, c.T-13, s.19 as amended S.C. 1993, c.15.

¹⁹ *Molson Canada v. Oland Breweries Limited*, [2002] O.J. No. 2029 (C.A.), aff'g [2001] O.J. No. 431 (Sup. C.J.).

unregistered trade-mark owner who complains of confusion from a registered trade-mark would himself be infringing on the registered trade-mark upon establishing the confusion. As such, the owner of a registered trade-mark has the exclusive rights to use the trade-mark for the goods and services for which it has been registered to the exclusion of anyone else.

5. Trade-Mark Registration Gives Public Notice of The Trade-Mark

One of the more important advantages of a registered trade-mark is that the trade-mark will be listed in the registered trade-marks index maintained by the Trade-marks Office in Ottawa and will appear in subsequent trade-mark searches conducted by trade-mark agents and by the Trade-marks Office itself. This helps to ensure that no confusing trade-marks are subsequently registered in Canada.

In addition, the NUANS Corporate Name Search system maintained by Industry Canada will also include the registered trade-mark in its search of similar names, thereby warning businesses that may be considering adopting a trade name or unregistered trade-mark similar to that of the trade-mark. Since unregistered trade-marks do not show up in the NUANS system, a corporation may unwittingly register a corporate or business name that is confusing.

6. A Trade-Mark Registration Can Become Incontestable in Some Situations

A registered trade-mark generally cannot be contested after five years from its date of registration, subject to limited exceptions, based upon a claim of prior usage even if there is an unregistered trade-mark with an earlier date of first usage.²⁰ However, a registered trade-mark can be contested after the five years if the person who registered the trade-mark did so with knowledge of the previous use or making known. No such similar benefit extends to an unregistered trade-mark at common law.

²⁰ *Trade-marks Act*, R.S.C. 1985, c.T-13, s.17.

7. Failure to Obtain Trade-Mark Registration May Result in a Limitation of Trade-Mark Rights

Since a registered trade-mark becomes incontestable after a period of five years based on a claim of prior usage of a similar trade-mark, if another party obtains registration of a trade-mark that is the same or similar to the unregistered trade-mark without knowledge of the prior unregistered trade-mark, then after a period of five years from registration, the owner of the unregistered trade-mark who failed to take the initiative and register the trade-mark may be confronted by a legal challenge from the owner of the registered trade-mark to an expansion in usage of its unregistered trade-mark.

8. Trade-Mark Registration Can Assist in Protecting a Domain Name on the Internet

As will be explained later, a trade-mark registration can greatly assist in protecting a key domain name on the Internet. Pursuant to the Uniform Domain Name Dispute Resolution Policy that came into effect on October 24, 1999, (a copy of which is attached to this paper as Appendix 2), in order to successfully challenge a domain name, a complainant needs to prove that the domain name owner has no rights or legitimate interest in the domain name. One way of proving the domain name owner's lack of legitimate interest is to show that the domain name does not correspond to any trade-marks owned by the domain name owner. Therefore, a trade-mark registration can assist in defending against a domain name challenge by serving as *prima facie* evidence that the domain name owner has a legitimate interest in the domain name.

9. Trade-Mark Application in Canada Permits "Convention" Filing in Other "Convention" Countries

The filing date for a trade-mark application in Canada will permit the same filing date to be used for a trade-mark application filed in another "Convention" country (i.e, another country that has entered into the "Paris Convention" of 1883), provided that the trade-mark application in the other jurisdiction is filed within six months of the filing date in Canada. This entitlement can

provide a significant advantage to a charity that wishes to establish a priority claim to a trade-mark in another country based upon the earlier date of filing in Canada.

10. Trade-Mark Registration Facilitates Obtaining Trade-Mark Registration in Other "Convention" Countries

The registration of a trade-mark in Canada generally facilitates a charity applying for a trade-mark registration in other "Convention" countries. This is not available to a charity that does not obtain a trade-mark registration initially in a "Convention" country, such as Canada.

J. THE ACQUISITION OF TRADE-MARK RIGHTS

A trade-mark registration confirms and enhances existing trade-mark rights that have already been acquired. The registration of a trade-mark, though, is not essential to enforce legal rights in a trade-mark. As stated earlier, inherent in the use of a trade name or a trade-mark is the common law right to prevent the use of a confusing trade name or trade-mark by another, but limited only to the geographic area in which the good will in that trade-mark has been established.

As indicated previously, registered trade-marks are protected in Canada in accordance with a "first to use" trade-mark system as opposed to a "first to register" or "first come, first serve" system utilized in some countries. As such, in Canada, the first person to use an unregistered trade-mark generally acquires the right to then use and register the trade-mark in relation to specific wares or services, save and except where a person files a trade-mark application based upon proposed use which provides the applicant with the ability to "reserve" a trade-mark.

There is no minimum length of time that a trade-mark must be used, provided that the use is continuous and has not been abandoned.

K. BARRIERS TO TRADE-MARK REGISTRABILITY

In advising the charitable client, not only is it important to understand why a trade-mark should be registered, it is also important to understand what barriers may be encountered in obtaining trade-mark registration. The sections of the *Trade-marks Act* dealing with registration of a trade-mark are very complex and are well beyond the scope of this paper. For a complete description of when a trade-mark will and will not be registered, reference should be made to the authoritative text on the subject, *Hughes on Trade-Marks*.²¹ However, for purposes of a general overview, the following is a brief synopsis of the statutory provisions of the *Trade-marks Act* that describes when a trade-mark cannot be registered:²²

1. A trade-mark will not be registered if it is a word that is "primarily, merely the name or the surname of an individual who is living or has died within the preceding thirty years". For example, a trade-mark for "Smith" would not be registerable because it is "primarily, merely a surname". In contrast, the trade-mark "Elder" may be registerable because there may be another meaning for "Elder" beyond that of a surname that could be registerable. Even a surname can eventually become distinctive and therefore registerable if there is long term use, such as "E.D. Smith" for jams and jelly.
2. A trade-mark will not be registerable if it is a word that is "clearly descriptive or deceptively misdescriptive of the character or the quality of the goods or services, the condition of or the persons employed in their production or of their place of origin". For instance, "sweet" for ice cream is "clearly descriptive" and therefore is not registerable, "all silk" for non-silk fabrics is "deceptively misdescriptive" and therefore not registerable, and "Paris Fashion" indicates a place of origin and would not be registerable. The exception is where a secondary meaning has developed to overcome the descriptive or misdescriptive nature of the mark.

²¹ *Hughes on Trade-Marks*, *supra* note 1.

²² *Trade-marks Act*, R.S.C. 1985, c.T-13, s.12.

3. A trade-mark will not be registerable if it is "the name in any language of any of the goods and services in connection with its use or proposed use". For instance, "shredded wheat" for cereal products cannot be registered because it is the name of the item that is the subject matter of the trade-mark. In addition, "Holy Bible" for bibles cannot be registered as a trade-mark, because it is the name of the item in question.

4. A trade-mark may not be registerable if it is confusing with a previously registered, applied for, or used trade-mark. The test in this regard is whether the trade-marks look, sound alike or suggest a similar idea and whether they are used to market similar wares or services. It is only necessary that there be a likelihood of confusion for the Trade-marks Office to refuse the application. The Trade-marks Office will consider various factors including the following:²³
 - (a) the inherent distinctiveness of the trade-mark and the extent to which it has become known;
 - (b) the length of time that the trade-mark or trade names have been in use;
 - (c) the nature of the wares, services or businesses;
 - (d) the nature of the trade; and
 - (e) the degree of resemblance between the trade-marks or trade names in appearance, sound, or in the ideas suggested by them.

5. A trade-mark will not be registerable if it is a mark under Section 9 or 10 of the *Trade-marks Act*. Section 9 sets out various prohibited marks, including Official Marks of a university or a public authority for which public notice has been given, as well as the Coats of Arms for the Royal Family, the RCMP, emblems of the Red Cross, Red Crescent, the words or seals of United Nations, as well as other similar types of government marks. Section 10 prohibits the adoption

²³ *Trade-marks Act*, R.S.C. 1985, c.T-13, s.6.

of a mark which by ordinary and bona fide commercial use has become recognized in Canada designating the kind, quality, quantity or origin of a trade-mark, e.g., "tweed jackets".

6. Lastly, there is another barrier to trade-mark registrability that has particular applications to charities, as a result of a frequently held misconception. As discussed at the beginning of this paper, the *Trade-marks Act* defines a trade-mark as "... a mark that is used by a person for the purpose of distinguishing or so as to distinguish *wares and services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by other ...*" [emphasis added].²⁴ Many charities have mistakenly read a "commercial" requirement into the section and interpreted the section as applying only to wares and services "used in the normal course of business". However, it is important for charities to recognize that there is nothing in the definition requiring that the services provided be commercial in nature. In addition, the courts have held that the term "services" should be interpreted liberally.²⁵ As such, a charity that provides counselling, baby-sitting, transportation, food or other similar services would be able to register their trade-marks even though they are not carried out on a commercial basis.

L. THE SELECTION OF TRADE-MARKS FOR CHARITIES

Often a lawyer will have the opportunity to work with the charitable client when the charity is initially created. This will normally involve obtaining and reviewing a NUANS computerized Corporate Name Search to be used in the application of the charity for incorporation. In such situations, the lawyer can and should explain to the charity the weaknesses and strengths of the proposed name to be used by the charity. Such an explanation should be prefaced by the lawyer first explaining that the name selected for the charity will become one of its most important assets and that therefore the selection of the name

²⁴ *Trade-marks Act*, R.S.C. 1985, c.T-13, s.2.

²⁵ *Kraft Limited v. Registrar of Trade-marks*, (1984) 1 C.P.R. (3d) 457 (Fed. T.D.); *Société nationale des chemins de fer français v. Venice Simplon-Orient-Express Inc.*, [2000] F.C.J. No. 1897 (T.D.); *Renaud Cointreau & Co. v. Cordon Bleu International Ltd.*, [2000] F.C.J. No. 882 (T.D.), aff'd [2002] 11 C.P.R. (4th) 95 (F.C.A.).

needs to be done with care. This is particularly so, for the charity may want to apply either now or in the future for trade-mark registration for all or a portion of the corporate name that it has chosen.

Generally speaking, the selection of trade-marks can be broken down into five broad categories as outlined below.

1. Inherently Strong Marks

The strongest trade-marks for a charity are those that have no inherent meaning, such as a coined word like "Xerox" or "Exon". In addition, dictionary words that have no reference to the goods which they are used in association with will also be considered to be strong trade-marks, such as "Citizen" when used in relation to watches.

2. Inherently Weak Marks

Inherently weak marks are dictionary words that are used to describe a characteristic or quality of the goods. For instance, "Super Glue" used in conjunction with glue products, or "Artistic Dancing" for a ballet program, would both be inherently weak marks. However, many charities have initially very descriptive names which may eventually acquire distinctiveness through long term use.

3. Suggestive Marks

Suggestive marks are not "clearly descriptive" but because the mark is "suggestive" of products are also not considered to be inherently strong marks. An example of a suggestive mark would be "Shake and Bake" for chicken coating products.

4. Compound Word Marks

Compound word marks are marks that have a combination of a distinctive word with a descriptive word. For instance "Coca-Cola" would be considered to be a compound word mark since "Coca" would be a distinctive mark, whereas the word "Cola" would be descriptive of the drink product.

5. Marks That Have Acquired A Secondary Meaning

As indicated above, an inherently weak trade-mark can become through length of usage a distinctive trade-mark by virtue of acquisition of a secondary meaning. An example of this would be "Fridgiare" for fridges which prima facie is an inherently weak mark because it is descriptive but with a passage of time and usage has become a distinctive trade-mark in the minds of the public for fridges.

M. THE IMPORTANCE OF CONDUCTING TRADE-MARK SEARCHES

1. When To Do a Trade-Mark Search

There is the general misconception that a trade-mark search only needs be done when a client wishes to obtain a trade-mark registration. There are a number of other instances where a trade-mark search should also be done, particularly if the information that is produced by a NUANS computerized Name Search does not provide a comprehensive or up-to-date report on trade-mark registrations.

The following are examples of when a charity should be advised to conduct a trade-mark search:

- (a) when the charity has an existing unregistered trade-mark which it intends to protect by applying for a trade-mark registration;
- (b) when a charity is choosing a future trade-mark or logo for its operations;

- (c) when a charity is choosing a new or amended corporate name;
- (d) when a charity is choosing a new name for an operating division of the charity;
- (e) when a charity is choosing a domain name to use on the Internet (described in more detail later in this paper); and
- (f) when a charity is licensing its name to another organization.

2. Why Conduct a Trade-Mark Search?

There are a variety of reasons why it is advisable to conduct a trade-mark search:

- (a) a trade-mark search determines the strengths of an existing unregistered trade-mark before proceeding with the expense of actually applying for trade-mark registration;
- (b) a trade-mark search determines if there are any pre-existing trade-marks of records in the Trade-marks Office that are potentially confusing with the trade-mark to be used by the client which should either be avoided or possibly challenged based upon the earlier entitlement of the charity to the trade-mark based on prior usage, provided that the challenge is brought within a period of five years from the date of the competing trade-mark registration;²⁶
- (c) even if there is already an existing trade-mark with the same name, a trade-mark search will help to determine the extent of wares and services that have been claimed in relation to existing trade-marks and, therefore, advise as to which wares and services are left open for exclusive identification with the trade-mark of the charity; and

²⁶ *Trade-marks Act*, R.S.C. 1985, c.T-13, s.17.

- (d) to avoid possible trade-mark infringement actions as a result of intentionally or unintentionally misappropriating existing registered trade-marks for similar wares and services from the holder of the trade-mark rights.

3. Types of Trade-Mark Searches

A general misunderstanding about trade-mark searches is that there is only one type of search. There are in fact two types of trade-mark searches that can be done.

- (a) The first search is a standard search of the Trade-marks Register in the Trade-marks Office of the Canadian Intellectual Property Office (referred to as "CIPO"). This type of search is done by a trade-mark agent and is conducted either by a manual search of the trade-mark records or by reviewing the computerized trade-mark records now available on CD Rom. In addition, there are now several companies that offer services in determining whether or not one's trade-mark can be registered. One of these companies, Thomson & Thomson, has even created its own database of the Trade-mark Register records available from CIPO, with added value such as translation of French trade-marks into English, classification of trade-marks into specific classes of goods or services, and cross-referencing of variations on the spelling of the trade-marks.
- (b) The other type of search involves reviewing a common law search of trade names including corporate names, business names and unregistered trade-marks across Canada. This is commonly called a "common law search". Since owners of unregistered trade-marks have protection at common law, failure to conduct a common law search may result in the owner of an existing unregistered trade-mark being able to oppose the application to register a trade-mark or alternatively to have the trade-mark expunged after it has been issued.

A recent case in the United States cited as *International Star Class Yacht Racing Association v. Tommy Hilfiger U.S.A. Inc.*,²⁷ has emphasized the importance of legal counsel recommending that common law trade-mark searches be conducted. In that decision, the court found that the defendant had intentionally infringed the plaintiff's trade-mark because it failed to conduct a full trade-mark search, including a common law search, despite the recommendation from the defendant's attorney that a full search should be conducted. This case has placed an onus on the U.S. trade-mark attorneys to recommend that a full trade-mark search including a common law search be undertaken.

Whether or not this case will be followed in Canada is not known. However, failure to recommend that a full trade-mark search be done, including a common law search, could unnecessarily expose a lawyer to a negligence claim if a disgruntled client finds that their trade-mark has either been challenged at the registration stage or expunged after registration as a result of an owner of an unregistered trade-mark successfully claiming priority based upon an earlier date of first usage for its unregistered trade-mark.

Although Canada does not have an effective single source for common law searches of a trade-mark as there is in the United States, there are various ways in which a common law search could be conducted either by the lawyer or by the charity. Some of the types of searches that can be conducted are as follows:

- (i) a NUANS Name Search (formally known as a "Newly Updated Automatic Name Search") of all corporations, partnerships and business names in Canada;
- (ii) a Business Name Search in each province;
- (iii) a review of Trade Journals and Magazines;
- (iv) a review of the Yellow Pages directory in telephone books in major cities; and
- (v) a search of domain names on the Internet.

²⁷ *Int'l Star Class Yacht Racing Assn v. Tommy Hilfiger U.S.A. Inc.*, 38 USPQ, 2d at 1369 (1996); aff'g in part 33 USPQ 2d at 1610.

4. The Trade-Mark Registrability Opinion

The written opinion of a trade-mark agent resulting from a search of registered trade-marks will normally be qualified by a statement that it does not include a common law trade-mark search. However, if requested, the search can include the results of a NUANS Name Search and/or an Internet domain name search.

The written opinion of the trade-mark agent should state whether the trade-mark in question is registerable as a Canadian trade-mark and whether or not the client is free to adopt the name and use it as a trade-mark in Canada.

Although there is obviously no guarantees that the trade-mark application will ultimately be successful, the search will at least advise the client of the probabilities of success if a trade-mark is applied for or whether the trade-mark can continued to be used as an unregistered trade-mark in Canada without fear of an action being brought against the charity for passing off.

5. Expunging Competing Trade-Marks

Often the trade-mark registrability opinion will indicate that there is an existing registered trade-mark that is potentially confusing with a client's trade-mark because the name and application to wares and services is similar to that of your client. However, that does not necessarily mean that the charity has to forego applying for a registered trade-mark. There are two strategies that can be followed to challenge an existing competing trade-mark that should be discussed with the charity:

- (a) Section 45 of the *Trade-marks Act* can be relied upon to require the Registrar of Trade-marks to send a notice to the owner of a competing trade-mark at anytime after three years from the date of registration requiring the owner of the trade-mark to produce an affidavit showing that the trade-mark has been in use during the three year period

immediately proceeding the date that the notice is sent. If the trade-mark owner does not file a response within three months, then the registered trade-mark will automatically be expunged from the Register of Trade-Marks.

- (b) If an unregistered trade-mark was in use prior to the registration of a competing trade-mark, then the owner of the unregistered trade-mark can apply to have the registered trade-mark expunged pursuant to Section 17 of the *Trade-marks Act*. However, application for expungement based upon earlier use is generally only available if the application is brought within five years of the date of the trade-mark registration.

N. TYPES OF TRADE-MARK APPLICATIONS

There are three basic types of trade-mark applications. Each type is briefly described below.

1. Ordinary Trade-Marks

By far the most common form of trade-mark application is the ordinary trade-mark application that consists of a word, series of words, a picture, logo, design, or combination of words, pictures and designs. In this form of application, the trade-mark is described as being used in conjunction with a list of either existing or proposed wares and services.

2. Distinguishing Guise

A distinguishing guise application, which is done far less frequently than an ordinary trade-mark, protects the unique shape of an item, its container, or alternatively a mode of wrapping or packaging of goods. An example of a distinguishing guise would be the shape of a Coca-Cola bottle or an audio tape enclosure case in the shape of a book or other suggestive shape.

3. Certification Mark

A certification mark is a mark that the owner licenses to others to use as an indication that the licensee has met a defined standard with respect to:

- (a) the character or quality of the wares or services, e.g., Organized Kashruth Laboratories use the “Circle-K” logo to certify food products that comply with Judaism’s dietary laws;
- (b) the working conditions under which the wares have been produced or the services performed, e.g., South Asian Coalition on Child Servitude use the RUGMARK logo to certify carpets manufactured without child labour;
- (c) the class of persons by whom the wares have been produced or the services performed, e.g., International Federation of Organic Movements use the Accredited by IFOAM logo to certify producers who participate in the certification program, guaranteeing the organic quality of the food products; or
- (d) the area within which the wares have been produced or the services performed, e.g., The Government of India use the *India Organic* logo to certify the genuineness as well as origin of food products from India.

The owner of the certification mark, however, cannot itself use the certification mark. Certification marks were previously used to avoid the expense and complexities of using a registered user agreement to establish a license relationship of a trade-mark. However, as a result of amendments to Section 50 of the *Trade-marks Act*, in June of 1993, the Act now permits the licensing of trade-marks without filing a registered user agreement. There is therefore less reason to utilize a certification mark.

However, a charity may still wish to use a certification mark to emphasize that the licensee has met a high standard of quality, e.g., the Canadian Council of Christian Charities use the “CCCC FINANCIAL ACCOUNTABILITY” logo to certify Christian charities that meet its code of

ethics and standard for financial accountability. This emphasis may prove useful, as the public may be generally unaware that a license agreement requires the licensee to meet a defined standard and, even if it were aware, may be uncertain as to whether the licensor has monitored the licensee properly. Therefore, a certification mark may prove useful as an affirmative act, akin to a guarantee, that the licensor has verified that the licensee is meeting the requisite standard.

O. THE BASIS FOR OBTAINING ORDINARY TRADE-MARK REGISTRATION

What follows is a brief explanation of the various basis for obtaining ordinary trade-mark registration in Canada. By understanding the different ways in which a trade-mark registration can be obtained, legal counsel for a charity will be in a better position to provide strategic planning concerning the present and future use of a trade-mark by a charitable client.

1. Use in Canada

A trade-mark for wares (i.e., goods) can be registered in Canada based upon use in Canada if the trade-mark was used:

- (a) at the time of the transfer of property and possession of the wares;
- (b) in the normal course of trade; and
- (c) if the trade-mark is marked on the wares or on the packages.

A trade-mark for services can be registered based upon use in Canada if it is shown that it was used and displayed in the performance or advertising of those services.

A trade-mark application based upon use would need to set out the date of first usage for each of the applicable wares and services. If the date of first usage is relatively recent, then the priority date would be shown as the date, month and year, e.g., January 1st, 2004. If on the other hand, the date of first usage is many years earlier, then the date of first usage will be shown as either a month and a year or just a year, e.g., January, 1943, or simply 1943. However, when only a

month or a year is shown, then the presumed date of first usage is the last date of the calendar unit shown.

2. Proposed Use

A charity can file a trade-mark application based on proposed use before any use has actually taken place for either a ware or a service. This in essence allows the reservation of a trade-mark in association with a specific ware or service for future use.

There must be evidence of usage shown subsequent to the filing of the trade-mark application and before the application can be issued for registration. This is done in the form of a declaration of use which must be filed before the later of six months after receiving notice from the Trade-marks Office or three years after the date of filing of the trade-mark application. Once the trade-mark registration has been issued, then the priority date for the trade-mark registration is the date of original filing, not the actual date of subsequent first usage.

3. Registration in Foreign Countries

As a result of Canada's participation in the Paris Convention for the Protection of Industrial Property,²⁸ (known as the "Paris Convention" or the "Convention"), a charity that has a trade-mark registration in a country that is a member of the "Convention" is entitled to file a trade-mark application in Canada based upon the use and registration in another "Convention" country without the requirement of any use in Canada. In addition, if the applicant applies for trade-mark registration in Canada within six months of the date of filing in another "Convention" country, then the priority filing date in Canada would be deemed to be the priority filing date in the other jurisdiction.

²⁸ *Paris Convention for the Protection of Industrial Property*, adopted in Paris on 20 March 1883, last revised by the Paris Union on September 28, 1979, 828 U.N.T.S. 305, 21 U.S.T. 1583 [hereinafter "*Paris Convention*"].

This ability to obtain an earlier priority date can be of major importance where a foreign charity is intending to expand operations into Canada and would like to obtain as early a priority filing date for its trade-mark registration in Canada as possible.

4. Making Known in Canada

Although seldom used, Section 5 of the *Trade-marks Act* states that a trade-mark application can be filed based upon the fact that it has been deemed to be "made known in Canada" even though it is not actually used in association with wares or services in Canada, provided that it is used in a "Convention" country in association with wares or services. A "Making Known in Canada" application is extremely difficult to establish to the satisfaction of the Trade-marks Office because of the element of "notoriety" that must be established. As a result, a trade-mark registration based upon "Making Known in Canada" is seldom granted by the Trade-marks Office and only then when the following requirements of Section 5 have been complied with:

- (a) it must be established that the wares are distributed in association with the trade-mark in Canada; or
- (b) it must be established that the wares or services are advertised in association with the trade-mark in either:
 - (i) printed publications in Canada; or
 - (ii) radio or t.v. broadcasting in Canada.

5. Combination Application

A trade-mark application is not limited to only one type of application. Instead, a single trade-mark application can combine more than one type of trade-mark application. As a result, a foreign charity might base its trade-mark application on use and registration in the country of origin as well as a proposed use in Canada to allow it to expand its trade-mark rights in this country.

P. FILING AND PROSECUTING TRADE-MARK APPLICATIONS

The actual preparing, filing and prosecuting of a trade-mark application is the responsibility of the trade-mark agent. As a result, it is not necessary to provide a detailed explanation of this process in this paper. However, some basic information about this procedure would be useful for the lawyer to know in guiding a charitable client through the application process, since normally the trade-mark agent will correspond and communicate with the lawyer concerning the trade-mark application as opposed to the client directly. What follows is therefore intended to be only a very brief "thumbnail" sketch of what a normal trade-mark application would involve.

1. What Does a Trade-Mark Application Cover?

A separate trade-mark application must be filed for each trade-mark. However, one trade-mark application can cover both wares and services. In addition, there is no limit to the number of wares and services that can be included in one application. This is very different from filing a trade-mark application in the United States where the description of goods and services are divided into different classes, and a filing fee of \$335.00 is required for each separate class of goods and services. As such, a trade-mark application in Canada is normally less expensive to file and prosecute than in the United States in covering the same range of wares and services.

2. When to File The Trade-Mark Application

Generally, the trade-mark application should be filed as soon as a decision is made to obtain the protection of a trade-mark registration. However, there are two situations where the importance of quickly filing a trade-mark registration should be impressed upon the charitable client. They are as follows:

- (a) Where a charity is intending to use a trade-mark for particular wares or services in the future but would like protection for it as soon as possible, a proposed use application will

allow the date of filing to become the priority date instead of the subsequent date of actual usage;

- (b) If a trade-mark application has been filed in another "Convention" country within six months, then by filing an application in Canada based upon the foreign registration, the charity can obtain the benefit of the earlier priority filing date for the existing trade-mark application in the foreign jurisdiction as constituting the filing date for the Canadian trade-mark application.

3. The Contents of a Trade-Mark Application

The trade-mark application will include the applicant's full legal name and address. In this regard, it is important that the legal counsel for a charity ensure that the correct legal name is given to the trade-mark agent, since it is difficult to amend the trade-mark registration at a later time. If the charity has only recently become incorporated, it will also be important to show the name of the predecessor in title that had established earlier use of the trade-mark in the trade-mark application.

The application will set out the basis of the application and will contain a statement in "ordinary commercial terms" of the wares and services with which the trade-mark has been or will be used. If the trade-mark involves a drawing or logo, then the application will need to include a drawing of the mark and, if applicable, a claim to a colour. For accuracy purposes, the applicant should make his or her claim to a colour by claiming the colour's corresponding number from a chart in the Pantone Matching System ("PMS"). PMS is an international colour language that provides an accurate method for selecting, reproducing and matching a colour. For example, a trade-mark applicant can claim pantone 201 and CIPO, and printers worldwide, will know that refers to a specific shade of burgundy.

The application is then signed by the applicant or by the trade-mark agent on behalf of the applicant and is filed with the Trade-marks Office in Ottawa, (i.e., the Canadian Intellectual Property Office or "CIPO"), together with a filing fee of \$250.00 online or \$300.00 by mail.

4. Amendments to a Trade-Mark Application

It is necessary to explain to the charitable client that when a trade-mark application is prepared, it is important that all of the information be as accurate and complete as possible, since the ability to amend the trade-mark application after it is filed is very limited. The *Trade-marks Act* states that no amendments to the application may be made after the application is filed with respect to the following:

- (a) the trade-mark itself if it alters the distinctive character of the trade-mark;
- (b) the name of the applicant; or
- (c) the enlargement of the statement of wares and/or services.

The date of first use of a trade-mark can be amended to a later date or can be amended to an earlier date with production of appropriate evidence satisfactory to the Trade-marks Office.

5. Examination by the Trade-Marks Office

The Trade-marks Office issues an Official Filing Certificate for each trade-mark that is filed showing a serial number and a filing date. The Trade-marks Office will then examine the application to determine entitlement of registration in compliance with formal requirements. The Trade-marks Office will also conduct a search of the Trade-marks Register for potentially confusing or similar trade-marks.

The Trade-marks Office will then send a response to the trade-mark application which may approve the application or reject it by setting out various objections, which can include objections;

- (a) that the trade-mark is confusing with a trade-mark registration or pending application;
- (b) that the trade-mark is not described with ordinary commercial terms;
- (c) that the trade-mark is "clearly descriptive" or "deceptively misdescriptive"; or
- (d) that the trade-mark requires a disclaimer of a word or words.

6. Advertisement in the Trade-Marks Journal

After the response from the Trade-marks Office have been received and any objection has been answered to their satisfaction, notification of advertising in the Trade-marks Journal will issue. The Trade-marks Journal is published by CIPO every Wednesday in compliance with Rule 17 of the Trade-marks Regulations (1996).

Once the trade-mark application is published, any party can file an opposition to the registration of a trade-mark within two months of the date of publication of the Trade-marks Journal. When this occurs, the trade-mark agent will need to defend it and, if necessary, have the matter dealt with pursuant to trade-mark opposition proceedings.

7. Allowance of a Trade-Mark

In the event that no opposition is filed, a notice of allowance will be issued by the Trade-marks Office to the applicant. The applicant will then have six months to pay an additional fee of \$200.00 and, if applicable, provide a declaration of use in relation to that portion of the trade-mark application dealing with proposed use. The Trade-marks Office will then issue a certificate of registration for the trade-mark applied for.

8. After Trade-Mark Registration

The trade-mark registration, once issued, is valid for a period of fifteen years from the date of registration. The registration is renewable every fifteen years thereafter.

O. THE IMPORTANCE OF FOREIGN TRADE-MARK REGISTRATION

Often a charitable client will be involved in operations in more than one country. When this occurs, the charity should give serious consideration to obtaining a trade-mark registration in each country in which it operates. A charity may think that because it has trade-mark registration in one country, it is automatically protected in other countries. This is not the case. The importance of obtaining foreign trade-mark registration needs to be carefully explained to the charitable client, since the trade-mark agent retained by the lawyer on behalf of the charity will often not have all of the facts available to him or her to be able to give full guidance in this area.

Due to the proximity of the United States to Canada, a trade-mark registration in the United States is often an important consideration. In the United States, trade-mark registrations are done in accordance with a “class” system for each ware or service. As a result, a charity should be aware that it will need to file a separate trade-mark registration for each class of ware or services to be used in conjunction with the trade-mark.

When advising the charity where it is expected that the charity will have operations in the United States, it is advisable to recommend that a U.S. trade-mark search be obtained. In this regard, it may also be advisable to request that a more comprehensive common law search be concluded. If it turns out that the trade-mark registration in the United States may prove difficult, a decision may need to be made to adopt a different name for the charity altogether, or possibly adopt a different name solely in the United States.

In Europe, a charity need only file a single registration with the European Community Trademark Office to receive trade-mark protection throughout the entire European Union, including countries such

as Austria, Belgium, the Netherlands, Luxemburg, Denmark, Finland, Germany, Greece, Ireland, Italy, Portugal, Spain, Sweden and the United Kingdom. Although the application fee of ECU975 (approximately \$1,600.00 Canadian) and the registration fee of ECU 1,100 (approximately \$1,800.00 Canadian) seem prohibitive, it is more cost-efficient than pursuing individual trade-mark registrations in each European country.

With respect to European trade-marks, there are some key points for a charity to remember. First, the registration is only valid for ten years, as opposed to fifteen years in Canada. Second, registration is only available to charities whose countries are members of the Paris Convention or the World Trade Organization. Third, non-European Union trade-mark applicants must appoint a professional representative from the European Union. Fourth, the costs cited above are exclusive of agent fees or attorney fees. Finally, the trade-mark rights are required to be enforced in the country where the defendant resides, or in Spain if neither the defendant nor the plaintiff have an office in Europe.

Just as a trade-mark application can be filed in Canada based upon the priority filing date in another "Convention" country within six months of filing in the other jurisdiction, similarly a trade-mark application can be filed in another "Convention" country within six months of filing the application in Canada. This is an important advantage to a charity that wants to expand its operations into another country, such as the United States, but has not yet been able to establish usage or apply for trade-mark registration in the other foreign jurisdiction.

In this regard, it is essential to ensure that the charitable client is advised, either by legal counsel for the charity or by the trade-mark agent, that a decision concerning foreign trade-mark registration must be made prior to the expiry of six months from the date of the trade-mark application being filed in Canada. Otherwise, the ability to claim the earlier filing date established in Canada will be lost. This is particularly important in relation to filing a trade-mark application in the United States, since there is obviously a great deal more competition for trade-marks in that country where the population is ten times the population of Canada.

If the charitable client decides not to obtain a trade-mark registration in each country in which it operates, it is important for legal counsel to then explain to the charity the alternate means of international trade-mark protection, along with the strengths and weaknesses of those means.

One means of trademark protection in a foreign country is for the charity to bring a suit in its domestic courts for whatever actions are available in the country. For example, Amazon.com brought a suit in a U.S. court against Amazon.gr, an online book selling site in Greece.²⁹ In the suit, Amazon.com alleged trademark and service mark infringement, unfair competition, false designation of origin, and trademark dilution. The problem with domestic means of trademark protection is that it may be difficult to establish Canadian jurisdiction over a trademark infringer in another country. One way to establish jurisdiction is to locate property in Canada owned by the foreign company. In the example given, Amazon.com was able to assert U.S. jurisdiction over the Greek company because it had a registered agent in the United States.

Another means of trade-mark protection in a foreign country can be found in international agreements. There are four major international agreements that protect trade-marks. Three of them, the Paris Convention for the Protection of Industrial Property ("Paris Convention")³⁰, Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods³¹, and Trademark Law Treaty³², are managed by the World Intellectual Property Organization, a specialized agency of the United Nations. The fourth international agreement, Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPs")³³, is managed by the World Trade Organization. Since Canada only signed the Paris Convention and TRIPs, these two will be the focus of the discussion on international means of trade-mark protection.

²⁹ Tom Schoenberg, *Amazon.com v. Greg Lloyd Smith, et al.*, Legal Times, Sept. 20, 1999, at 13.

³⁰ *Paris Convention*, *supra* note 28.

³¹ *Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods*, adopted in Madrid on 14 April 1891, last revised at Lisbon on October 31, 1958.

³² *Trademark Law Treaty*, adopted at Geneva October 27, 1994.

³³ *Agreement on Trade-Related Aspects of Intellectual Property Rights*, 15 April 1994, Marrakesh Agreement establishing the World Trade Agreement, Annex 1C, Legal Instruments – Results of the Uruguay Round, vol. 31, 33 I.L.M. 1197 (1994).

1. Paris Convention for the Protection of Industrial Property

The first international agreement for trade-mark protection that Canada signed was the Paris Convention on June 12, 1925. The Paris Convention has a national treatment principle, which prohibits the unequal treatment of a foreign trade-mark owner and requires that a foreign trade-mark owner be treated as a citizen of the country where the rights are asserted.³⁴

The limitation with the Paris Convention is that it lacks enforcement provisions to back up its protection of trade-marks. In other words, the Paris Convention has no penalties when its members violate its provisions, as illustrated by the Havana Club case.³⁵ The “Havana Club” trade-mark originally belonged to the Arechabalas, a Cuban family that fled Cuba after the Castro regime confiscated their distillery. Bacardi bought the trade-mark in 1995 and began selling rum under the “Havana Club” trade-mark. Havana Club International, a joint venture between the Cuban government and France’s Pernod Ricard, has also been selling rum under the “Havana Club” trade-mark since 1994. Since Havana Club International could not sell its rum in the United States, as U.S. law prohibits the sale of Cuban products in the United States, Havana Club International sued in a U.S. court to enjoin Bacardi from selling rum in the United States under the “Havana Club” trade-mark. (Havana Club International was able to bring this suit in the U.S. court because the U.S., Cuba and France are signatories to the Paris Convention.)

The U.S. court ruled that Havana Club International could not assert its “Havana Club” trade-mark rights in the United States because the U.S. 1998 Omnibus Appropriations Act prohibits Cuban nationals from asserting rights with trade-marks that had been confiscated by the Castro regime. However, this was a clear violation of the national treatment principle of the Paris Convention. Unfortunately, the Paris Convention lacked the enforcement provisions required to substantively protect trade-marks on an international scale.

³⁴ *Paris Convention*, *supra* note 28, art. 2.

³⁵ *Havana Club Holding, S.A. v. Galleon, S.A.*, 62 F. Supp. 2d 1085 (S.D.N.Y. 1999), *aff’d*, 203 F.3d 116 (2nd Cir. 2000).

2. Agreement on Trade-Related Aspects of Intellectual Property Rights

As another international agreement for trade-mark protection, TRIPs gives more extensive protection to trademarks in foreign countries than the Paris Convention. TRIPs does have enforcement provisions to back up its protection of trademarks. It provides that trademark owners may obtain injunctions and provisional measures against infringers in foreign countries,³⁶ as illustrated in the McDonald's case described below.³⁷

As a participant in the embargo to protest apartheid in South Africa, McDonald's had no restaurants in that country. Capitalizing on the absence of McDonald's within the country, a South African company attempted to register several McDonald's trademarks, including the "golden arches" and the "Big Mac." McDonald's sued successfully in a South African court to enjoin the South African company from using its trademarks based on the provisions of TRIPs. This case demonstrates how compliance with TRIPs' enforcement provisions is essential to international protection of well-known trademarks. In addition, member countries violating TRIPs face penalties determined and enforced by the World Trade Organization. As a result, the enforcement provisions under TRIPs are the strongest international protections currently available for well-known trademarks.

The limitation with TRIPs is that only countries, not persons, can be members to the agreement. Therefore, only countries may file complaints under the agreement. A business can only hope that the foreign country whose citizens are infringing its well-known trademark has updated its trademark laws to bring it in line with TRIPs standards. Then the business may sue in the foreign country for relief as McDonald's had sued in South Africa to enjoin a South African company from using its trademarks. Since a business does not have the right to sue under TRIPs, it must have a member country do so on its behalf instead. However, a member country is unlikely to file a complaint unless the trademark infringements are significant enough to impact the country's

³⁶ TRIPs, *supra* note 33, art. 44, 50.

³⁷ Stuart Gardinar, *McDonald's Triumphs in South Africa*, IP WORLDWIDE, Nov.-Dec. 1996 at 15 (citing to the appellate case of *McDonald's Corporation v. Joburgers Drive-Inn Restaurant*, 1997 (1) SA 1 (A)).

economy. The result is that a majority of trademark infringements are never addressed by TRIPs. And even if a complaint were filed under TRIPs, any relief resulting from a successful complaint would be awarded to the country bringing the complaint, not to the specific business that had suffered the loss. Thus, a business seeking relief for infringement of its well-known trademark will not find any under TRIPs.³⁸

One last means of trade-mark protection in a foreign country is for the business to bring a suit in the foreign country where the infringement is taking place. This means of trade-mark protection may prove the best chance for obtaining relief when a trade-mark owner cannot establish Canadian jurisdiction over an infringer and bring the suit in a Canadian court.

When bringing a suit in the foreign country where the infringement is taking place, it is important to be aware of local laws. After all, action that is legal in one country may be considered illegal in another country, as illustrated in the Prince Sports Group case.³⁹ Prince Sports Group, a U.S. company, had registered its “Prince” trade-mark in the United Kingdom and was trying to use it also in a domain name when it discovered that Prince PLC, a British company, was already using the domain name. The U.S. company then sent a cease and desist letter to the British company warning it to stop using the domain name. The British company responded by suing the U.S. company for an unjustified threat alleging trade-mark infringement. It argued that British trade-mark law allowed it to use the domain name since the two companies traded in different types of products; that is, the U.S. company was a tennis manufacturer while the British company was an information technology provider. The court agreed and enjoined Prince Sport Group from issuing further threats of trade-mark infringement.

Despite the availability of alternate means of international trade-mark protection, it is still important for charities to give serious consideration to obtaining a trade-mark registration in each

³⁸ E. Brooke Brinkerhoff, *International Protection of U.S. Trademarks: A Survey of Major International Treaties*, 2 Rich. J. Global L. & Bus. 109, 123 (2001).

³⁹ *Prince PLC v. Prince Sports Group, Inc.*, 21 FSR (Ch. 1997).

country that they operate, since such registration will provide the most comprehensive protection in each country.

R. SECTION 9 OFFICIAL MARKS

1. What is a Section 9 Official Mark?

In addition to the rights that are associated with a regular trade-mark registration, Section 9(1)(n)(iii) of the *Trade-marks Act* prohibits anyone from using the Official Mark of any university or public authority in association with any wares or services in Canada for which a notice has been given by the Registrar of Trade-marks. The relevant wording of Section 9(1)(n)(iii) of the *Trade-marks Act* provides as follows:

"No person shall adopt in connection with a business, as a trade-mark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for... any badge, crest, emblem or mark adopted and used by any public authority, in Canada as an official mark for wares and services in respect of which the Registrar has, at the request of... the public authority... given public notice of its adoption and use..."

Section 9 of the *Trade-marks Act* lists other prohibited marks, such as the RCMP, the Red Cross emblem, the Royal Arms, a national flag of a "Convention" country, the United Nations, etc.

The public notice contemplated by Section 9(1)(n)(iii) of the *Trade-marks Act* is accomplished by making a request to the Trade-marks Office to publish notice of the Official Mark in the Trade-marks Journal. Some examples of charities and organizations that have had notice published of Official Marks include the following:

- (a) The Ontario Minor Hockey Foundation;
- (b) The Alzheimer Society of Canada;
- (c) Canadian Baptist Ministries;

- (d) The Anne of Green Gables Licensing Authority for a list of names from the Anne of Green Gable series of books, such as "Gilbert Blythe", "Anne Shirley" and "Matthew Cuthbert", to name a few;
 - (e) The Heart and Stroke Foundation of Canada;
 - (f) The Canadian Cancer Society;
 - (g) The Canadian Canoe Museum;
- as well as various governments and crown corporations.

2. The Advantages of a Section 9 Official Mark

The advantages of a Section 9 Official Mark can be summarized as follows:

- (a) The test of confusion under Section 9 of the *Trade-marks Act* does not necessitate a comparison of wares and services as is required with the test of confusion for regular trade-marks under Section 6 of the *Trade-marks Act*. The test under Section 9, although narrowly applied, involves only a comparison of the prohibited Official Mark with that of the mark used by another. If the mark on its face is obviously confusing with the prohibited Official Mark, even if it is being used in conjunction with different wares or services than that of the owner of the Official Mark, then Section 9 may result in the other party being prohibited from using the mark in question. In contrast, the test for confusion under Section 6 of the *Trade-marks Act* for regular trade-marks, although more broadly applied, takes into consideration not only whether the mark on its face is confusing but also the nature of the wares or services and the circumstances of adopting the mark. None of these factors are relevant to a Section 9 Official Mark. Instead, only a bare comparison is made of the marks to determine whether the mark might be mistaken for the Section 9 Official Mark.

- (b) A Section 9 Official Mark can be descriptive as well as confusing with another mark. For example, a public authority could secure an Official Mark that is descriptive of the products and services that it provides, such as “The Camera Store”. This mark would not be available to a regular trade-mark applicant, as the mark would be primarily descriptive of the applicant’s wares and services.

- (c) The comprehensive prohibition of a Section 9 Official Mark means that a charity can totally "occupy the field" and ensure that the Official Mark cannot be used by anyone else for any application whatsoever. This is particularly important where a charity wants to ensure that other organizations or businesses do not use a trade-mark to embarrass the charity in an application that would otherwise fall outside the wares and services in a regular trade-mark registration.

As such, the impact of a Section 9 Official Mark has very broad application and extends to the barring of an impending trade-mark application by another person from proceeding to registration if it is found to be confusing. Although common law trade-mark rights and existing trade-mark registrations persist, arguable the owners of the common law trade-mark would have no right to extend the use of those trade-mark to other wares and services. This means that a Section 9 Official Mark has the effect of prohibiting the owner of an existing trade-mark registration from extending its registration to any further wares and services.

However, the remedies associated with Section 9 Official Mark publication is limited to obtaining an order prohibiting the unauthorized use of the Official Mark but does not extend to a claim for damages.

- (d) Although the filing fee for an Official Mark is \$500.00 compared to \$250.00 online or \$300.00 by mail for a regular trade-mark application, the legal fees for a Section 9 Notice

are considerably less than those associated with a regular trade-mark registration, in part because there are no prosecution or opposition proceedings associated with an Official Mark application. In comparison to a regular trade-mark, it is much easier to obtain a Section 9 Official Mark, provided that the applicant qualifies as a “public authority”, which, as discussed in more detail below, has become much more difficult in recent years.

In an application for a regular trade-mark, the applicant must have an official search and an official examination performed by CIPO. However, a Section 9 Official Mark only requires the Registrar to be satisfied that the applicant is a “public authority”, and that the applicant has adopted the mark for wares and services.

- (e) A Section 9 Official Mark Notice does not have to be renewed. Regular registered trade-marks, on the other hand, must be renewed every fifteen years together with the payment of regular renewal fees.

- (f) In addition, there is no statutory procedure to expunge the Section 9 Official Mark Notice once public notice has been given. As the law stands today, it is difficult for a Section 9 Official Mark to be revoked except by an action through the courts. There is nothing in the *Trade-marks Act* outlining the procedure for an interested third party to challenge the public notice of a Section 9 Official Mark, or providing for revocation of a Section 9 Official Mark once public notice of the mark has been given. The only recourse that a third party has is to challenge the decision of the Registrar by way of a judicial review pursuant to Section 18.1(1) of the *Federal Court Act*.⁴⁰

- (g) Regular trade-marks are vulnerable to expungement from the Trade-Mark Registrar either for abandonment or non-use. The only grounds upon which a Section 9 Official Mark Notice will be vulnerable is if the notice were to be challenged in the Federal court

⁴⁰ *Canadian Jewish Congress v. Chosen People Ministries, Inc.*, [2002] F.C.J. No. 792 (T.D.), aff'd [2003] F.C.J. No. 980 (C.A.) [hereinafter *Chosen People*].

on the basis that it had been adopted by a body that was not a public authority. If true, it is likely that the notice of the Section 9 Official Mark would be void "*ab initio*", although the underlining trade-mark rights would still be in existence.

- (h) A Section 9 Official Mark can indirectly be licensed, similar to a registered trade-mark, by virtue of providing a written consent to use the Official Mark. In this regard, Section 9(2) of the *Trade-marks Act* states that Section 9(1) does not prevent the adoption, use or registration of a trade-mark if there is the consent of the public authority in question. In addition, as a result of the amendments to Section 50 of the *Trade-marks Act* in June of 1993 that expanded the ability to license trade-marks, both registered and unregistered trade-marks can now be licensed without executing and filing a registered user agreement that had previously been required.

As a result, a charity that has a Section 9 Official Mark could allow other organizations to use the Official Mark pursuant to an agreement that would both document a consent under Section 9(2) of the *Trade-marks Act* as well as license the unregistered trade-mark rights in the Official Mark pursuant to Section 50 of the *Trade-marks Act*. The result is that a Section 9 Official Mark can indirectly be licensed similar to a registered trade-mark, although it is still advisable to register an Official Mark as a regular trade-mark and license it in that context as well.

3. **Recent Court Decisions Concerning the Definition of “Public Authority”**

Due to the simplified procedure in securing Section 9 Official Marks and the broad powers that are provided to owners of Section 9 Official Marks, there has been considerable litigation to determine who qualifies as a “public authority”, thereby being entitled to register a Section 9 Official Mark. A “public authority” is not defined in the *Trade-marks Act* and therefore its meaning has to be derived from the statutory purpose of Section 9. This section of the paper

analyzes two recent decisions from the Federal Court, namely, the *Ontario Assn. of Architects v. Assn. of Architectural Technologists of Ontario*⁴¹ (the “Architects” decision) and the *Canadian Jewish Congress v. Chosen People Ministries Inc.*⁴² (the “Chosen People” decision).

In December 1997, Chosen People Ministries Inc., (“Chosen People Ministries”) applied to CIPO for a section 9 Official Mark pursuant to Section 9 of the *Trade-marks Act* of Canada. The purpose of that application was to obtain protection for its logo, a stylized version of a menorah, a seven branched religious candle holder. On November 3, 1999, CIPO granted a section 9 Official Mark to Chosen People Ministries for its logo.

On January 4, 2000, the Canadian Jewish Congress (“CJC”) launched an application in the Federal Court of Canada questioning the entitlement of Chosen People Ministries to receive a Section 9 Official Mark, as well as the propriety of the decision of CIPO in granting a Section 9 Official Mark to Chosen People Ministries. As such, Chosen People Ministries was compelled to defend its logo as an Official Mark at the Federal Court Trial Division. The Federal Trial Court released its ruling on the Chosen People decision on May 27, 2002.

In his ruling in the Chosen People decision, Justice Blais of the Federal Trial Court has cast doubt on the entitlement of charities to obtain Section 9 Official Marks. Justice Blais stated that, in determining whether an entity is a “public authority”, a three prong test must be met. The entity (1) must establish that it is a body that is under a duty to the public, (2) must be subject to a significant degree of governmental control, and (3) must be required to dedicate any profit earned for the benefit of the public and not for private benefit. In his decision, Justice Blais concluded that Chosen People Ministries did not meet the test of “public authority” and as a result was not entitled to receive a Section 9 Official Mark for its logo.

⁴¹ *Ontario Assn. of Architects v. Assn. of Architectural Technologists of Ontario*, [2002] F.C.J. No. 813 (C.A.), rev’g [2000] F.C.J. No. 1743 (T.D.).

⁴² *Chosen People*, *supra* note 40.

Justice Blais stated that:

“the fact that Chosen People Ministries was incorporated as a non profit corporation with charitable objects, had obtained tax exempt status and the ability to issue charitable receipts to donors, and also the fact that as a foreign charity operating in Ontario, Chosen People Ministries could be asked to provide its accounts, financial and corporate information to the Public Guardian and Trustee of Ontario under the Charities Accounting Act (Ontario) was not sufficient to conclude that Chosen People Ministries was a public authority. All charitable organizations have to comply with regulations in the United States and Ontario and, [even if] they comply with the regulations in place, the charitable organizations are not subject to “significant” government control”.

In its submission, Chosen People Ministries argued that it met the test for “public authority” as established in the COA decision. In that case, the Court found that the COA was subject to a significant degree of government control. The court held that in the event that the COA surrendered its charter, its assets were to be disposed of by the Government of Canada in co-operation with the International Olympic Committee. The court also noted that a substantial portion of the COA’s funding came from the federal government with the disposition of that funding being monitored by the government. In addition, the federal government had been able to prevail upon the COA to not participate in the 1980 Olympic Games. Finally, there was a close relationship between the COA, the Directorate of Fitness and Amateur Sport and Sport Canada.

In the Chosen People decision, Justice Blais held that Chosen People Ministries was not subject to any similar or analogous governmental control. Specifically, Justice Blais stated that:

“CPM is not subject to any similar or analogous government control. CPM's property is not to be disposed of at the direction of the government. The CPM is not funded by the Government of Canada or the United States and [that Chosen People Ministries] is in no way subject to monitoring by the government in any shape or form.”

Justice Blais further held that:

“To the contrary, as suggested by the CJC counsel, the Government of Canada cannot intervene in any way with churches or charitable organizations like CPM [in how they] conduct their affairs.”

As a result of the decision of Justice Blais, there is now doubt about the availability of Section 9 Official Marks for charities. Some legal commentators have interpreted Justice Blais’ decision as judicial authority for the proposition that charitable entities do not meet the test for “public authority” and therefore are not entitled to Section 9 Official Mark registrations. This proposition has received some support as the Federal Court of Appeal, in affirming the Chosen People decision, ruled that the mere fact that charities are obliged to comply with the law, including the *Income Tax Act*, does not in itself constitute sufficient government control to qualify the charity as a public authority.⁴³ The recent decisions have done away with the “public duty” requirement, but narrowed the definition of “government control” and, in so doing, significantly raised the bar for charities to be able to obtain Section 9 Official Marks. It appears that the only charities capable of meeting the bar might be those receiving considerable government funding and ongoing government monitoring, such as public universities and hospitals.

On the same day as Justice Blais’ ruling in the Chosen People decision, i.e., May 28th, 2002, the Federal Court of Appeal released its ruling in the Architects decision.

The Association of Architectural Technologists of Ontario (“AATO”), an Ontario not-for-profit corporation without share capital, applied and received public notice of the Official Marks Architectural Technician, Architecte-technicien, Architectural Technologist, Architecte-technologue. The decision of the Registrar of Trade-marks to provide public notice of these Official Marks was challenged by the Ontario Association of Architects (“OAA”) at the Federal Court of Canada.

⁴³ *Chosen People*, *supra* note 40.

Once again, the issue to be decided by the Federal Court was whether or not AATO was a “public authority”, thereby being entitled to receive Section 9 Official Marks. The Federal Trial Court decided that AATO was a public authority and therefore was entitled to request that public notice be given of the adoption and use of its Section 9 Official Mark. The Trial Court held that since AATO was a creature of statute, subject to the control of the legislature that created it, and that AATO’s enabling legislation was capable of being amended by the government at any time it met the test of governmental control.

In ruling that the ATTO served a “public benefit”, the court held that “although the AATO undoubtedly serves the interests of its members, it also owes a duty “to the public in regulating its profession” by prescribing and enforcing ethical and competency standards for its members.” The Trial Court also noted that “the AATO’s revenue is to be used to further its regulatory functions and not for the benefit of its members. Hence, the [Trial Court held that] AATO’s statutory objects and powers that it exercised over its members sufficed to impress it with duties owed to the public and to endow it with a public function. Accordingly, its activities were for the public benefit.”

The OAA appealed the decision of the Federal Trial Court to the Federal Court of Appeal. In giving its decision, the Federal Court of Appeal, in deciding whether or not AATO was a “public authority”, modified the three prong test adopted by Justice Blais in Chosen People Ministries. The Federal Court of Appeal amended the three prong test into a two prong test requiring that an entity establish that it is subject to (1) a significant degree of governmental control exercised by the appropriate governmental authority; and (2) the activities of the body must benefit the public. The Federal Court of Appeal, in deciding against AATO, stated that AATO was not a “public authority” and therefore it was not entitled to an Official Mark registration.

Justice Evans of the Federal Court of Appeal disagreed with the Trial Court’s decision in deciding that AATO was a “public authority”. Justice Evans held that the trial judge had erred when he concluded that “AATO’s statutory origin is in itself sufficient to make it a public authority”. Justice Evans disagreed with the Trial Court in finding that AATO was subject to

governmental control simply because it is a “statutory body with no delegated power to alter its corporate powers, objects or functions without an amendment to its statute.” Justice Evans stated that governmental control required some ongoing government supervision of the activities of the body claiming to be a “public authority” for the purpose of subparagraph 9(1)(n)(iii).

In his decision, Justice Evans provided an example concerning what would constitute governmental control. Justice Evans relied upon the *Architects Act* as an example of Ontario legislation governing a self regulatory professional body where there was evidence of substantial governmental control. Pursuant to the *Architects Act*, the Minister has the authority to:

- (a) review the activities of the OAA’s Council;
- (b) request control to undertake activities that, in the Minister’s opinion, are necessary and desirable for implementing the intent of the *Architects Act*; and
- (c) advise the OAA Council on the implementation of the statutory scheme.

In addition, the Council’s regulation making power is exercisable with the approval of the Lieutenant Governor in Council. Justice Evans further stated that similar provisions are contained in the *Regulated Health Professions Act* and the legislation governing the regulation of the various health disciplines.

In relation to the second prong of the test, without going into a detailed analysis, Justice Evans upheld the decision of the trial judge in deciding that AATO met the public benefit portion of the “public authority” test. However, because the first prong of the test was not met, AATO was found not to be a “public authority”.

4. The Future for Section 9 Official Marks

As a result of the Chosen People and the Architects decisions, there is now uncertainty concerning the availability of Section 9 Official Marks to charitable organizations. Not only do

the decisions raise the possibility that charitable organizations will no longer be able to get Section 9 Official Marks, but more importantly, the decisions raise the possibility that charities might possibly lose Section 9 Official Marks that they currently hold, if challenged.

On October 2nd, 2002, in response to these two decisions, CIPO published a new Practice Notice in deciding whether a particular entity qualifies as a “public authority”. In deciding whether or not a body is a “public authority”, the Registrar will now use the two prong test affirmed in the Architects decision. The Registrar must find that “(a) a significant degree of control must be exercised by the appropriate government over the activities of the body; and [that] (b) the activities of the body must benefit the public.” The Registrar, in applying the above test, has adopted the interpretation found in the Architects decision, as well as in the Chosen People decision.

In determining the existence of significant degree of governmental control, the Registrar will be looking for evidence of ongoing government supervision of the activities of the organization and that the government is enabled, directly or through its nominees, to exercise a degree of ongoing influence in the organization’s governance and decision making. Reference should be made to the Practice Notice for a full description of the consideration.

The second prong of the test is that the body must demonstrate that its activities benefit the public. The Practice Notice adopted by the Registrar will consider the objects, duties and powers, including the distribution of the bodies’ assets.

The effect of the rulings in the Chosen People decision and the Architect decision, in conjunction with the new Practice Notice has considerably heightened the bar for charitable organizations in obtaining Section 9 Official Marks. These decisions will have the impact of making it more difficult for charitable organizations to qualify as a “public authority” in order to obtain Section 9 Official Marks in the future. However, it will depend upon the specific circumstance of each charity whether the Register will find that the charity can meet the two prong test in the Architects decision.

As a result of the recent changes that have occurred to Section 9 Official Marks, charities currently holding Section 9 Official Marks should ensure that they have secured parallel registered trade-marks for all Section 9 Official Marks they currently hold, since there are distinctive benefits available through registered trade-marks not necessarily associated with Section 9 Official Marks. Furthermore, the need for charitable organizations to proceed with separate trade-mark applications has become all the more important as a result of the potential threat to the continued viability to existing Section 9 Official Marks.

S. TRADE-MARKS AND INTERNET DOMAIN NAMES

1. What Are Internet Domain Names?

According to Global Internet Statistics⁴⁴, there were over 680 million people using the Internet in 2003, with the number expected to reach 940 million in 2004. Given the exponential growth of the Internet, and a parallel increase of global commerce taking place on the Internet, the future is now seen in terms of electronic commerce with the Internet moving from an informational source to a transactional forum. Participation on the Internet will no longer be seen as an option for a charity if the charity intends to survive in the 21st Century.

Integral to a charity having an effective presence on the Internet is its ability to secure an effective domain name as its permanent computer address. It is essential for a donor using the Internet to be able to connect with the website of a charity with as little confusion or problem as possible. This can be accomplished by using a domain name that is easy to remember by including the name of the charity, e.g., *www.redcross.org* or *www.salvationarmy.org*. It can also be accomplished when a donor uses a search engine to find a website and the charity has a generic description for a domain name, e.g. *www.arthritis.ca* or *www.charity.ca*.

⁴⁴ online: Global Internet Statistics <http://gcreach.com/globstats> (last revised 30 September 2003).

A domain name is the numeric electronic address used to locate a computer on the Internet. It is the equivalent of a telephone number for a computer. A domain name registration has been described as "*an inchoate proprietary right because it affords exclusive use of the name in electronic commerce on the information highway*".⁴⁵

There are two portions to a domain name, the top level domain and the second level identifying name. The original seven generic top level domains were .com (commercial), .org (organization), .net (network), .edu (education), .gov (government), .int (international), and .mil (military). The domain name system is regulated by the Internet Corporation for Assigned Names and Numbers (ICANN). ICANN, in turn, had assigned the registration of generic top level domain names to InterNIC Networks Solutions, Inc., the only domain name registrar accredited by ICANN. However, due to the explosive increase in domain name registrations, ICANN had to accredit more registrars to assist in regulating the domains. At present, there are 191 accredited registrars.

Some of the resulting competition for effective domain names has been relieved by the creation of new generic top level domains, such as .biz (business), .info (information), .pro (professional), .name (name), .museum (museum), .coop (cooperative), and .aero (members of the aviation community). However, it will only be a matter of time before these additional domains also become as crowded as the current list of domains. What is not clear, though, is whether any of the new domains will be as popular as the initial domains of .com or .org.

There are also regional top level domains used for each country such as .ca for Canada, .us for the United States, .uk for the United Kingdom, etc. The .ca top level domain used to be managed by the University of British Columbia, but management was transferred to the Canadian Internet Registration Authority (CIRA) on November 8, 2000. In addition, there are regional

⁴⁵ Andrea F. Rush, *Internet Domain Name Protection: A Canadian Perspective*, 11 Intellectual Property Journal, December 1996, 1 at 2.

top level domains for provinces such as .on for Ontario. If possible, it is preferable to obtain a generic top level domain as opposed to a regional top level domain.

The other portion of a domain name, i.e., the second level identifying name, consists of up to twenty-six letters that identify the organization or business. Some businesses and organizations will choose to use the initials of their full name to describe themselves in the second level identifying name, such as "fbde.com", even though it does not have any meaning on its own. Other organizations will be careful to ensure that they have their corporate identity clearly shown in the second level identifying name, such as "microsoft.com", "mcdonalds.com", "xerox.com", "ibm.com", etc.

Since a more recognizable domain name will be easier to find on the Internet, the choice of a domain name which contains the name of the charity will significantly enhance the goodwill and the international recognition of that organization. This lesson was learned the hard way a few years ago for the McDonalds Corporation. It was repeatedly contacted by a computer expert to see if McDonalds was intending to obtain a domain name for "mcdonalds.com". When the company did not show any interest in this regard, the individual reserved the name himself, thereby requiring McDonalds to negotiate with him to obtain a return of the domain name and requiring McDonalds to make a donation to a charity designated by the computer expert. Just as large businesses have had to learn the hard way about the importance of securing an effective domain name, charities will also need to be diligent to avoid a similar result.

2. Conflicts Between Domain Names and Trade-Marks

The reality, though, is that there are only a limited number of effective domain names available for the preferred top level domains of .com, .org, .edu, .biz and .info. Since there cannot be any duplication of identical domain names in each category, there can only be one "microsoft.com", or one "redcross.org", although a minor variation of the name could still be registered by another organization or business. This has resulted in three types of competition: (1) competition between trade-mark owners who have similar trade-marks with similar domain names; (2)

competition between trade-mark owners and “cybersquatters” who only register the domain name for the sole purpose of selling them to the trade-mark owners for a profit; and (3) competition between trade-mark owners and “typosquatters” who register misspelled domain names to reroute searches for popular websites.

In addition, although the registrars will require that the domain names are unique before they can be registered, the registrars will not take into account or make decisions concerning the legality of the domain names, e.g. whether the domain name conflicts with a trade-mark. Not surprisingly, in recent years there has been increasing conflicts between registered trade-marks and domain names. The tension arises out of a number of factors:

- (a) trade-marks are creatures of statute and therefore national in scope, whereas domain names are international in nature and transcend national borders and national trade-mark laws;
- (b) trade-marks in most countries are acquired by establishing entitlement based upon a claim of "first to use", whereas domain names are acquired on a "first come, first serve" basis;
- (c) trade-marks are restricted to a specific list of wares and services, whereas domain names have no restrictions concerning their application; and
- (d) trade-mark law is based upon multiple people using the same mark simultaneously, whereas there is only one owner of a particular domain name on a worldwide basis.

As a result of the obvious real and potential conflicts between domain names and trade-marks, ICANN developed the Uniform Domain-Name Dispute-Resolution Policy (“UDRP”), which was approved on October 24, 1999. A copy of the UDRP is attached to this paper as Appendix 2. The UDRP is intended to provide a procedure to resolve conflicts between owners of domain names and owners of trade-marks. This had been done by necessity, since it is not uncommon for domain name registrars to be named as defendants in domain name disputes.⁴⁶

⁴⁶ John-Paul Hoffman, *Domain Names Test Boundaries of Trade-Mark Law*, Law Times, September 30th - October 6th, 1996, at 15.

The current UDRP sets out a procedure for resolving disputes between trade-mark owners and domain name owners as follows:

- (a) The complainant must have grounds to assert the following three elements: (1) the domain name is identical or confusingly similar to a trade-mark in which the complainant has rights; (2) the domain name owner has no rights or legitimate interests in respect of the domain name; and (3) the domain name has been registered and is being used in bad faith. As can be seen from the three elements that the complainant must meet, the UDRP does not specifically require that the complainant have a registered trade-mark in order to contest a domain name. The complainant could just as well contest a domain name on the basis of its common-law rights in an unregistered trade-mark.
- (b) The complainant then forwards a copy of the complaint to a dispute-resolution service provider approved by ICANN, at which time the dispute-resolution service provider will then notify the domain name owner of the complaint received.
- (c) The domain name owner must then submit a response to the dispute-resolution service provider within 20 days of the commencement of the administrative proceeding.
- (d) The administrative proceeding will result in three possible decisions: (1) cancellation of the domain name; (2) rejection of the complaint; or (3) an order directing the transfer of the domain name from the domain name owner to the trade-mark owner. The UDRP does not award damages, interest or costs.
- (e) After a decision is made, the dispute-resolution service provider will communicate the full text of the decision to each party, the concerned domain name registrar(s) and ICANN. The concerned domain name registrar(s) will then set a date for implementing the decision. However, the party wishing to dispute the decision can do so by commencing an action in a court of competent jurisdiction within ten days of the decision. This is the only recourse available as the UDRP does not have an appeal board.

On December 4, 2003, CIRA also set up its own Domain Name Dispute Resolution Policy (“CIRA’s Policy”) to deal with disputes concerning names registered with the .ca regional top level domain. CIRA’s Policy is very similar to the UDRP, including the three elements that a complainant must meet when contesting a domain name. The fact that CIRA’s Policy, like the UDRP, does not specifically require that the complainant have a registered trade-mark in order to contest a domain name is in keeping with Canadian trade-mark law, which allows both for infringement actions with respect to registered trade-marks and passing-off actions with respect to unregistered trade-marks.

There are, however, two main differences between CIRA’s Policy and the UDRP that should be noted. First, although CIRA’s Policy does not award damages, interest or costs, CIRA’s Policy does differ from the UDRP in that it awards a penalty of up to five thousand dollars (\$5,000.00) to the domain name owner if the complainant is found to have brought the complaint in bad faith. The complainant will also be ineligible to file another complaint with CIRA until it pays the amount owing. Second, CIRA’s Policy restricts the complaint process only to those complainants who meet the Canadian Presence Requirements, namely, complainants who are:

- (a) Canadian citizens;
- (b) Permanent residents;
- (c) Legal representatives of (a) or (b) above;
- (d) Canadian corporations, either federally or provincially incorporated;
- (e) Trusts established under the laws of a province or territory in Canada, whose trustees meet 66% of the requirements set out in (a) to (d) above;
- (f) Partnerships registered under the laws of Canada, whose partners meet more than 66% of conditions (a) to (d) above;
- (g) Unincorporated associations where at least 80% of members meet conditions (a) to (f) above and at least 80% of directors or other representatives are ordinarily resident in Canada;
- (h) Trade unions recognized under the laws of Canada with a head office in Canada;

- (i) Political parties registered under relevant electoral laws of Canada;
- (j) Educational institutions, located in Canada and recognized or licensed under an Act of the legislature of a province or territory in Canada;
- (k) Libraries, archives and museums located in Canada, which are not established for profit;
- (l) Hospitals located in Canada and approved or licensed to operate as such under the laws of Canada;
- (m) Her Majesty the Queen and successors, as well as governments in Canada;
- (n) Aboriginal peoples and Indian bands, as defined; and
- (o) Owners of registered trade-marks or official marks in Canada.

Notwithstanding the intent to resolve disputes, the UDRP and CIRA's Policy will obviously not satisfy every trade-mark owner who believes, rightly or wrongly, that its trade-mark rights are being infringed upon. At present, there have been several Canadian cases that have dealt with disputes between domain name owners and trade-mark owners.⁴⁷ Canada will protect trade-marks from infringement, including infringement by a domain name, on the basis of (1) imitation; (2) confusion; (3) depreciation of goodwill; and (4) passing-off. The case law that is occurring is highlighting the fact that domain names are not immune from trade-mark law and as a result courts will intervene to find infringement of trade-marks, notwithstanding compliance with the UDRP or CIRA's Policy, if the court is satisfied that there has been an actual infringement of a trade-mark.

⁴⁷ See, for example, *Peinet Inc. v. O'Brien*, [1995] P.E.I.J. No. 68 (S.C.T.D.); *Fitzwilliam v. Rolls-Royce PLC*, [1999] F.C.J. No. 527 (T.D.); *Bell Actimedia Inc. v. Puzo (Communications Globe Tete)*, [1999] F.C.J. No. 683 (T.D.); *Canada Post Corp. v. Epost Innovations Inc.*, [1999] F.C.J. No. 1297 (T.D.); *Epost Innovations Inc. v. Canada Post Corp.*, [1999] B.C.J. No. 2060 (S.C.); *Toronto.com v. Sinclair (c.o.b. Friendship Enterprises)*, [2000] F.C.J. No. 795 (T.D.); *Innersense International Inc. v. Manegre*, [2000] A.J. No. 613 (Q.B.); *Pro-C ltd. v. Computer City, Inc.*, [2001] O.J. No. 3600 (C.A.), rev'g [2000] O.J. No. 2823 (T.D.); *Black v. Molson Canada*, [2002] O.J. No. 2820 (T.D.); *ITV Technologies, Inc. v. WIC Television Ltd.*, [2003] F.C.J. No. 1335 (T.D.).

3. Securing and Protecting Domain Names

It is important to carefully select a domain name, since the resulting domain name will become one of the most important assets and trade-mark of the charity. The domain name will also become more valuable the longer the domain name is used and the association between the domain name and the charity is strengthened. The right choice of domain name will enhance fundraising for the charity on the internet. Therefore, a charity should consider the following strategies in selecting a domain name:

In recognition of the fact that a domain name is an essential asset of a charity's operation, it is important that pro-active steps be taken by the charity to secure and protect its domain name. Some steps that can be taken by the charity in this regard are as follows:

- (a) Obtain a domain name as soon as possible. As was already mentioned above, there are only a limited number of effective domain names available for the preferred top level domains of .com, .org, .edu, .biz and .info. Since there cannot be any duplication of identical domain names in each category, there can only be one "microsoft.com", or one "redcross.org", although there may be more than one business with similar names. This will result in competition between trade-mark owners who have similar trade-marks. As such, the party that registered the domain name will usually keep it if both parties have legitimate rights in the domain name in that both parties had trade-names akin to the domain name.
- (b) Obtain as many domain names as possible. Multiple domain names will insulate key domain names that are used by a charity by creating a "safe zone" around the key domain names. Multiple domain names will also assist donors in finding the charity on the internet through both regular www searches and search engines. Finally, multiple domain names will preclude others from misappropriating a similar domain name of a charity.

- (c) When obtaining as many domain names as possible, the charity should register with multiple top level domains. If possible, a charity should obtain the most popular generic top level domains such as the “trilogy” of .com, .org and .net. After the desired generic top level domain names are obtained, consideration should also be given to registering with regional top level domains for each country and geographic region in which the charity operates. Even if not all the domain names can be used at present, their availability may prove useful in the future. By securing multiple domain names now, a charity may avoid potential confusion that might otherwise result if the domain names in issue were used by another organization.
- (d) When obtaining as many domain names as possible, the charity should also register multiple second level identifying names with the same top level domain. First, the charity should use its full trade-mark as the second level identifying name. Any corporate or business names or slogans not registered as trade-marks should also be used as second level identifying names. This will preclude others from misappropriating the goodwill attached to those names or slogans. Second, the charity should also consider registering as many slight variations on the second level identifying name as possible. Registering *www.redcrosses.org* and *www.red-cross.org* will reduce the potential for confusion. Third, the charity should also consider registering popular misspellings of their second level identifying names, especially in light of emerging “typosquatters” who register misspelled domain names to reroute searches for popular websites. Finally, the charity should also consider using generic descriptions as the second level identifying name. This will direct donors conducting general searches on the Internet to the charity.
- (e) If the charity has not already conducted a trade-mark search for its second level identifying name, then it should be advised to do so, since the use of a domain name that is the same or similar to a registered trade-mark may constitute a trade-mark infringement. In this regard, trade-mark searches should be done in whatever countries

the charity will be carrying on operations to determine whether or not there is the potential for trade-mark infringement in that jurisdiction.

- (f) Once a decision has been made to obtain a particular domain name, then if the charity has not already made application for trade-mark registration for its exact second level identifying name, it is essential that the charity be advised to do so to protect the domain name from future challenges under the UDRP or CIRA's Policy. As already mentioned above, in order to successfully challenge a domain name, a complainant needs to prove that the domain name owner has no rights or legitimate interest in the domain name. One way of proving the domain name owner's lack of legitimate interest is to show that the domain name does not correspond to any trade-marks owned by the domain name owner.
- (g) Monitor and renew domain names. Domain name registrations are only for a specific period of time and will expire unless renewed. It is important to set up a reminder system to renew domain names well in advance of the expiry date. One way is to establish a staff person to be a domain name portfolio manager for the charity to keep track of its multiple domain name renewal dates. Another way is to register with companies such as *www.nameprotect.com*, which will provide notification of forthcoming expiration dates.

4. Contesting Existing Domain Names

Since the availability of effective domain names will become harder to obtain, consideration may need to be given to what steps can be taken to challenge an existing domain name that a charity has failed to secure. In this regard, there are two strategies that can be followed:

- (a) The first option is to utilize the procedure under the UDRP or CIRA's Policy. This would require the charity to prove that (1) the domain name is identical or confusingly similar to a trade-mark in which the charity has rights; (2) the domain name owner has no rights or legitimate interests in respect of the domain name; and (3) the domain name has been registered and is being used in bad faith. As was already mentioned above, the UDRP or CIRA's Policy do not specifically require that the charity have a registered trade-mark in order to contest a domain name. The charity could just as well contest a domain name on the basis of its common-law rights in an unregistered trade-mark.

However, should the charity wish to contest a domain name on the basis of its rights pursuant to a registered trade-mark, it is important to again point out to the charity that a Section 9 Official Mark does not constitute a trade-mark registration for purposes of the UDRP or CIRA's Policy. As such, it is important for a charity to obtain not only a Section 9 Official Mark protection but also a regular trade-mark registration if it wishes to either protect an existing domain name or challenge the domain name of another organization.

- (b) The other strategy is to commence a trade-mark infringement action against the domain name owner in the United States where ICANN is located or against the domain name owner in Canada where CIRA is located. However, this is obviously an expensive and time consuming process and one that is not going to be easily adopted. This in turn emphasizes the importance of securing an effective domain name now while the desired domain name may still be available instead of waiting until the name has been secured by another organization and having to consider expensive litigation to obtain entitlement to the desired domain name.

5. Licensing of Domain Names

A license agreement for a domain name may be appropriate when:

- (a) a charity permits an internet link from its site to the site of another charity;
- (b) a Canadian charity is set up on a national basis with chapters and these chapters are able to use geographic divisions of the main domain name, e.g., national charity has www.athritis.ca , and the provincial charities have www.athritis.on.ca;
- (c) a religious denomination across Canada wants to retain control over the use of the denominational domain names by local churches
- (d) a charity expands to other countries and wishes to utilize similar domain names in those countries, such as www.redcross.us from the United States; or
- (e) a charity permits its domain name to be used by business for web links or for advertising the domain name of the business in conjunction with the domain name of the charity.

The licensing of the domain name can be done either through a trade-mark license agreement, or through a separate license agreement, depending upon the circumstances.

T. TRADE-MARK LICENSING

1. When is Trade-Mark Licensing Relevant?

There are a number of situations in which licensing of a registered trade-mark will be a relevant consideration for a charity. Some of these are summarized below as follows:

- (a) when a Canadian charity is setting up local chapters and wishes to maintain ownership and control of a trade-mark through some form of franchising agreement;

- (b) when a Canadian charity expands its operations into other countries and wishes to maintain ownership and control of its trade-mark on an international basis, again, through some form of franchising agreement;
- (c) when a charity permits other charities or organizations to use its trade-mark as evidence of membership or maintenance of standards, e.g., "Canadian Council of Christian Charities";
- (d) when a charity permits its trade-mark to be used in conjunction with a fundraising event conducted by others on behalf of the charity;
- (e) when a foreign charity is sponsoring a new charity in Canada and wishes to retain the ownership and control of the trade-mark in this country;
- (f) when a charity enters into a sponsorship agreement; or
- (g) when a religious denomination wants to retain control over the use of the denominational name by local churches.

2. Licensing Requirements Prior To June 9th, 1993

On June 9th, 1993, Section 50 of the *Trade-marks Act* dealing with licensing was significantly amended. Prior to that time, trade-mark licensing required the completion and filing of a registered user agreement with CIPO. Generally, the formalities of completing and filing a registered user agreement was the primary focus in determining whether or not a proper license of a trade-mark had occurred as opposed to looking at the substance of the relationship between the licensor and the licensee.

3. Licensing Requirements After June 9th, 1993

As a result of the amendments to Section 50 of the *Trade-marks Act* on June 9th, 1993, registered user agreements were no longer necessary. Instead, Section 50 will require that the use of the trade-mark is by an entity licensed by or with the authority of the owner, and that the owner has direct or indirect control of the character or quality of the wares or services under the

license. This amendment to the *Trade-marks Act* with respect to licensing will apply equally to both related and unrelated companies. As a result, the courts will now generally look at the substantive relationship between the licensor and the licensee as opposed to the form of the licensing agreement.

4. Current Licensing Requirements For Trade-Marks

What follows is a very brief outline of some of the more important considerations that need to be established in a trade-mark license agreement. For more details concerning this subject, reference should be made to *Hughes on Trade-Marks*⁴⁸, *Technology Transfer and Licensing*⁴⁹, as well as an informative paper by Sheldon Burshtein entitled “*The First Five Years of the New Canadian Trademark Licensing Regime*”.⁵⁰ Current trade-mark licensing requirements can be summarized as follows:

- (a) There must be a licensing arrangement between the licensor and the licensee.
- (b) The license arrangement should be in writing but not necessarily.
- (c) The license must be granted by the owner of the trade-mark.
- (d) The owner must maintain direct or indirect control over the character, quality and use of the trade-mark in association with the wares or services in question.
- (e) The *Trade-marks Act* deems the use by a licensee to be the use of the owner of the trade-mark.

⁴⁸ *Hughes on Trade-Marks*, *supra* note 1.

⁴⁹ *Technology Transfers and Licensing*, *supra* note 1.

⁵⁰ Sheldon Burshtein, “*The First Five Years of the New Canadian Trademark Licensing Regime*” (1998) 38 IDEA 569.

5. Use and Enforcement of the Trade-Mark License

It is very important that a licensee clearly identifies who is the owner of the trade-mark and that it has been used under license. This is because the law views licensing agreements as weakening a trade-mark's distinctiveness, which may result in the invalidation of the registered trade-mark. Section 50 balances this view with a rebuttable presumption that the owner has retained control over the trade-mark to the extent that public notice is given of the fact that the use of the trade-mark is a licensed use and of the identify of the owner. A suggested way of identifying this relationship is as follows:

Help the Children ®

"Help the Children" is a Reg TM of Help the Children International used under license by Help the Children Canada.

It is also important that the licensor not only have the ability to enforce and protect the trade-mark in question but that the licensee be able to call upon the licensor to exercise its right to enforce the trade-mark.

6. General Licensing Considerations

When a trade-mark license agreement is entered into, there are certain key considerations that need to be in place to protect the integrity of the trade-mark. These factors can be summarized as follows:

- (a) **Scope of License** - The license should be clear concerning which trade-marks are being licensed and which are not, and whether the trade-marks being licensed are on an exclusive or non-exclusive basis.
- (b) **Licensee's Undertaking** - The licensee should acknowledge that the trade-mark being licensed is valid, and warrant that it will not dispute the trade-mark owner's rights pursuant to the trade-mark, attack the validity of the trade-mark, oppose the renewal of

the trade-mark or challenge any extension of the wares or services attached to the trade-mark. Furthermore, the licensee should acknowledge and admit that any rights or goodwill which attach to the trade-mark as a result of the licensee's use will inure to the licensor and for the licensor's benefit.

- (c) **Quality Control** - It is essential that the owner of the trade-mark establish and monitor the standards for the trade-mark in question or appoint someone to act on its behalf in this regard.
- (d) **Controlling "Use"** - In addition to exercising control, either directly or indirectly, over the character and quality of the wares or services, it is essential for trade-mark owners to exercise control over the use of the trade-mark itself. As such, it is important to remember that the owner is presumed to be exercising some control as long as public notice is given of the fact that the use of the trade-mark is a licensed use and of the identity of the owner.
- (e) **Assignment and Sub-License** - Since Section 50 states that control may be direct or indirect, a licensee may assign, transfer or sub-license the trade-mark, with the consent of the licensor, because the licensee may be considered a person licensed by or with the authority of the owner to control the character or quality of the wares or services. Therefore, the license agreement should state whether or not the licensor agrees to the assignment, transfer or sub-licensing of the trade-mark and on what terms. Likewise, the licensor will normally retain the right to assign its rights in the trade-mark to another party. In this regard, the licensee may want to impose some terms to protect its interest in the event of an assignment of the trade-mark by the licensor.
- (f) **Licensee's Standing** - Section 50 gives a licensee standing to sue for infringement in the licensee's own name as if the licensee were the owner if the owner fails to enforce the

trade-mark rights. As such, the license agreement should set out the scope and limits on what right or standing, if any, the licensee will have to commence legal proceedings for enforcing trade-mark rights.

- (g) **Prescribed Boundaries for Licensed Goods or Services** - The license agreement should set out a geographic area as well as a defined list of services with which the licensed trade-mark can be used. In the event that the licensee uses the trade-mark in respect of other wares and services, the agreement should specify that any resulting rights enure to the licensor based upon the actions of the licensee as agent of the licensor.
- (h) **Liability** - The agreement should indicate that the licensor remains liable for the registrability of the licensed trade-mark. However, the licensee should be made liable for misuse of the trade-mark. Notwithstanding this provision, it is important that the licensor maintain liability insurance in the event that a claim is made against the licensor for actions of the licensee arising out of misuse of the trade-mark.
- (i) **Confidentiality** - The license agreement should include a non-disclosure clause, whereby the licensee agrees to keep confidential any information obtained as a result of the license agreement. This duty of confidence should survive the life of the license agreement.
- (j) **Royalties** - With respect to payment for the licensing of the trade-mark, the agreement should be clear on what kind of payment will be required (flat fee, royalties or percentage of profits); how the payment will be calculated (per unit sold, based on gross sales or based on net sales); and when payment will be calculated or required (monthly, quarterly or annually). For international licensing agreements, there should be a clause dealing with currency exchanges and taxes.

- (k) **Termination of License Agreement** - The license agreement needs to provide for a specific termination date, together with provisions that allow the license agreement to be renewed at the option of either party. In addition, a license agreement should set out a right in favour of the licensor to terminate the agreement in the event of a breach of the agreement.
- (l) **Effect of Termination of Agreement** - The license agreement should state that upon the termination of the license agreement, the licensee ceases the right to use the trade-mark, the licensee agrees to return all items with the trade-mark on it, and that the licensee and the licensor will issue a joint public statement if deemed necessary by the licensor.

U. PROPER USE OF TRADE-MARKS

Although a charity may obtain a registered trade-mark, it will be of little use to it if the charity does not understand how to properly use the trade-mark to obtain the maximum benefit from the trade-mark as well as how to protect it. As a result, legal counsel for a charity can provide a useful service by encouraging the charity to take steps to protect the valuable asset that it has acquired. For more details in this regard see *Hughes on Trade-Marks*.⁵¹ The following is a brief summary of some of the considerations that should be communicated to a charitable client in this regard.

1. Ensure Continued Usage

It is important that the trade-mark continue to be used. As indicated earlier in this paper, a trade-mark is used on wares if it is displayed on the wares or their packaging and the wares are sold or distributed to customers. A trade-mark is used in connection with services if it is displayed during the performance of the services or in advertising or promotional materials for the services. After its third anniversary, a trade-mark may be vulnerable to cancellation or

⁵¹ *Hughes on Trade-Marks, supra* at note 1.

amendment if the trade-mark is not in use in Canada with all of the wares/services covered by the registration. A registration may also be expunged if it can be implied that the owner intended to abandon the trade-mark.

2. Ensure Proper Marking

Canada has no specific legal requirement for a trade-mark notice; however, use of the symbols ® and ™ beside the trade-mark is encouraged, such as on labels or packaging or in advertising or promotional materials.

Prior to obtaining a trade-mark registration, a charity should designate the trade-mark in question with the symbol of ™, which stands for "trade-mark". After the trade-mark registration, the appropriate symbol to use is ®, which stands for "registered trade-mark".

It is important that the charity be advised to clearly identify the trade-mark by using the said symbol consistently on all advertising, letterhead, publications, tapes, videos, advertisements, receipts and solicitation with a brief note that the mark in question is a trade-mark of the charity.

3. Ensure Identification of License Arrangement

As mentioned above, the license arrangement must be shown on all markings. The licensor should make sure that the licensee is giving the requisite public notice by clearly identifying the owner of the trade-mark and advising that the trade-mark is being used under license. This can be done by utilizing a footnote or legend which indicates that the mark is a registered trade-mark, identifies the registered owner by name and indicates, where applicable, that use of the trade-mark is under licence:

ABC Relief Agency ®

** a Reg TM of ABC Relief Agency International used under license by ABC Relief Agency of Canada.*

In addition, the use of the trade-mark by an authorized licensee is acceptable to maintain the registration only to the extent that the registered owner has direct or indirect control of the character or quality of the wares or services. The license arrangement should be in writing.

4. Trade-Marks Should be Distinctive

In addition to correct marking, it is important that the trade-mark be used in a manner to distinguish it from descriptive or generic words. This can be done by showing the trade-mark either in distinctive type, bold type, capitalization, or putting the trade-mark in a prominent position on the letterhead.

Failure to maintain the distinctiveness of the trade-mark may lead to expungement of the registration. Loss of distinctiveness may occur through improper use, improper licensing or failure to restrain infringement of the trade-mark by others.

5. Trade-Marks Should be Used as an Adjective, Not a Noun

Generic use of a trade-mark may render it non-distinctive and vulnerable to expungement. Therefore, it is important to ensure that a trade-mark is used as an adjective even if the trade-mark is a noun. When marks are used as a noun, it will eventually become unenforceable, such as what happened with previous well known trade-marks that were lost such as "linoleum", "zipper", "escalator", and "cellophane".

Wherever possible, a trade-mark should be followed by a word or words which identify the wares/services for which it has been registered, such as "Band-Aid Bandages" as opposed to simply "Band-Aids" or the reference to "Jello Gelatine" as opposed to simply "Jello".

6. Trade-Marks May Need to be Followed by a Generic Name

When a trade-mark is new or substantially different from an existing one, it may be necessary to create or choose a suitable generic name to follow the trade-mark. In this regard, generic names should be highly descriptive, relatively short and easily pronounceable. An example would be the use of the generic name of "copiers" when used in conjunction with the trade-mark "Xerox", e.g., "Xerox Copiers".

7. Trade-Marks Should Avoid Plural or Possessive Applications and Maintain Consistency in Use

It is important to avoid using the trade-mark in the plural form or possessive such as "Coca-Cola's Great Taste". It is important that the trade-mark always appear in the form in which it was registered, and with the wares or services for which it was registered, without significant variation. Otherwise, its enforceability may be seriously affected as a result of possible dilution of the trade-mark or it may become vulnerable to cancellation for non-use.

8. Change of Name of Trade-mark Owner

In the event that a charity changes its name, it is essential that the change of name of the registered trade-mark be filed with the Trade-marks Office as soon as possible. In addition, the change of name of the charity must be shown on all markings. Failure to do so may result in the loss of trade-mark rights.

9. Other Wares/Services

If the trade-mark will be used with other wares/services than those covered by the current registration, the registration should be amended to extend coverage to such other wares/services to maintain full protection for the trade-mark.

10. Importance of Education Concerning Trade-Mark Use

Since staff and board members of a charity tend to change on a regular basis, it is necessary that there be a consistent program of education of new board members, executive staff, and other staff involved in the media and publications concerning the importance of a trade-mark rights, the steps that need to be taken to protect it, and the means by which trade-mark protection can be implemented.

This education process should be mandatory for every new board member and relevant staff person and should be included as part of a written policy and updated as necessary every few years.

V. PROTECTING THE TRADE-MARK

Trade-mark protection involves looking at trade-mark rights at various levels, including of course, obtaining a registered trade-mark. What follows is a summary of the various considerations that should be taken in advising a charity in this regard and steps that need to be taken.

1. Ensure Parallel Registrations of a Trade-Mark

Ideally, the trade-mark used by the charity should be included in its corporate name. However, this is not always the case. If the identifiable trade-mark of a charity is different from its corporate name, then it is essential that the trade-mark also be registered as a business name under the *Business Names Act* of Ontario⁵² or other similar business name registration requirements in other provinces.⁵³

⁵² *Business Names Act*, R.S.O., 1990, c.B-17.

⁵³ Jacqueline M. Connor and Esther S.J. Oh, “*Extra-Provincial Corporate and Fundraising Compliance for Charities*”, in “*What’s New and What’s Coming*” (The 2nd National Symposium on Charity Law, Toronto, April 14, 2004).

Unfortunately, many charities think that because they have a corporate name or they have registered the name under the *Business Names Act* of Ontario these steps are sufficient. They should be advised that this does not provide them with the protection of a registered trade-mark and that therefore consideration should be given to obtaining a registered trade-mark and/or a Section 9 Official Mark.

In addition, if a charity is operating in another country, consideration should also be given to registration of trade-marks in the foreign jurisdiction, as discussed earlier. Finally, it is also important to remember to secure domain names as soon as possible for the trade-marks.

2. Monitor Infringement by Other Competing Trade-Marks

Even if a charity obtains a registered trade-mark, the charity will still have to be pro-active in monitoring potential infringement of its trade-mark by others. This would include the following:

- (a) regularly reviewing competing trade-marks in the Trade-marks Journal, although this is not a practical option for most small charities unless they are prepared to pay a trade-mark agent to do so on their behalf;
- (b) regularly reviewing trade journals, magazines and newspapers;
- (c) regularly reviewing corporate and business name registration conducted through regular NUANS Name Searches;
- (d) regularly reviewing names in telephone books in major cities;
- (e) regularly reviewing Internet domain names to see if there are domain names of other organizations that are identical or potentially confusing to that of the charity; and
- (f) periodic review of names of registered charities with Canada Revenue Agency, or with a company that provides trade-mark watching services, e.g., Thomson & Thomson.

3. **Be Pro-Active in Stopping Infringement of a Trade-Mark**

Where a charity becomes aware of a competing trade-mark, it is essential that the charity take steps to stop the infringement, otherwise the charity may eventually lose its entitlement to the registered trade-mark. Some steps that can be taken to avoid this from happening are as follows:

- (a) advise the charity to send a polite but firm letter to the offending party advising that an infringement is occurring and requesting that it change its name;
- (b) if that is not successful, then have legal counsel send a formal letter of complaint to the other party;
- (c) if the other party is not prepared to change its name, then suggest granting a license of the trade-mark in question;
- (d) if that suggestion fails, then propose entering into an alternative dispute resolution process; and
- (e) if all else fails, then the charity may need to proceed with litigation to protect its trade-mark rights or alternatively accept the fact that it may lose any rights that it has in the trade-mark in question if it fails to enforce its rights in court.

4. **Protect an Unregistered Trade-Mark**

Notwithstanding the fact that charities should obtain registered trade-mark protection, the fact is that most charities do not obtain a registered trade-mark and may not do so for some time in the future. In such situations, legal counsel for a charity will need to advise the charity concerning what steps can be taken to protect an unregistered trade-mark. Some factors in this regard are as follows:

- (a) **Protection Under Corporate Law** - In the event that another organization has a confusing corporate name to that of a charity, then under the applicable incorporating statute, whether it be federal or provincial, or under the appropriate provincial business

name legislation, there will likely be a mechanism to file a complaint to the Companies Branch of the particular jurisdiction concerning the confusion and request that the other corporate entity be required to change its name. However, legal counsel should alert their charitable clients to the fact that a business name registration is not enough in itself to protect the unregistered trade-mark. Provincial registrars of business names have taken the position that registration of a business name does not provide any protection for the name. This position is founded upon the principle that the purpose of business name registration is to protect the public, i.e., record the owner's use of the business name and inform the public of the owner's identity upon request.

- (b) **Expunging a Competing Registered Trade-mark** - As indicated earlier, in the event that there is already a competing registered trade-mark, steps can be taken under the *Trade-marks Act* to have the registered trade-mark expunged, either through a notice under Section 45 of the *Trade-marks Act* requiring the owner of the registered trade-mark to establish use of the trade-mark within the immediately preceding three years, or alternatively an application to expunge a trade-mark based upon evidence that the charity has a prior claim to that trade-mark under Section 17 of the *Trade-marks Act*, provided that the application is brought within a period of five years of the registration of the offending trade-mark.

- (c) **"Passing-off" Action at Common Law** - Although a common law "passing off" action is difficult to prosecute, lengthy and expensive, it does provide an avenue of protection to a charity with an unregistered trade-mark. However, as already indicated, a "passing-off" action is limited to the local geographic area in which the trade-mark is used.

5. Protection Under the *Trade-Marks Act* for Registered Trade-Marks

When a trade-mark has been registered, the protection that is available for it is considerably enhanced because of the ability to enforce the trade-mark by bringing an action in the Federal Court of Canada instead of in a provincial court. In addition, the protection afforded to a registered trade-mark is not limited to a specific geographic area. Finally, and most importantly, the trade-mark infringement action does not require that the owner of a trade-mark confirm that it owns the trade-mark, since this is already presumed by virtue of the trade-mark being registered.

6. Ensure Usage of the Trade-Mark

Since anyone can require the Registrar of Trade-marks to send a notice under Section 45 of the *Trade-marks Act* to require evidence of usage of a trade-mark, it is essential that a charity understand that it is not sufficient to simply obtain a registered trade-mark, the trade-mark must in fact be used, otherwise the charity faces the real possibility that its trade-mark will be expunged. The adage of "use it or lose it" is very much applicable in the context of protecting trade-marks. In this regard, the charity needs to keep detailed records of usage of the trade-mark after registration to be able to respond to a Section 45 challenge.

7. Abandonment Under Common Law

To have a trade-mark expunged for abandonment under common law, it is necessary to show not only the discontinuance of use but also an intention to abandon. The discontinuance of use can be shown by virtue of a charity's failure to use the trade-mark in association with the goods and services referred to in the trade-mark registration. For example, there is a discontinuance of use if the trade-mark is not displayed on the goods or their packaging and the goods are sold or distributed to customers, or if the trade-mark is not displayed during the performance of the services or in advertising or promotional materials for the services. The intention to abandon can be implied. Abandonment will result in the loss of both registered and unregistered trade-mark

rights. As such, it is important for charities to use the trade-marks to stem off allegations of abandonment.

W. CONCLUSION

With increasing reliance being placed upon the goodwill associated with the name of a charity for potential fundraising and related business activities by a charity, the protection of trade-marks of a charity is becoming a significant aspect in advising the charitable client.

Although it is obviously not necessary that a lawyer who advises a charity be a registered trade-mark agent, it is important that the lawyer be able to identify some of the key issues involved in trade-mark protection. In this regard, some of the more important considerations discussed in this paper that should be communicated by the lawyer to a charitable client can be summarized as follows:

1. Trade-marks are an essential asset of a charity.
2. Trade-marks can be lost if they are not properly protected.
3. A charity needs to be pro-active in protecting its trade-marks or risk losing its trade-mark rights by default.
4. Registration of a corporate name or business name (trade names) does not by itself give trade-mark protection.
5. Trade-mark rights exist at common law but those rights should be protected by trade-mark registration under the *Trade-marks Act*.
6. There is enhanced trade-mark protection that is available for charities that qualify as public authorities under the *Trade-marks Act* for Official Marks.
7. Separate trade-mark registration must be done in each country in which the charity is operating.
8. It is essential to properly use and license trade-marks.
9. An infringement of a trade-mark by others, even if done unintentionally, must be immediately challenged.

10. The board members and executive staff of a charity need to be informed of the importance of trade-mark rights.
11. In addition to obtaining a trade-mark registration, a charity should secure a domain name as soon as possible using its trade-mark as part of the domain name.

The diligence that legal counsel for a charity exhibits in informing the charitable client on trade-mark issues may provide an immeasurable benefit to the charity in the long run. In doing so, the lawyer will have transformed trade-mark rights from a wasting asset into one of the most valuable assets that a charity will ever own.

X. LIST OF APPENDIXES

- APPENDIX 1: Checklist and Reference Guide: Avoiding Wasting Assets II - Trade-Mark and Domain Name Protection For Charities
- APPENDIX 2: Uniform Domain Name Dispute Resolution Policy

Main Office Location

211 Broadway, P.O. Box 440
Orangeville, Ontario, Canada, L9W 1K4
Tel: (519) 942-0001 Fax: (519) 942-0300
Toll Free: 1-877-942-0001

Toronto Meeting Location

Toronto Dominion Bank Tower, Suite 4200
TD Centre, Toronto, Ontario, Canada
(by appointment) Tel: (416) 675-3766

"Proactive Advice"

APPENDIX 1

CHECKLIST AND REFERENCE GUIDE: AVOIDING WASTING ASSETS II – TRADE-MARK AND DOMAIN NAME PROTECTION FOR CHARITIES April 14, 2004

By Terrance S. Carter, B.A., LL.B., Trade-Mark Agent
© 2004 Carter & Associates

A. INTRODUCTION

1. This checklist is a reference tool that can be utilized when meeting with clients.

B. THE ROLE OF THE LAWYER IN TRADE-MARK MATTERS

1. Charities must ensure that all assets of the charity are properly identified, protected and applied in fulfilment of the charity's purpose.
2. A trade-mark can be one of the most valuable assets of a charity.

C. WHAT IS A TRADE-MARK?

1. The basic nature of a trade-mark.
 - (a) a trade-mark is any mark used for the purpose of distinguishing wares or services manufactured, sold, leased, hired or performed from those of others;
 - (b) a trade-mark represents the goodwill of a charity;
 - (c) trade-marks are recognized and protected at common law but receive additional protection by registration under the *Trade-marks Act*.
2. What do trade-marks consist of?
 - (a) a single word, e.g.,
"Lego"

- (b) a combination of words, e.g.,
“Miss Clairol”
 - (c) a logo or symbol, e.g.,
the big “M” for McDonalds
 - (d) a slogan, e.g.,
“you deserve a break today”
 - (e) a package or container designs, e.g.,
“the Coca-Cola bottle”
 - (f) even a telephone number, e.g.,
“967-1111”
3. Types of trade-marks involving charities.
- (a) corporate name, e.g.,
“ABC Relief Agency of Canada”
 - (b) the portion of a corporate name by which a charity is identified, e.g.,
“ABC Relief Agency” of ABC Relief Agency of Canada
 - (c) a Charity division, e.g.,
“ABC Children's Clubs”, a division of ABC Relief Agency of Canada
 - (d) a logo, e.g.,
The panda for World Wildlife Fund
 - (e) emblems or crests, e.g.,
The cross for the Canadian Red Cross
 - (f) a slogan, e.g.,
“Here's Life”.

D. WHY ARE TRADE-MARK IMPORTANT TO CHARITIES?

1. Trade-marks represent the goodwill of a charity by providing a focal point for
 - (a) donations from regular supports;
 - (b) donations from estate gifts;
 - (c) enhancing the reputation of a charity;
 - (d) building the future expansions of charitable activities; and
 - (e) developing future sponsorship agreements.
2. Trade-marks distinguish one charity from another.
3. Trade-marks have both present and future marketing value in relation to the sale of promotional materials.

4. Trade-marks have licensing value in other countries and/or with local chapters.
5. As a result, a trade-mark is one of the most valuable assets of a charity.
6. Trade-marks are fragile assets that can be lost or seriously eroded through errors.
7. It is essential that trade-marks be used in a proper manner, to enhance and protect their value instead of diminish their value.

E. THE DIFFERENCES BETWEEN TRADE-MARKS AND TRADE NAMES

1. Trade name is the name under which a business is carried on.
 - (a) it is the corporate or business name of an entity as opposed to the trade-mark;
 - (b) a trade name and a trade-mark can be one and the same.
2. An example of a trade name is “The Coca-Cola Company”, whereas “Coke” is a trade-mark.
3. The *Trade-marks Act* does not provide for registration of a trade name unless it is a trade-mark.
4. Instead trade names are registered as:
 - (a) corporate names under either Provincial or Federal incorporating legislation; or
 - (b) business names under applicable Provincial legislation, e.g., *Business Name Act* (Ontario).
5. Registration of a trade name as either a corporate name or a business name is for public information purposes.
6. Registration of a corporate name or business name does not give trade-mark protection.
7. An owner of a trade name still has common law rights to the trade name based upon entitlement to restrain others from “passing off” on the goodwill of a trade name.
 - (a) a trade-mark owner may attack an application for registration or registration of a trade-mark and/or restrain its use under a common law action of “passing off”;
 - (b) an unregistered trade name may be used to expunge a trade-mark if used prior to the registered trade-mark and an expungement application is brought within five years of registration.

F. THE DISTINCTION BETWEEN TRADE-MARKS AND OTHER INTELLECTUAL PROPERTY

1. Copyrights:
 - (a) copyright is the sole right to reproduce an original work of art, music, drama, literature, photographs, manuscripts, computer programs, etc.;
 - (b) you do not need to register a copyright, although it may be advisable to establish an official record;
 - (c) generally a copyright exists for the life of the author and 50 years thereafter;
 - (d) a copyright and a trade-mark may co-exist.

2. Patents:
 - (a) a patent is a statutory protection given to an inventor to make, use and sell to others the invention that he or she has created;
 - (b) an invention is defined as any new and useful art, process, machine, manufacture, or composition of matter, or any new and useful improvement in such;
 - (c) patent protection extends for up to 20 years from the date the application.

3. Industrial Designs:
 - (a) provides an exclusive right to apply an ornamental design to an article of manufacture, such as a shape of a bottle;
 - (b) rights are limited to the ornamental appearance of an article of manufacturer.

4. Trade Secrets:
 - (a) a trade secret is a common law protection arising out of a fiduciary obligation to act in good faith;
 - (b) information that is secret to the owner that can be used in the operation of a business or other enterprise;
 - (c) e.g., the recipe for the coca-cola soft drink is a trade secret.

5. Registered Topography (Micro-Chips):
 - (a) provides exclusive rights to reproduce and manufacture the topography (i.e., three dimensional configuration) of integrated circuits, e.g., computer chips;
 - (b) application must be filed within 2 years of first commercial exploitation of the topography.

G. HOW TRADE-MARKS BECOME WASTING ASSETS FOR CHARITIES

1. Confusion with pre-existing trade-marks or trade names.
2. Failure to restrain unauthorized use of trade-marks resulting in loss of distinctiveness through:
 - (a) similar corporate names;
 - (b) similar charity names;
 - (c) similar logos; and
 - (d) similar domain names on the Internet.
3. Confusion in names involving estate gifts.
4. Failure to properly control licensing of a trade-mark.
5. Abandonment through lack of use.
6. Limitation on trade-mark rights as a result of trade-mark registration by others.
7. Dilution of trade-mark through inconsistent use.
8. Trade-marks are used with wares and services different from those listed in the trade-mark registration.

H. TRADE-MARK PROTECTION AND THE COMMON LAW

1. Common law provides protection to restrain a competitor from passing off its goods or services under the trade-mark of another.
2. The cause of action at common law is called a “passing off” action.
3. Common law protection of a trade-mark does not require that the trade-mark be registered.
4. However, trade-mark rights at common law are more difficult to establish and enforce.

I. THE ADVANTAGES OF TRADE-MARK REGISTRATION

1. Trade-mark registration provides a presumption of a valid trade-mark.

- (a) establishes legal title to trade-marks similar to the registration of a deed for real property;
 - (b) a court will presume the validity of a registered trade-mark;
 - (c) at common law, the validity of a trade-mark must be established before a court will enforce it.

2. Trade-mark registration is effective throughout Canada.
 - (a) registration is effective even if the trade-mark has only a local geographic exposure;
 - (b) at common law, though, the trade-mark is limited to enforcement in the local area of exposure only.

3. Trade-mark registration permits enforcement across Canada.
 - (a) either in the Federal Court of Canada or Provincial Superior Court;
 - (b) at common law, the owner must initiate a passing off action in Provincial Superior Courts which is more difficult, lengthy, and costly to enforce.

4. Trade-mark registration provides the exclusive right to use the trade-mark with respect to its goods or services.
 - (a) exclusive right to use the trade-mark in association with its goods and services;
 - (b) in effect for fifteen years;
 - (c) is renewable every fifteen years thereafter.

5. Trade-mark registration gives public notice of the trade-mark.
 - (a) will appear in subsequent trade-mark searches;
 - (b) will appear in corporate and business name searches;
 - (c) will deter others from using the trade-mark.

6. A trade-mark registration can become incontestable in some situations.
 - (a) a registered trade-mark cannot be contested after five years based upon a claim of prior usage even if there is an unregistered trade-mark with an earlier date of use;
 - (b) no such similar benefit extends to an unregistered trade-mark at common law.

7. Failure to obtain trade-mark registration may result in a limitation of trade-mark rights.
 - (a) if another party obtains a registered trade-mark, then after 5 years it will become incontestable based upon a claim of prior usage unless the owner of the registered trade-mark had knowledge of the unregistered trade-mark;
 - (b) this will result in the original trade-mark owner possibly facing a legal challenge to an expansion in usage of its unregistered trade-mark.

8. Trade-mark registration can assist in protecting a domain name on the internet.
 - (a) a domain name is harder to challenge if there is a registered trade-mark;
 - (b) the trade-mark registration should be identical to the second level domain name.
9. Trade-mark application in Canada permits “Convention” filing in other “Convention” countries.
 - (a) the filing date for a trade-mark application in Canada will permit the same filing date to be used in other “Convention” countries;
 - (b) application must be filed in other countries within 6 months of filing in Canada.
10. Trade-mark registration facilitates obtaining trade-mark registration in other “Convention” countries.
 - (a) a trade-mark registration facilitates a charity to apply for a trade-mark registration in other “Convention” countries.
 - (b) generally not available to a charity that has not registered its trade-mark.

J. THE ACQUISITION OF TRADE-MARK RIGHTS

1. A trade-mark registration confirms and enhances existing trade-mark rights.
2. Registration not essential.
 - (a) a trade-mark registration is not essential to acquire rights in a trade-mark;
 - (b) an owner of a trade-mark has the right to prevent the subsequent use of a confusing trade-mark by another but only in the geographic area of usage.
3. First use of a trade-mark generally establishes priority.
 - (a) first person to use a trade-mark in Canada acquires the right to the trade-mark and is entitled to priority in registration;
 - (b) subject to earlier filing of proposed use of a trade-mark;
 - (c) there is no minimum length of time that a trade-mark must be used;
 - (d) trade-mark use must be continued and not abandoned.

K. BARRIERS TO TRADE-MARK REGISTRABILITY

1. A trade-mark will not be registerable if:
 - (a) it is a word that is “primarily merely” the name or the surname of an individual who is living or has died within the proceeding thirty years
 - e.g., “Smith” is not registerable because it is “primarily merely” a surname
 - but “Elder” may be registerable because there is another meaning beyond a surname
 - also can acquire distinctiveness through long term use
 - (b) it is a word that is “clearly descriptive or deceptively misdescriptive of the character or quality of the goods or services, the condition of or the persons employed in the production, or of their place of origin”
 - e.g., “all silk” for silk fabric, or “sweet” for ice cream, are “clearly descriptive”
 - e.g., “all silk” for non-silk fabrics is “deceptively misdescriptive”
 - e.g., “Paris Fashion” indicates the place of origin
 - the exception is where a secondary meaning has developed to overcome the descriptive or misdescriptive nature of the mark
 - (c) it is the name in any language of any of the goods and services in connection with its use
 - e.g., “Shredded Wheat” for cereal products
 - e.g., “Holy Bible” for bibles
 - (d) it is confusing with a previously registered, applied for, or used trade-marks
 - test is:
 - whether the trade-mark looks or sounds alike or suggests a similar idea; and
 - whether they are used to market similar wares or services
 - there only needs to be a likelihood of such confusion
 - the Trade-marks Office will consider:
 - the distinctiveness of the trade-mark and the extent to which it has become known
 - the length of time the trade-marks or trade names have been in use
 - the nature of the wares, services or business
 - the nature of the trade
 - the degree of resemblance between the trade-mark or trade name in appearance, sound, or in the ideas suggested by them
 - (e) it is an Official Mark under Section 9 or 10 of the *Trade-marks Act*
 - Section 9 are marks of public authority, i.e., for which public notice has been given
 - government marks or symbols
 - coats of arms of the Royal Family, Armed Forces and the R.C.M.P

- emblems of the Red Cross, Red Crescent, United Nations
 - universities or public authorities
 - Section 10 prohibits the adoption of a mark which by ordinary and *bona fide* commercial use has become recognized in Canada designating the kind, quality, quantity, or origin of a trade-mark
 - e.g., “Tweed Jackets”
- (f) it is not used to distinguish “wares and services manufactured, sold, leased, hired or performed by [the charity] from those manufactured, sold, leased, hired or performed by others.”

L. THE SELECTION OF TRADE-MARKS FOR CHARITIES

1. Inherently strong marks.

- (a) the strongest trade-marks are those that have no inherent meaning;
- (b) e.g., coined words like “Xerox” or “Exxon”;
- (c) e.g., dictionary words that have no reference to the goods with which they are used in associated with, e.g., “Citizen” for watches.

2. Inherently weak marks.

- (a) dictionary words that describe a characteristic or quality of goods;
- (b) e.g., “Super Glue” for glue products;
- (c) e.g., “Artistic Dancing” for a ballet program;
- (d) many charities have descriptive names and may need to establish distinctiveness through long term use.

3. Suggestive marks.

- (a) not “clearly descriptive” but because the marks is suggestive of products are not considered to be inherently strong marks;
- (b) e.g., “Shake and Bake” for chicken coating.

4. Compound word marks.

- (a) the combination of a distinctive word with a descriptive word;
- (b) e.g., “Coca-Cola”, with “Coca” being distinctive and “Cola” being descriptive.

5. Marks that have acquired a secondary meaning.

- (a) a weak trade-mark can through length of usage become a distinctive trade-mark;
- (b) e.g., “Fridgedaire” for fridges.

M. THE IMPORTANCE OF CONDUCTING TRADE-MARK SEARCHES

1. When to do a trade-mark search.
 - (a) for existing unregistered trade-marks before proceeding to trade-mark registration;
 - (b) for future trade-marks or logos;
 - (c) for future corporate names or amended corporate names;
 - (d) for future operating names of a charity;
 - (e) for Internet domain names;
 - (f) for charities that are licensing its name.

2. Why conduct a trade-mark search?
 - (a) to determine the strength of an existing unregistered trade-mark;
 - (b) to determine if there are any pre-existing trade-marks that are confusing and should either be avoided or challenged (within 5 years);
 - (c) to determine the extent of future wares and services left open for expansion of trade-mark registration;
 - (d) to avoid trade-mark infringement and potential lawsuits.

3. Types of trade-mark searches.
 - (a) Trade-marks Office for registered trade-marks
 - manual search of Trade-marks Register in the Trade-marks Office
 - computerized search of trade-mark records
 - (b) trade names and common law searches:
 - unregistered trade names are entitled to trade-mark protection and may bar trade-mark registration
 - corporate NUANS searches (newly updated automatic name search)
 - business name searches
 - trade journals
 - yellow pages
 - Internet Domain Name Search
 - Revenue Canada Charities Division list of registered charities

4. The trade-mark registrability opinion.
 - (a) trade-mark opinion should state whether the trade-mark is registrable as a Canadian

- trade-mark;
 - (b) the opinion should state whether the client is free to adopt the name and use is as a trade-mark in Canada.
5. Expunging competing trade-marks.
- (a) expungement based upon non-use
 - if they are competing registered trade-marks, Section 45 of the *Trade-marks Act* can be relied upon to require the Registrar of Trade-marks to send notice to the owner of the competing trade-mark to produce evidence that the trade-mark has been used in the last three years
 - failure to produce such evidence will result in expungement.
 - (b) expungement based on earlier use
 - if an unregistered trade-mark was in use prior to the registration of a competing trade-mark, then the owner can apply to have the registered trade-mark expunged
 - can only bring application for expungement based upon earlier use if brought within five years of the date of trade-mark registration.

N. TYPES OF TRADE-MARK APPLICATIONS

1. Ordinary trade-marks.
- (a) a basic trade-mark application will include a word, a series of words, a picture, a design, or a combination of design, picture and words;
 - (b) used in conjunction with a list of existing or proposed wares and services.
2. Distinguishing guise.
- (a) a distinguishing guise registration protects the unique shape of an item or its container or a mode of wrapping or packaging of goods;
 - (b) e.g., the shape of a coca-cola bottle;
 - (c) e.g., an audio tape enclosed case in the shape of a book or other product.
3. Certification mark.
- (a) a certification mark is a mark that the owner licenses to others to use as an indication of having met a defined standard;
 - (b) the owner of the certification mark cannot use the certification mark itself;
 - (c) ie., the “Good Housekeeping Seal of Approval”, the Canadian Standard Association “CSA” logo, and the Wool Bureau's “Wool” design;

- (d) certification marks were previously used to avoid Registered User Agreements;
- (e) certification marks are less popular now since licensing of trade-marks no longer require Registered User Agreements.

O. THE BASIS FOR OBTAINING ORDINARY TRADE-MARK REGISTRATION

1. Use in Canada.

- (a) trade-mark for wares (goods) can be registered based by use in Canada if it was used:
 - at the time of the transfer of property and possession of the wares; and
 - in the normal course of trade; and
 - if the trade-mark is marked on the wares or on packages
- (b) trade-mark for service can be registered based on use if:
 - it is used and displayed in the performance or advertising of those services
- (c) trade-mark must be used to remain valid
- (d) the priority date for registration is the date of first use
 - if use is recent, then the priority date will be shown as a date, month and year e.g., January 1st, 2004
 - if priority use was many years before then the priority date will be only a month or even a year, e.g., 1943 (presumed to be December 31st, 1943)

2. Proposed use.

- (a) can file a trade-mark application based on proposed use before any use has taken place for either a ware or service;
- (b) this allows the future reservation of a trade-mark for a specific ware or service;
- (c) use must take place subsequent to filing and before the application can issue to registration;
- (d) the priority date is the date of filing not the date of first use.

3. Registration in foreign countries.

- (a) registration abroad permits an application to be filed based upon use and registration in a foreign country without the requirement of any use in Canada;
- (b) If the foreign registration is an international “Convention” country, the applicant will be entitled to priority in Canada as of the date of filing in the other “Convention” country if the application is filed in Canada within 6 months.

4. Making known in Canada.

- (a) an application can be filed based upon “making known in Canada”;

- (b) the trade-mark must be used in another international “Convention” country and in association with the wares and services not yet used in Canada;
 - (c) extremely difficult to obtain since must establish “notoriety” of use in Canada;
 - (d) wares must be distributed within Canada; or
 - (e) wares and services must be advertised in:
 - printed publications in Canada; or
 - radio/T.V. broadcasting in Canada
5. Combination application.
- (a) a trade-mark application is not limited to any one type of application;
 - (b) a single trade-mark application can combine more than one type of trade-mark application.

P. FILING AND PROSECUTING TRADE-MARK APPLICATIONS

8. What does a trade-mark application cover?
- (a) a separate trade-mark application must be filed for each trade-mark.
 - (b) however, one trade-mark application can cover both wares and services.
 - (c) there is no limit to the number of wares and services that can be included in one application.
9. When to file the trade-mark application.
- (a) a proposed use application would allow the date of filing to become the priority date instead of the subsequent date of actual usage.
 - (b) if a trade-mark application has been filed in another “Convention” country within six months, the charity can claim the earlier filing date as the filing date for the Canadian trade-mark application.
10. The contents of a trade-mark application.
- (a) set out the basis of the application; and
 - (b) contain a statement in “ordinary commercial terms” of the wares and services with which the trade-mark has been or will be used.
11. Amendments to a trade-mark application are not permitted after the application is filed with respect to the following:
- (a) the trade-mark itself if it alters the distinctive character of the trade-mark;
 - (b) the name of the applicant; or

- (c) the enlargement of the statement of wares and/or services.
12. Examination by the trade-marks office to ensure that:
 - (a) the trade-mark is not confusing with another trade-mark registration or pending application;
 - (b) the trade-mark is described with ordinary commercial terms;
 - (c) the trade-mark is not clearly descriptive or deceptively misdescriptive; and
 - (d) the trade-mark does not require a disclaimer of a word or words.
 13. Advertisement in the trade-marks journal gives the public two months to file an opposition to the registration.
 14. Allowance of a trade-mark gives the applicant six months to pay the registration fee.
 15. After trade-mark registration, the trade-mark registration is renewable every fifteen years.

Q. THE IMPORTANCE OF FOREIGN TRADE-MARK REGISTRATION

1. Each country requires separate trade-mark registration.
2. Member countries to international “Convention” can claim priority date as the filing date of a trade-mark in another “Convention” country.
3. Using priority dates in foreign countries can be important in relation to protecting a trade-mark based on proposed use of a trade-mark.
4. In the United States:
 - (a) trade-mark registrations are done in accordance with a “class” system for each ware or service;
 - (b) each class requires a separate trade-mark registration;
 - (c) due to the proximity of the United States, U.S. trade-mark registration is an important consideration;
 - (d) but need to register in the United States within six (6) months of Canadian filing.

R. SECTION 9 OFFICIAL MARKS

1. What is a Section 9 Official Mark?

- (a) Section 9(1)(n)(iii) of the *Trade-marks Act* prohibits anyone from using an Official Mark in association with any wares or services in Canada;
 - (b) public notice is given through the filing and advertisement of the Official Mark in the Trade-marks Journal;
 - (c) examples of charities and organizations that have had Section 9 Official Marks published:
 - The Canadian Olympic Association;
 - The Ontario Society for Crippled Children;
 - The Ontario Minor Hockey Association;
 - The Hutterian Bretheran Church;
 - The Alzheimer's Society of Canada;
 - The Canadian Canoe Museum;
 - Canadian Baptist Ministries; and
 - Anne of Green Gables Licensing Authority.
2. The advantages of a Section 9 Official Mark.
- (a) the test for a Section 9 Mark does not require a comparison of goods or services as is necessary under a test for a registered trade-mark;
 - (b) a Section 9 Mark allows the owner to prohibit anyone else using the mark for any wares or services, although it does not allow for a claim of damages;
 - (c) the cost of a Section 9 Notice is approximately 50% less expensive than a trade-mark application;
 - (d) there are no detailed examinations of a Section 9 Mark other than confirmation that the applicant is a public authority and uses the Mark in Canada, whereas trade-mark application must be prosecuted and objections answered;
 - (e) there are no renewal fees for Section 9 Mark, whereas a trade-mark registration is limited to fifteen years and can be expunged;
 - (f) a Section 9 Mark can be indirectly controlled similar to a license of a registered trade-mark by “consenting” to its use by others.
3. Recent Court Decisions Concerning the Definition of “Public Authority”.
- (a) public authority is not defined in the *Trade-marks Act*.
 - (b) the trade-mark office traditionally defined a public authority very narrowly.
 - (c) however, case law has now determined, and the Trade-Mark office published a new Practice Notice on October 2nd, 2002, clarifying that:
 - the activities of the body must benefit the public; and
 - there must be a significant degree of government control
 - significant degree of government control no longer requires that the charity have a public duty.
 - significant degree of government control now requires that the charity be subject to government monitoring, i.e., the government must be able to intervene in how the charity conducts its affairs.
4. The future for Section 9 Official Marks.
- (a) as a result of recent case law and the Practice Notice, it is now more difficult for

charities to qualify as a public authority in order to be entitled to Section 9 Official Marks.

- (b) therefore, charities currently holding Section 9 Official Marks should ensure that they also secure parallel registered trade-marks for those Official Marks.

S. TRADE-MARKS AND INTERNET DOMAIN NAMES

1. What are internet domain names?

- (a) a domain name is the numeric electronic address used to locate a computer on the internet.
- (b) there are two parts to a domain name:
- top level, i.e., generic domains such as .com and .org, or regional domains such as .ca or .us;
 - second level is 26 letters to identify the organization.

2. Conflicts between domain names and trade-marks.

- (a) there are a limited number of Internet domain names available, e.g., there can only be one “microsoft.com” or “redcross.org”.
- seven new top level designations have been introduced to reduce competition for names; and
 - ICANN and CIRA have both adopted dispute resolution policies.
- (b) both ICANN and CIRA’s policies require the complainant contesting the domain name to establish the following three elements:
- The domain name is identical or confusingly similar to a trade-mark in which the complainant has rights;
 - The domain name owner has no rights or legitimate interests in respect of the domain name; and
 - The domain name has been registered and is being used in bad faith.

3. Securing and protecting domain names.

- (a) obtain a domain name as soon as possible;
- (b) obtain as many domain names as possible;
- (c) when obtaining as many domain names as possible, be sure to register with multiple top level domain names;
- (d) when obtaining as many domain names as possible, be sure to also register multiple second level identifying names with the same top level domain;

- (e) conduct a trade-mark search for the second level identifying name to determine whether or not there is the potential for trade-mark infringement;
 - (f) apply for trade-mark registration of the exact second level identifying name;
 - (g) since a trade-mark registration in Canada takes eighteen to twenty-four months, consider obtaining a trade-mark registration in “first to file” jurisdiction; and
 - (h) monitor and renew domain names.
4. Contesting existing domain names that the charity has failed to secure.
- (a) through ICANN or CIRA’s dispute resolution policies; or
 - (b) through a trade-mark infringement action in court.
5. Licensing of domain name may be appropriate in certain situations:
- (a) when a charity permits an internet link from its site to the site of another charity.
 - (b) when a Canadian charity is set up on a national basis with chapters and these chapters are able to use geographic divisions of the main domain name, e.g., national charity has *www.athritis.ca*, and the provincial charities have *www.athritis.on.ca*.
 - (c) when a religious denomination across Canada wants to retain control over the use of the denominational domain names by local churches.
 - (d) when a charity expands to other countries and wishes to utilize similar domain names in those countries, such as *www.redcross.us* from the United States.
 - (e) when a charity permits its domain name to be used by business for web links or for advertising the domain name of the business in conjunction with the domain name of the charity.

T. TRADE-MARK LICENSING

1. When is trade-mark licensing relevant?
- (a) when a Canadian charity is setting up local chapters and wishes to maintain the ownership and control of a trade-mark;
 - (b) when a Canadian charity expands to other countries and wishes to maintain ownership and control of its trade-marks;
 - (c) when a charity permits other charities to use its trade-mark as evidence of membership or standards be maintained, e.g., “Canadian Council of Christian Charities”;
 - (d) when a charity permits its trade-mark to be used in conjunction with a fundraising event conducted by others on behalf of the charity;
 - (e) when a foreign charity is sponsoring a new charity in Canada and wishes to retain the ownership and control of the trade-mark;
 - (f) when a charity enters into a sponsorship agreement; and

- (g) when a religious denomination wants to retain control over the use of the denominational name by local churches;
2. Licensing requirements prior to June 9th, 1993 – Had to file a Registered User Agreement with CIPO.
 3. Licensing requirements after June 9th, 1993 – No longer necessary to have a Registered User Agreement.
 4. Current licensing requirements for trade-marks.
 - (a) there must be a licensing arrangement;
 - (b) the license arrangement should be in writing but not necessarily;
 - (c) license must be granted by the owner of the trade-mark;
 - (d) owner must obtain direct or indirect control of the character, quality and use of the trade-mark in association with wares or services;
 - (e) the *Trade-marks Act* deems the use of a licensee to be use of the owner.
 5. Use and enforcement of the trade-mark license.
 - (a) marketing
 - important to show that the user is a licensee
 - e.g., “Help The Children” is a Reg TM of “Help The Children International” used under licence by “Help the Children Canada”
 - (b) enforcement
 - licensee may call on owner to take proceeding to enforce protection of trade-mark
 - licensee can establish evidence of use for a proposed use by licensor
 6. General licensing considerations.
 - (a) scope of license
 - clarify which trade-marks are being licensed and which are not
 - (b) licensee’s undertaking
 - that the trade-mark being licensed is valid
 - that any goodwill arising from the licensee’s use will inure to the owner
 - (c) quality control
 - owner must set and monitor the standards for the trade-mark
 - (d) controlling “use”
 - give public notice of the fact that the trade-mark is a licensed use
 - give public notice of the identify of the owner
 - (e) assignment and sub-license
 - licensee should be prohibited from assigning, transferring or sub-licensing the

- trade-mark
 - owner will normally retain the right to assign its rights to other parties
- (f) licensee's standing
 - set out the scope and limits on what right or standing, if any, the licensee will have to commence legal proceedings for enforcing trade-mark rights
- (g) prescribe boundaries for licensed goods or services
 - set out geographic area within which trade-mark can be used
 - set out list of services and goods with which trade-mark can be used
- (h) liability
 - licensor should be liable for the registrability of the trade-mark
 - licensee should be liable for misuse of the trade-mark
 - licensor should maintain liability insurance for actions of the licensee
- (i) confidentiality
 - information obtained as a result of the license agreement is confidential
- (j) royalties
 - what kind of payment will be required
 - how the payment will be calculated
 - when the payment will be calculated; and
 - when the payment will be paid.
- (k) termination of license agreement
 - needs specific termination date for agreement
 - plus right to terminate early in the event of breach of the agreement
- (l) effect of termination of agreement
 - licensee ceases to use the trade-mark
 - licensee returns all items with trade-mark on it
 - licensor and licensee will issue a joint statement

U. PROPER USE OF TRADE-MARKS

1. Ensure continued usage.
 - (a) trade-mark is used on wares if it is displayed on the wares or their packaging.
 - (b) trade-mark is used in connection with services if it is displayed during the performance of the services, or in advertising or promotional materials for the services.

2. Ensure proper marking.
 - (a) prior to trade-mark registration use “*TM*”;
 - (b) after the trade-mark registration use “®”;
 - (c) identify ownership of trade-mark, e.g., “ABC Relief Agency is a Reg TM of ABC Relief

- Agency of Canada”;
- (d) use markings every time that a trade-mark is used
- on letterhead, publications, tapes, videos, advertisements, receipts, and solicitation
3. Ensure identification of license arrangement.
- (a) license arrangement must be shown on all markings;
- (b) e.g., ABC Relief Agency ®*;
- * a Reg TM of ABC Relief Agency International used under license by ABC Relief Agency of Canada
4. Trade-marks should be distinctive.
- (a) a trade-mark should be used in a manner to distinguish it from descriptive or generic words;
- (b) this can be done by using
- distinctive type
 - bold type
 - capitalization
 - prominent position on letterhead
5. Trade-marks should be used as an adjective, not a noun.
- (a) always use trade-marks as an adjective even if the trade-mark is a noun
- e.g., “Band-Aid Bandages”
 - e.g., “Jello Gelatine”
- (b) when trade-marks are used as a noun they will become unforceable
- e.g., “Linoleum”, “Zipper”, “Escalator”, or “Cellophane”
6. Trade-marks may need to be followed by generic name.
- (a) when a trade-mark is new or differs substantially from an existing one, it may be necessary to create or choose a suitable generic name to follow trade-mark;
- (b) a generic name should be highly descriptive, relatively short, and easily pronounceable.
- (c) e.g., “Copiers” in the phrase “Xerox Copiers”.
7. Trade-marks should avoid plural or possessive applications and maintain consistency.
- (a) never use a trade-mark in the plural form or as a possessive;
- (b) e.g., “Coca-Cola's great taste”;
- (c) a trade-mark should be shown in a consistent manner.

8. Change of name of trade-mark owner.
 - (a) all change of names of the registered owner must be shown on markings;
 - (b) all change of names of owners of registered trade-marks must be filed with the trade-marks office;
 - (c) failure to do so may result in the loss of trade-mark rights.
9. Other wares/services, in addition to those covered by the registration, must also be registered if they are to be used in conjunction with the registered trade-mark.
10. Importance of education concerning trade-mark use for:
 - (d) the board of a charity
 - (e) the executive staff of a charity
 - (f) the staff involved in media and publications

V. PROTECTING THE TRADE-MARK

1. Ensure parallel registrations of a trade-mark.
 - (a) incorporation with the name of a charity that includes the trade-mark;
 - (b) a trade-mark which is part of a trade name (i.e., business name) needs to be registered under Provincial legislation, e.g., *Business Name Act* of Ontario;
 - (c) a trade-mark needs to be registered under the *Trade-marks Act*;
 - (d) a trade-mark should be accompanying a Section 9 Official Mark;
 - (e) registration of trade-marks in foreign jurisdictions should be considered.
2. Monitor infringement by other competing trade-marks.
 - (a) regular review of competing trade-marks in the Trade-marks Journal;
 - (b) regular review of trade journals, magazines, and newspapers;
 - (c) review of corporate and business name registrations;
 - (d) review of names in telephone books in major cities;
 - (e) regular review of Internet domain names;
 - (f) periodic review of names of registered charities with Revenue Canada.
3. Be pro-active in stopping infringement of a trade-mark.
 - (a) give “polite but firm” first notice of infringement to offending party;
 - (b) if necessary obtain legal counsel to send formal letter of complaint of infringement;
 - (c) as an alternative, suggest establishing a licence agreement;

- (d) then propose non-binding mediation (“ADR”);
 - (e) if all else fails, then must proceed with litigation to protect the trade-mark or risk losing trade-mark rights.
4. Protect an unregistered trade-mark.
- (a) protection under corporate law
 - confusing corporate names can be forced to change
 - under the *Canada Corporations Act*
 - under Provincial Corporation Legislation
 - under Provincial Business Name Legislation
 - requires a complaint to the applicable government department
 - (b) expunging a competing registered trade-mark
 - Section 45 Notice available to require evidence of use of competing trade-mark within last three years
 - the Act permits expungement of a trade-mark within five years of registration if evidence can be shown of a prior use by an unregistered trade-mark
 - expungement proceedings can be brought at any time where
 - the offending mark was not registerable at the time of its registration; or
 - the trade-mark was not distinctive as of the date of institution of the legal proceedings
 - (c) “passing off” action at common law
 - must prove ownership of the unregistered trade-mark
 - passing off action is limited to local geographic area where a trade-mark has been used
 - passing off action is difficult to prosecute, is lengthy, and is expensive
5. Protection under The *Trade-marks Act* for registered trade-marks.
- (a) infringement action available;
 - (b) infringement action can be brought in Federal court or in any Provincial court;
 - (c) do not need to establish ownership of trade-mark;
 - (d) is not restricted to immediate geographic area;
 - (e) alternative dispute resolution is a realistic option to an infringement action.
6. Ensure usage of the trade-mark, as a registered trade-mark that is not used for three years is subject to expungement under Section 45.
7. Abandonment under common law.
- (a) to have a trade-mark abandoned at common law it is necessary to show not only the discontinuance of use but also an intention to abandon;
 - (b) abandonment means the loss of both registered and unregistered trade-mark rights.

W. CONCLUSION

1. Trade-marks are an essential asset of a charity.
2. Trade-marks can be lost if they are not properly protected.
3. A charity needs to be pro-active in protecting its trade-marks or risk losing its trade-mark rights by default.
4. Registration of a corporate name or business name does not by itself give trade-mark protection.
5. Trade-mark rights exist at common law but those rights should be protected by trade-mark registration under the *Trade-Marks Act*.
6. There is enhanced trade-mark protection available for charities that qualify as public authorities under the *Trade-Marks Act* for Official Marks.
7. Separate trade-mark registration must be done in each country in which the charity is operating.
8. It is essential to properly use and license trade-marks.
9. An infringement of a trade-mark by others, even if done unintentionally, must be immediately challenged.
10. The board members and executive staff of a charity need to be informed of the importance of trade-mark rights.
11. In addition to obtaining a trade-mark registration, a charity should secure a domain name as soon as possible using its trade-mark as part of the domain name.

Main Office Location

211 Broadway, P.O. Box 440
Orangeville, Ontario, Canada, L9W 1K4
Tel: (519) 942-0001 Fax: (519) 942-0300
Toll Free: 1-877-942-0001

www.carters.ca 

Toronto Meeting Location

Toronto Dominion Bank Tower, Suite 4200
TD Centre, Toronto, Ontario, Canada
(by appointment) Tel: (416) 675-3766

"Proactive Advice"™

www.charitylaw.ca 

APPENDIX 2



Uniform Domain Name Dispute Resolution Policy

Policy Adopted: August 26, 1999
Implementation Documents Approved: October 24,
1999

Notes:

1. This policy is now in effect. See www.icann.org/udrp/udrp-schedule.htm for the implementation schedule.
2. This policy has been adopted by all accredited domain-name registrars for domain names ending in .com, .net, and .org. It has also been adopted by certain managers of country-code top-level domains (e.g., .nu, .tv, .ws).
3. The policy is between the registrar (or other registration authority in the case of a country-code top-level domain) and its customer (the domain-name holder or registrant). **Thus, the policy uses "we" and "our" to refer to the registrar and it uses "you" and "your" to refer to the domain-name holder.**

Uniform Domain Name Dispute Resolution Policy

(As Approved by ICANN on October 24, 1999)

1. **Purpose.** This Uniform Domain Name Dispute Resolution Policy (the "Policy") has been adopted by the Internet Corporation for Assigned Names and Numbers ("ICANN"), is incorporated by reference into your Registration Agreement, and sets forth the terms and conditions in connection with a dispute between you and any party other than us (the registrar) over the registration and use of an Internet domain name registered by you. Proceedings under [Paragraph 4](#) of this Policy will be conducted according to the Rules for Uniform Domain Name Dispute Resolution Policy (the "Rules of Procedure"), which are available at www.icann.org/udrp/udrp-rules-24oct99.htm, and the selected administrative-dispute-resolution service provider's supplemental rules.
2. **Your Representations.** By applying to register a domain name, or by asking us to maintain or renew a domain name registration, you hereby represent and warrant to us that (a) the statements that you made in your Registration Agreement are

complete and accurate; (b) to your knowledge, the registration of the domain name will not infringe upon or otherwise violate the rights of any third party; (c) you are not registering the domain name for an unlawful purpose; and (d) you will not knowingly use the domain name in violation of any applicable laws or regulations. It is your responsibility to determine whether your domain name registration infringes or violates someone else's rights.

3. Cancellations, Transfers, and Changes. We will cancel, transfer or otherwise make changes to domain name registrations under the following circumstances:

- a. subject to the provisions of [Paragraph 8](#), our receipt of written or appropriate electronic instructions from you or your authorized agent to take such action;
- b. our receipt of an order from a court or arbitral tribunal, in each case of competent jurisdiction, requiring such action; and/or
- c. our receipt of a decision of an Administrative Panel requiring such action in any administrative proceeding to which you were a party and which was conducted under this Policy or a later version of this Policy adopted by ICANN. (See [Paragraph 4\(i\)](#) and [\(k\)](#) below.)

We may also cancel, transfer or otherwise make changes to a domain name registration in accordance with the terms of your Registration Agreement or other legal requirements.

4. Mandatory Administrative Proceeding.

This Paragraph sets forth the type of disputes for which you are required to submit to a mandatory administrative proceeding. These proceedings will be conducted before one of the administrative-dispute-resolution service providers listed at www.icann.org/udrp/approved-providers.htm (each, a "Provider").

a. Applicable Disputes. You are required to submit to a mandatory administrative proceeding in the event that a third party (a "complainant") asserts to the applicable Provider, in compliance with the Rules of Procedure, that

- (i) your domain name is identical or confusingly similar to a trademark or service mark in which the complainant has rights; and
- (ii) you have no rights or legitimate interests in respect of the domain name; and
- (iii) your domain name has been registered and is being used in bad faith.

In the administrative proceeding, the complainant must prove that each of these three elements are present.

b. Evidence of Registration and Use in Bad Faith. For the purposes of [Paragraph 4\(a\)\(iii\)](#), the following circumstances, in particular but without limitation, if found by the Panel to be present, shall be evidence of the registration and use of a

domain name in bad faith:

(i) circumstances indicating that you have registered or you have acquired the domain name primarily for the purpose of selling, renting, or otherwise transferring the domain name registration to the complainant who is the owner of the trademark or service mark or to a competitor of that complainant, for valuable consideration in excess of your documented out-of-pocket costs directly related to the domain name; or

(ii) you have registered the domain name in order to prevent the owner of the trademark or service mark from reflecting the mark in a corresponding domain name, provided that you have engaged in a pattern of such conduct; or

(iii) you have registered the domain name primarily for the purpose of disrupting the business of a competitor; or

(iv) by using the domain name, you have intentionally attempted to attract, for commercial gain, Internet users to your web site or other on-line location, by creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of your web site or location or of a product or service on your web site or location.

c. How to Demonstrate Your Rights to and Legitimate Interests in the Domain Name in Responding to a Complaint. When you receive a complaint, you should refer to [Paragraph 5](#) of the Rules of Procedure in determining how your response should be prepared. Any of the following circumstances, in particular but without limitation, if found by the Panel to be proved based on its evaluation of all evidence presented, shall demonstrate your rights or legitimate interests to the domain name for purposes of [Paragraph 4\(a\)\(ii\)](#):

(i) before any notice to you of the dispute, your use of, or demonstrable preparations to use, the domain name or a name corresponding to the domain name in connection with a bona fide offering of goods or services; or

(ii) you (as an individual, business, or other organization) have been commonly known by the domain name, even if you have acquired no trademark or service mark rights; or

(iii) you are making a legitimate noncommercial or fair use of the domain name, without intent for commercial gain to misleadingly divert consumers or to tarnish the trademark or service mark at issue.

d. Selection of Provider. The complainant shall select the Provider from among those approved by ICANN by submitting the complaint to that Provider. The selected Provider will administer the proceeding, except in cases of consolidation as described in [Paragraph 4\(f\)](#).

e. Initiation of Proceeding and Process and Appointment of Administrative Panel. The Rules of Procedure state the process for initiating and conducting a

proceeding and for appointing the panel that will decide the dispute (the "Administrative Panel").

f. Consolidation. In the event of multiple disputes between you and a complainant, either you or the complainant may petition to consolidate the disputes before a single Administrative Panel. This petition shall be made to the first Administrative Panel appointed to hear a pending dispute between the parties. This Administrative Panel may consolidate before it any or all such disputes in its sole discretion, provided that the disputes being consolidated are governed by this Policy or a later version of this Policy adopted by ICANN.

g. Fees. All fees charged by a Provider in connection with any dispute before an Administrative Panel pursuant to this Policy shall be paid by the complainant, except in cases where you elect to expand the Administrative Panel from one to three panelists as provided in [Paragraph 5\(b\)\(iv\)](#) of the Rules of Procedure, in which case all fees will be split evenly by you and the complainant.

h. Our Involvement in Administrative Proceedings. We do not, and will not, participate in the administration or conduct of any proceeding before an Administrative Panel. In addition, we will not be liable as a result of any decisions rendered by the Administrative Panel.

i. Remedies. The remedies available to a complainant pursuant to any proceeding before an Administrative Panel shall be limited to requiring the cancellation of your domain name or the transfer of your domain name registration to the complainant.

j. Notification and Publication. The Provider shall notify us of any decision made by an Administrative Panel with respect to a domain name you have registered with us. All decisions under this Policy will be published in full over the Internet, except when an Administrative Panel determines in an exceptional case to redact portions of its decision.

k. Availability of Court Proceedings. The mandatory administrative proceeding requirements set forth in [Paragraph 4](#) shall not prevent either you or the complainant from submitting the dispute to a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded. If an Administrative Panel decides that your domain name registration should be canceled or transferred, we will wait ten (10) business days (as observed in the location of our principal office) after we are informed by the applicable Provider of the Administrative Panel's decision before implementing that decision. We will then implement the decision unless we have received from you during that ten (10) business day period official documentation (such as a copy of a complaint, file-stamped by the clerk of the court) that you have commenced a lawsuit against the complainant in a jurisdiction to which the complainant has submitted under [Paragraph 3\(b\)\(xiii\)](#) of the Rules of Procedure. (In general, that jurisdiction is either the location of our principal office or of your address as shown in our Whois database. See [Paragraphs 1](#) and [3\(b\)\(xiii\)](#) of the Rules of Procedure for details.) If we receive such documentation within the ten (10) business day period, we will not implement the Administrative Panel's

decision, and we will take no further action, until we receive (i) evidence satisfactory to us of a resolution between the parties; (ii) evidence satisfactory to us that your lawsuit has been dismissed or withdrawn; or (iii) a copy of an order from such court dismissing your lawsuit or ordering that you do not have the right to continue to use your domain name.

5. All Other Disputes and Litigation. All other disputes between you and any party other than us regarding your domain name registration that are not brought pursuant to the mandatory administrative proceeding provisions of [Paragraph 4](#) shall be resolved between you and such other party through any court, arbitration or other proceeding that may be available.

6. Our Involvement in Disputes. We will not participate in any way in any dispute between you and any party other than us regarding the registration and use of your domain name. You shall not name us as a party or otherwise include us in any such proceeding. In the event that we are named as a party in any such proceeding, we reserve the right to raise any and all defenses deemed appropriate, and to take any other action necessary to defend ourselves.

7. Maintaining the Status Quo. We will not cancel, transfer, activate, deactivate, or otherwise change the status of any domain name registration under this Policy except as provided in [Paragraph 3](#) above.

8. Transfers During a Dispute.

a. Transfers of a Domain Name to a New Holder. You may not transfer your domain name registration to another holder (i) during a pending administrative proceeding brought pursuant to [Paragraph 4](#) or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded; or (ii) during a pending court proceeding or arbitration commenced regarding your domain name unless the party to whom the domain name registration is being transferred agrees, in writing, to be bound by the decision of the court or arbitrator. We reserve the right to cancel any transfer of a domain name registration to another holder that is made in violation of this subparagraph.

b. Changing Registrars. You may not transfer your domain name registration to another registrar during a pending administrative proceeding brought pursuant to [Paragraph 4](#) or for a period of fifteen (15) business days (as observed in the location of our principal place of business) after such proceeding is concluded. You may transfer administration of your domain name registration to another registrar during a pending court action or arbitration, provided that the domain name you have registered with us shall continue to be subject to the proceedings commenced against you in accordance with the terms of this Policy. In the event that you transfer a domain name registration to us during the pendency of a court action or arbitration, such dispute shall remain subject to the domain name dispute policy of the registrar from which the domain name registration was transferred.

9. Policy Modifications. We reserve the right to modify this Policy at any time with

the permission of ICANN. We will post our revised Policy at least thirty (30) calendar days before it becomes effective. Unless this Policy has already been invoked by the submission of a complaint to a Provider, in which event the version of the Policy in effect at the time it was invoked will apply to you until the dispute is over, all such changes will be binding upon you with respect to any domain name registration dispute, whether the dispute arose before, on or after the effective date of our change. In the event that you object to a change in this Policy, your sole remedy is to cancel your domain name registration with us, provided that you will not be entitled to a refund of any fees you paid to us. The revised Policy will apply to you until you cancel your domain name registration.

Comments concerning the layout, construction and functionality of this site
should be sent to webmaster@icann.org.

Page Updated 05-Feb-2002

©2000, 2002 The Internet Corporation for Assigned Names and Numbers. All rights reserved.