
TRADE-MARK AND DOMAIN NAME PROTECTION PRIMER FOR CHARITIES*

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A. INTRODUCTION

The Charities Directorate of the Canada Revenue Agency (“CRA”) reported that as of January 2004, there were over 80,500 charitable organizations in Canada.¹ With the increasing competition for the finite pool of available donations, there is an increasing reliance placed on the goodwill associated with a charity’s name. As such, the protection of a charity’s trade-mark(s) and related domain name(s) is a significant issue for charities and their boards of directors. This *Charity Law Bulletin* (“*Bulletin*”) provides a primer on trade-mark and domain name protection to assist charities in preserving and advancing the goodwill they have built.

B. WHAT IS 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.”² Generally, it includes a word, phrase, logo or other graphic symbol used by a person or organization to distinguish itself from another. Some well-known examples of trade-marks include words like “Lego”; symbols like the golden arches of

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¹ Canada Revenue Agency, “Registered Charities Newsletter, No. 18” (2004).

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

McDonald's; slogans like "you deserve a break today"; special packaging like that of the Coca-Cola bottle; or even special phone numbers, such as "967-1111" for Pizza Pizza. Although these are commercial examples, charities are not excluded from employing trade-marks. Most would recognize "WWF" or the panda logo as trade-marks of the World Wildlife Fund. *Black's Law Dictionary* equates a trade-mark with the commercial substitute for one's signature.³

A charity's trade-mark is important for a number of reasons. First, the trade-mark constitutes the goodwill of a charity and provides a focal point for donations from regular supporters, donations from estate gifts, enhances the reputation of the charity, and aids in building and developing future expansions of the charitable activities. Second, the trade-mark distinguishes one charity from another. Third, there is a present and future marketing value in relation to the sale of promotional materials. Finally, trade-marks carry a licensing value, both internationally and with local chapters. As a result, the trade-mark is an essential asset of the charity that should be vigilantly protected. The legal maxim *abundans cautela non nocet* – abundant caution does no harm - is certainly apropos.

C. DISTINGUISHING TRADE-MARKS FROM TRADE NAMES OR OTHER INTELLECTUAL PROPERTY

Although a trade name can be the same as a trade-mark, they are protected under different pieces of legislation with different purposes. Trade-marks are both recognized and protected at common law, but can receive additional protection if they are registered under the *Trade-marks Act*. A trade name is registered under either provincial or federal incorporating legislation or business name legislation. Whereas the purpose of the *Trade-marks Act* is to provide protection for the charity, legislation relating to registered trade names is meant to provide information to the public. Thus, registering a trade name does not provide trade-mark protection.

Charities should also note that a trade-mark is differentiated from a copyright, patent, industrial design, trade secret and registered topography (micro-chips). Protection of these other forms of intellectual property is protected under separate regimes.

³ *Black's Law Dictionary*, 7th ed., s.v. "trademark."

D. 'WASTING' A CHARITY'S VALUABLE ASSET

Even if a charity recognizes its trade-mark is an important asset, the value of the trade-mark can be significantly reduced or eliminated as a result of the charity's action or inaction. In this regard, a trade-mark is vulnerable to attack and can unintentionally become a wasting asset in the following ways.

1. Failure to conduct appropriate searches to determine pre-existing trade-marks or trade names

As explained later in the *Bulletin*, charities must perform searches to determine if a trade-mark or trade name is already registered by another organization. Failure to do so could result in a charity establishing a reputation under a trade-mark and later find its right to use the trade-mark or trade name challenged by the owner of the pre-existing mark or name.

2. Failure to restrain unauthorized use of trade-marks

Unauthorized use of a trade-mark can result in a loss of distinctiveness, an essential element to asserting a trade-mark. This can occur when there are similar corporate names, charity names, logos, or internet domain names. Failure to restrain the unauthorized use of a trade-mark at an early stage may result in a charity having its trade-mark expunged from the trade-mark register, or losing the right to assert control over the trade-mark at common law. A more immediate concern for charities may be the loss of donations in favour of another organization as a result of the loss of distinctiveness. As well, when an estate gift is made out in the name of a charity's trade-mark, the charity's right to receive the gift may be challenged by a competing organization. In such a situation, the court may grant a *cy pres* order,⁴ resulting in the charity receiving little, if any portion, of the gift the testator intended for the charity.

3. Failure to properly control licensing of a trade-mark

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 must be maintained. Failure to do this may result in a charity losing its entitlement to the trade-mark as a result of multiple usage, if such usage is not clearly identified as being done in accordance with a trade-mark license agreement.

⁴ A *cy pres* order is derived from the equitable doctrine of approximation, wherein the court will apply the gift "as nearly as possible" in conformity with the presumed general intention of the testator when a gift for charitable uses cannot be applied according to the exact intention of the donor. This is done so the gift does not fail.

4. Abandonment of trade-marks through lack of use

Entitlement to a registered trade-mark can be considered abandoned if the charity fails to use the trade-mark in association with the goods and services referred to in the trade-mark registration.

5. Failure to register a trade-mark

At common law, the first person to use a trade-mark is deemed the owner of the trade-mark, not the first person to register it. In this regard, the common law provides protection to the unregistered trade-mark owner by enabling the owner to restrain other parties from “passing-off” their goods and services under its trade-mark. However, the unregistered owner of a trade-mark can lose this common law protection. The *Trade-marks Act* provides that a registered trade-mark is 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. As a result, a charity’s failure to register a trade-mark not only precludes it from the statutory rights provided for in the *Trade-marks Act*, but could also result in a restriction of the charity's common law rights in the unregistered trade-mark acquired over the years.

6. Failure to make consistent use of the trade-mark

A trade-mark can be diluted and possibly lost altogether if the trade-mark is used inconsistently. This stems from the principle that the value of a trade-mark resides in its ability to distinguish one’s wares or services from those of a competitor. This cannot be achieved if the trade-mark is used inconsistently.

7. Failure to use trade-marks in association with wares and services listed in registration

The *Trade-marks Act* only provides protection for trade-marks in relation to the wares and services listed in the registration. Should a charity desire to use the trade-mark in relation to a different set of wares or services, the registration will have to be amended in order to have continued protection.

E. TRADE-MARK PROTECTION AT COMMON LAW

At common law the unregistered trade-mark owner is able to restrain a competitor from passing off their goods or services under its trade-mark. A passing off action is limited to the geographic area in which the

trade-mark is known, and requires that the trade-mark owner establish three elements.⁵ First, there must be goodwill or reputation associated with the plaintiff's goods or services in the minds of the public relating to the trade-mark in question. Second, there must be a misrepresentation by the defendant (whether intentional or not) leading or likely to lead the public to believe the goods or services are those authorized by the plaintiff. And third, the plaintiff has or is likely to have suffered damage. It is thus recognized that the common law passing off action is much more difficult to establish than an infringement action for a registered trade-mark under the *Trade-marks Act*.

F. REGISTERING A TRADE-MARK

Registration of a trade-mark under the *Trade-marks Act* requires the services of a registered trade-mark agent. It is the agent who is responsible for the actual preparing, filing and prosecuting of a trade-mark application. In contrast to the characteristics of the trade-mark at common law, registration establishes legal title to the trade-mark, which is effective and enforceable throughout Canada for renewable periods of 15 years. Because the trade-mark is contained in a registry, the public is given notice of the trade-mark – it will appear in subsequent trade-mark and corporate or business name searches – thereby deterring others from using it. As noted above, a trade-mark registration becomes incontestable five years after registration, if the registered owner was unaware of its unregistered use at the time of registration. Trade-mark registration has the added benefits of assisting in protecting a domain name on the internet, and permitting “Convention filing” as well as facilitating trade-mark registration in other *Paris Convention* countries.⁶

1. Barriers to trade-mark registrability

Provisions of the *Trade-marks Act* dealing with registration are very complex and reference should be made to an authoritative text on the matter for a more thorough discussion. However, there are a number of considerations a charity should bear in mind when selecting a trade-mark.

First, a trade-mark will not be registerable if it is a word that is “primarily merely” the name or surname of an individual who is living or has died within the preceding thirty years. Some meaning beyond the

⁵ See *Ciba - Geigy Canada Ltd. v. Apotex Inc.* (1992), 44 C.P.R. (3d) 289 at 296ff (S.C.C.), rev'g (1990), 32 C.P.R. (3d) 555 (Ont. C.A.).

⁶ *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 [*Paris Convention*].

surname, or long-term use would be required for the word to be distinctive. Second, the word cannot be clearly descriptive or deceptively misdescriptive of the character or quality of the goods or services, the condition of the persons employed in the production, or of their place of origin. Similarly, the word cannot be the name in any language of the goods and services in connection with its use. Third, the trade-mark cannot be registered if it is confusing with a previously registered, applied for, or used trade-mark. Fourth, if the proposed trade-mark falls under provisions dealing with Official Marks, it will not be registered. Official Marks are marks of a public authority, such as government marks or symbols. Similarly, s. 10 of the *Trade-Marks Act* 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. Finally, a trade-mark will not be registerable if 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.

2. Selection of trade-marks for charities

The trade-mark selected for a charity will become one of its most important assets, and as a consequence, the charity should consider the strengths and weaknesses of the proposed mark. An inherently strong mark is one that has no inherent meaning, or for which the proper definition has no reference to the goods with which they are used. An inherently weak mark is merely descriptive or suggestive of the product. Such a weakness can be overcome through the use of compound word marks (combining a distinctive word with a descriptive word), or simply through length of usage.

3. The importance of conducting trade-mark searches

Even if a charity does not intend to register a trade-mark at its inception, it is advisable that a trade-mark search be conducted. This enables the charity to determine the strength of an existing unregistered trade-mark, to determine whether there is a pre-existing trade-mark that should be avoided or challenged, to determine the extent of future wares and services left open for expansion, and to avoid trade-mark infringement and potential lawsuits.

4. Types of trade-mark searches

There are two types of trade-mark searches that should be conducted. First, one should perform a search of registered trade-marks through the Trade-marks Office. Second, one should canvas a variety of sources for unregistered trade-marks. This would include a search of NUANS for corporate names, business name searches, trade journals, yellow pages, internet domain name searches, and a search of the list of registered charities maintained by the Charities Directorate of the CRA. If a competing registered trade-mark exists, it may be possible to have the trade-mark expunged. Expungement will occur based upon non-use or earlier use. Failure of the registered owner to produce evidence to the Registrar of Trade-marks of the trade-mark's use within the previous three years will result in expungement.

5. Types of trade-mark applications

There are three types of trade-mark applications.

a) Ordinary trade-marks

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, used in conjunction with a list of existing or proposed wares and services.

b) Distinguishing guise

A distinguishing guise application protects the unique shape of an item, its container, or alternatively, a mode of wrapping or packaging of goods.

c) Certification mark

A certification mark is a mark the owner licenses to others to use as an indication the licensee has met a defined standard with respect to the character or quality of the wares or services; the working conditions under which the wares have been produced or the services performed; the class of persons by whom the wares have been produced or the services performed; or, the area within which the wares have been produced or the services performed. The owner of the certification mark, however, cannot use the certification mark itself.

6. Bases for obtaining ordinary trade-mark registration

There are five bases under which an organization can obtain a trade-mark registration in Canada.

a) Use in Canada

A trade-mark for wares can be registered based on use in Canada if it was used at the time of the transfer of property and possession of the wares, in the normal course of trade, and if the trade-mark is used on the wares or on packages. A trade-mark for service can be registered based on use in Canada if it is used and displayed in the performance of advertising of those services. The trade-mark must be used in order to remain valid. The priority date for registration is the date of first use.

b) Proposed use

A charity can file a trade-mark application based on proposed use before any use has taken place for either a ware or service. This allows the future reservation of a trade-mark for a specific ware or service. Use must take place subsequent to filing and before the application can be issued for registration. The priority date is the date of filing, not the date of first use.

c) Registration in foreign countries

Registration in a contracting state to the *Paris Convention* permits an application to be filed based upon use and registration in a foreign country without the requirement of any use in Canada. Additionally, the applicant will be entitled to priority in Canada as of the date of filing in the Convention country if the application is filed in Canada within six months.

d) Making known in Canada

An application for trade-mark registration based on “making known in Canada” is extremely difficult to obtain as the charity must establish “notoriety” of use in Canada. The trade-mark must be used in another Convention country and in association with the wares and services not yet used in Canada. The Trade-marks Office requires the applicant to establish the wares are distributed in Canada, or the wares and services are advertised in association with the trade-mark in either printed publications in Canada or radio or television broadcasting in Canada.

e) Combination application

A trade-mark application is not limited to any one type of application and may combine more than one type of application listed above.

G. OFFICIAL MARKS

Enhanced trade-mark protection is available for charities that qualify as public authorities under Section 9 of the *Trade-marks Act* for Official Marks. Official mark protection ranges from allowing the charity to obtain protection without restriction to specific wares or services, to not requiring renewal, as well as not having a statutory procedure for expungement. However, recent case law has significantly restricted the definition of “public authority,” bringing considerable uncertainty concerning the availability of Section 9 Official Marks to charitable organizations.⁷ Some have interpreted recent court decisions as 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. It is further suggested that charities might lose Section 9 Official Marks they currently hold, if challenged.

A 2002 Practice Notice stated the Registrar must find, “(a) significant degree of control must be exercised by the appropriate government over the activities of the body; and (b) the activities of the body must benefit the public”⁸ in order to make a finding that the body is a public authority. The combined effect of the recent decisions and the Practice Notice is to considerably raise the bar for charitable organizations in obtaining Section 9 Official Marks. However, whether the Registrar will find that a charity meets the test will depend on the specific circumstance of each charity.

As a result of these recent changes, charities currently holding Section 9 Official Marks should ensure they have 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

⁷ See *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.); *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.); and Mark J. Wong and Terrence S. Carter, “Charities Lose Inherent Right to Official Mark Registrations,” *Charity Law Bulletin*, No. 18 (20 December 2002) available at <http://www.charitylaw.ca>.

⁸ CIPO, “Practice Notice: Public Authority Status Under Sub-paragraph 9(1)(N)(iii)” (2 October 2002) http://strategis.ic.gc.ca/sc_mrksv/cipo/tm/tm_notice/tmn2002-10-02-e.html.

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 of existing Section 9 Official Marks.

H. TRADE-MARKS AND INTERNET DOMAIN NAMES

With the exponential growth of the internet in recent years, and its evolution from an informational to a transactional forum of exchange, a charity's presence on the internet is no longer an option if it hopes to remain viable. Integral to a charity's presence on the internet is its ability to secure an effective domain name as its permanent web address, as it is essential that a donor be able to connect with the website of the charity with as little confusion as possible. This can be accomplished by using a domain name that is easy to remember by including the name of the charity or its trade-mark. Unlike most trade-marks, which can be duplicated for different wares or services, there can be no duplication of domain names on the internet. 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 domain names for the sole purpose of selling them to 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.

The Uniform Domain-Name Dispute-Resolution Policy ("UDRP"), developed by the Internet Corporation for Assigned Names and Numbers ("ICANN"), provides a procedure to resolve conflicts between owners of generic top level domain names and owners of trade-marks. Country code domain name managers often have their own dispute resolution policies. In December 2003, the Canadian Internet Registration Authority ("CIRA") set up its own domain name Dispute Resolution Policy ("CDRP") to deal with disputes concerning domain names registered with the .ca country code top level domain. These policies do not specifically require the complainant to have a registered trade-mark in order to contest a domain name. 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. Since the availability of effective domain names will become increasingly limited, 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. Two strategies can be

followed: utilize the procedure under the UDRP or CIRA's policy, or commence a trade-mark infringement action against the domain name owner.

Similar to the licensing of trade-marks, the charity should give careful consideration to the licensing of domain names, whether it is by local chapters or other organizations providing links to the charity.

I. TRADE-MARK LICENSING

There are a number of situations in which licensing of a registered trade-mark should be considered by a charity. They include the following:

- The charity opens local chapters or expands into foreign jurisdictions;
- The charity permits other charities or organizations to use its trade-mark as evidence of membership or maintenance of standards;
- When the trade-mark is used in conjunction with a fundraising event conducted by others; or
- When the charity enters into a sponsorship agreement.

1. Current Licensing Requirements For Trade-Marks

Current trade-mark licensing requirements demand that the trade-mark owner grant a license through a licensing arrangement with the licensee, preferably in writing. 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. The *Trade-marks Act* deems the use by a licensee to be the use of the owner of the trade-mark.

2. Use and Enforcement of the Trade-Mark License

It is essential that the licensee clearly identify who the owner of the trade-mark is, and that it has been used under license, since the law views the lack of licensing agreements as weakening a trade-mark's distinctiveness, which may result in the invalidation of the registered trade-mark. Section 50 of the *Trade-marks Act* 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 licensed use of the trade-mark and the identity of the owner. 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.

3. General Licensing Considerations

When a trade-mark license agreement is entered into, there are certain key considerations that should be in place in order to protect the integrity of the trade-mark. These considerations include:

- The scope of the license;
- An undertaking by the licensee to respect the licensor's ownership rights;
- Establishing and monitoring standards for quality control;
- Exercising control over use of the trade-mark;
- Rights to assignment and sub-license by the licensor and licensee;
- Scope and limits on licensee's standing to sue for infringement if the owner fails to enforce the trade-mark rights;
- Prescribed boundaries for licensed goods or services;
- Liability for registrability and misuse or trade-mark;
- Confidentiality, which survives the life of the license agreement;
- Form and payment of royalties; and
- Termination and renewal of license agreement, and the effect of termination.

J. PROPER USE OF TRADE-MARKS

There is no statutory requirement that a trade-mark be used in a specific manner or that any specific legend appear on any packaging or advertising materials. However, as a general rule, varying the use or display of an existing trade-mark should be discouraged, as it weakens the trade-mark's distinctiveness. The following are guidelines to enhance the value of an organization's trade-marks:

- Ensure the trade-mark does not fall into disuse or is abandoned;
- Ensure the trade-mark is not used by third parties without a licensing agreement;
- Ensure the licensee does not use the trade-mark in circumstances in which the character or quality of the licensee's wares or services are not under the direct or indirect control of the organization;
- Ensure the distinctiveness of the trade-mark is preserved by:
 - Using a consistent form;
 - Displaying the trade-mark in a special size, colour, or style of print to set it off from surrounding text;
 - Never using a verb or noun;

- Never using a plural or possessive form;
- Never using a generic sense;
- Identifying the trade-mark with an appropriate trade-mark notice;
- As an option, using an asterisk or dagger symbol together with a simple printed legend identifying the trade-mark owner;
- Ensuring the licensee identifies the organization as the trade-mark owner and the fact the mark is being used under license, thereby creating a rebuttable presumption that use of the mark is licensed by the owner and the character or quality of the licensee's wares or services are under the control of the trade-mark owner.

K. CONCLUSION

With the increasing value placed upon the goodwill associated with a charity's name for potential fundraising and related business activities, the protection of trade-marks and domain names is becoming a significant issue that should be addressed by a charity and its board of directors. Failure to properly protect a charity's trade-mark may result in both the loss of a valuable asset in the trade-mark, as well as the unnecessary loss of potential donations.