
**CANADIAN SOCIETY OF ASSOCIATION EXECUTIVES
SOCIETE CANADIENNE DES DIRECTEURS
D'ASSOCIATIONS
LEGAL ISSUES FOR ASSOCIATIONS CONFERENCE**

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**An Overview of Intellectual Property Issues
for Associations**

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INTRODUCTION

- All references to “associations” include both not-for-profit associations and charitable associations
- Intellectual property issues is taking on a greater significance for associations
- Intellectual property can be one of the most valuable assets of an association

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- Those who direct or advise associations need to be familiar with intellectual property issues
- Associations must ensure that all assets, including intellectual property, are properly identified, protected and applied in fulfillment of the association’s purpose

Note: For more details see attached Checklist and Resource Guide – see also article entitled “Avoiding Wasting Assets II – Trade-Mark and Domain Name Protection for Charities” at www.charitylaw.ca

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DIFFERENT TYPES OF INTELLECTUAL PROPERTY

- Trade-marks
 - A trade-mark is any mark used for the purpose of distinguishing wares and services manufactured, sold, leased, hired or performed from those of others
 - Trade-marks are recognized and protected at common law but receive additional protection by registration under the *Trade-marks Act*
 - Trade-mark is renewable every fifteen years

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– What do trade-marks consist of

- A single word, e.g. “Lego”
- A combination of words, e.g. “Miss Clairol”
- A logo or symbol, e.g. the big “M” in McDonalds
- A slogan, e.g. “you deserve a break today”
- A package or container design, e.g. “the Coca-Cola bottle”
- Even a telephone number, e.g. “967-1111”

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– Type of trade-mark involving associations

- The corporate name of an association
“ABC Association of Canada”
- The operating name of an association
“ABC Association”
- The logo of an association
“The Panda from World Wildlife Fund”
- The emblem or crest of an association
“The cross for the Canadian Red Cross”
- The slogan of an association
“Run for the Cure”

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- Copyrights
 - Copyright is the sole right to reproduce an original work of art, music, drama, literature, photographs, manuscripts, computer programs, etc.
 - Do not need to register a copyright, although it maybe advisable to establish an official record
 - Generally a copyright exists for the life of the author and 50 years thereafter
 - A copyright and a trade-mark may co-exist

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- **Patents**
 - 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
 - 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
 - Patent protection extends for up to 20 years from the date of the application

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- **Industrial designs**
 - Provides an exclusive rights to apply an ornamental design to an article of manufacture, such as a shape of a bottle
- **Trade secrets**
 - A trade secret is a common law protection arising out of a fiduciary obligation to act in good faith
 - Information that is secret to the owner that can be used in the operation of a business or other enterprise
 - e.g. the recipe for the coca-cola soft drink is a trade secret

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- **Registered topography (micro-chips)**
 - Provides exclusive rights to reproduce and manufacture the topography (i.e. three dimensional configuration) of integrated circuits, e.g. computer chips
 - Application must be filed within 2 years of first commercial exploitation of the topography

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WHY ARE TRADE-MARKS IMPORTANT TO ASSOCIATIONS?

- Trade-marks represent the goodwill of an association by providing a focal point for
 - Membership
 - Developing sponsorship opportunities
 - Enhancing the reputation of the association
 - Facilitating donations for charitable associations
- Trade-marks distinguish one association from another

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- Trade-marks have both present and future marketing value in relation to the sale of promotional materials, as well as goods and services
- Trade-marks have licensing value with regard to local chapters and in other jurisdictions
- Trade-marks, though, are fragile assets that can be lost or seriously eroded through errors of commission and/or omission
- It is essential that trade-marks be used in a proper manner, to enhance and protect their value instead of diminishing their value

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THE DIFFERENCES BETWEEN TRADE-MARKS AND TRADE NAMES

- A trade name is the name under which a business is carried on
 - It is the corporate or business name of an entity as opposed to the trade-mark
 - A trade name and a trade-mark can be one and the same
 - An example of a trade name is “The Coca-Cola Company”, whereas “Coke” is a trade-mark
- The *Trade-marks Act* does not provide for registration of a trade name unless it is a trade-mark

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- **Instead trade names are registered as**
 - Corporate names under either provincial or federal incorporating legislation
 - Business names under applicable provincial legislation
- **Registration of a trade name as either a corporate name or a business name is for public information purposes**
- **Registration of a corporate name or business name does not give trade-mark protection**
- **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**

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- HOW TRADE-MARKS BECOME WASTING ASSETS**
- **Confusion with pre-existing trade-marks or trade names**
 - **Failure to restrain unauthorized use of trade-marks resulting in loss of distinctiveness**
 - Similar corporate names
 - Similar association names
 - Similar logos
 - Similar domain names on the internet
 - **Confusion in names involving estate gifts to charitable associations**

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- **Failure to properly control licensing of a trade-mark**
- **Abandonment through lack of use**
- **Limitation on trade-mark rights as a result of not objecting to trade-mark registration by others**
- **Dilution of trade-mark through inconsistent use**
- **Trade-marks are used with wares and services different from those listed in the trade-mark registration**

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TRADE-MARK PROTECTION AND THE COMMON LAW

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

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THE ADVANTAGES OF TRADE-MARK REGISTRATION

- Trade-mark registration provides a presumption of a valid trade-mark
- Trade-mark registration is effective throughout Canada
- Trade-mark registration permits enforcement across Canada
- Trade-mark registration provides the exclusive right to use the trade-mark with respect to its goods or services
- Trade-mark registration gives public notice of the trade-mark

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- A trade-mark registration can become incontestable in some situations
- Failure to obtain trade-mark registration may result in a limitation of trade-mark rights
- Trade-mark registration can assist in protecting a domain name on the internet
- Trade-mark application in Canada permits convention filing in other “Convention” countries
- Trade-mark registration facilitates obtaining trade-mark registration in other “Convention” countries

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THE ACQUISITION OF TRADE-MARK RIGHTS

- A trade-mark registration confirms and enhances existing trade-mark rights
- Registration not essential
 - A trade-mark registration is not essential to acquire rights in a trade-mark
 - 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

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- First use of a trade-mark generally establishes priority
 - Subject to earlier filing of proposed use of trade-mark
 - There is no minimum length of time that a trade-mark must be used
 - Trade-mark use must be continued and not abandoned

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BARRIERS TO TRADE-MARK REGISTRABILITY

- “Primarily merely” the name of an individual who is living or has died within the proceeding thirty years
- Clearly descriptive or deceptively misdescriptive
- It is the name of any of the goods or services in connection with its use
- Confusing with other trade-marks
- Confusing with official mark under Section 9 or 10 of the *Trade-marks Act*
- Must relate to services and/or wares provided by the association

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THE SELECTION OF TRADE-MARKS FOR ASSOCIATIONS

- **Inherently strong marks**
 - Coined words like “Xerox” or “Exxon”
- **Inherently weak marks**
 - Dictionary words like “Super Glue”
- **Suggestive marks**
 - “Shake and Bake”
- **Compound work marks**
 - “Coca-Cola”
- **Marks that have acquired a secondary meaning**
 - “Frigedaire”

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THE IMPORTANCE OF CONDUCTING TRADE-MARK SEARCHES

- **When to do a trade-mark search**
 - For existing unregistered trade-marks before proceeding to trade-mark registration
 - For future trade-marks or logos
 - For future corporate names or amended corporate names
 - For future operating names of an association
 - For internet domain names
 - For associations that are licensing their names

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

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- **Types of trade-mark searches**
 - Trade-mark office for registered trade-marks
 - Trade name and common law search
- **The trade-mark registrability opinion**
- **Expunging competing trade-marks**
 - Expungement based upon non-use
 - Expungement based upon earlier use

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- THE BASIS FOR OBTAINING ORDINARY TRADE-MARK REGISTRATION**
- **Use in Canada**
 - **Proposed use**
 - **Registration in foreign countries**
 - **Making known in Canada**
 - **Combination application**

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- FILING AND PROSECUTING TRADE-MARK APPLICATIONS**
- **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
 - There is no limit to the number of wares and services that can be included in one application

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- **When to file the trade-mark application**
 - A proposed use application would allow the date of filing to become the priority date instead of the subsequent date of actual usage
 - If a trade-mark application has been filed in another “Convention” country within six months, the association can claim the earlier filing date as the filing date for the Canadian trade-mark application

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- **The contents of a trade-mark application**
- **Amendments to a trade-mark application**
- **Examination by the trade-marks office**
- **Advertisement in the trade-mark journal**
- **Allowance of a trade-mark**
- **After trade-mark registration**

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THE IMPORTANCE OF FOREIGN TRADE-MARK REGISTRATION

- **Each country requires separate trade-mark registration**
- **In the United States, there is a class system requiring separate registration in each class**
- **In the European Union, a single registration can be filed for all member countries**
- **Member countries to international conventions can claim priority date as the filing date of a trade-mark in another convention country**

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SECTION 9 OFFICIAL MARKS

- **What is a Section 9 Official Mark?**
 - Section 9(1)(n)(iii) of the *Trade-marks Act* prohibits anyone from using an Official Mark of a public authority in association with any wares or services in Canada
 - Example is the olympic symbol for The Canadian Olympic Association
- **The advantages of a Section 9 Official Mark**
 - Allows the owner to prohibit anyone else from using the mark for any wares or services

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- **Recent court decisions concerning the definition of “public authority”**
 - Must be for the benefit of the public
 - Must have a significant degree of government control
- **The future for Section 9 Official Marks for charitable associations**
 - It is now more difficult for charities to qualify as public authorities
 - Charitable associations with existing section 9 Official Marks should secure parallel trade-mark registrations

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CERTIFICATION MARKS

- **A certification mark is a trade-mark that the owner licenses to others to use to distinguish wares or services that are of a defined standard with respect to**
 - The quality of the wares or services
 - The market conditions under which the wares are produced or the services performed

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- The class of persons producing the wares or performing the services from wares or services that are not of such a defined standard
- A registered owner of a certification mark cannot be the user of the mark, but may only license others to use the trade-mark when satisfied that the licensee deals in wares or provides services that meet the defined standard

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- Examples of certification marks include:
 - Good Housekeeping Seal of Approval
 - Canadian Standards Assoc. i.e. CSA approved mark
 - Swiss Chocolate
 - Stilton Cheese
 - VQA Vintners Quality Alliance
 - Canadian Dental Association Recognized Seal
 - Canadian Counselling Association, i.e. CCC

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- Liability associated with certification marks
 - No reported cases of liability for failing to hold a licensee to the standards claimed
 - Liability still exists as third parties could potentially sue for damages arising from reliance on owner's representation that the certification marks attest to a certain standard
 - Third parties could also file a complaint with Canadian Intellectual Property Office so that the certification mark might be expunged or not renewed on its fifteenth anniversary
 - Owners of certification marks must monitor and enforce standards

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TRADE-MARKS AND INTERNET DOMAIN NAMES

- **Conflicts between domain names and trade-marks**
 - There is a limited number of internet domain names
 - There can be multiple similar trade-marks
 - Both ICANN and CIRA have policies to resolve disputes between domain names and trade-marks
- **Securing and protecting domain names**
- **Contesting existing domain names that the association has failed to secure**
- **Licensing of domain name may be appropriate in certain situations**

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TRADE-MARK LICENSING

- **When is trade-mark licensing relevant?**
 - When an association is setting up local chapters and wishes to maintain the ownership and control of a trade-mark
 - When an association expands to other countries and wishes to maintain ownership and control of its trade-marks
 - When an association permits other organizations to use its trade-mark as evidence of membership or standards be maintained
 - When an association permits its trade-mark to be used in conjunction with an event conducted by others on behalf of the association

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- When a foreign association is sponsoring a new organization in Canada and wishes to retain ownership and control of the trade-mark
- When an association enters into a sponsorship agreement
- **Licensing requirements prior to June 9, 1993**
 - had to file a registered user agreement with CIPO
- **Licensing requirements after June 9, 1993**
 - no longer necessary to have a registered user agreement

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- **Current licensing requirements for trade-marks**
 - There must be a licensing arrangement
 - The license arrangement should be in writing but not necessarily
 - License must be granted by the owner of the trade-mark
 - Owner must obtain direct or indirect control of the character, quality and use of the trade-mark in association with wares and services
 - The *Trade-marks Act* deems the use of a licensee to be use of the owner

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- **Use and enforcement of the trade-mark license**
 - **Marking**
 - Important to show that the user is a licensee
 - e.g., “Help The Children” is a RegTM of “Help The Children International” used under license by “Help the Children Canada”
 - **Enforcement**
 - Licensee may call on owner to take proceedings to enforce protection of trade-mark
 - Licensee can establish evidence of use for a proposed use by licensor

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- **General licensing considerations**
 - Scope of license
 - Licensee’s undertaking
 - Quality control
 - Controlling use
 - Assignment and sub-license
 - Licensee’s standing

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- Prescribe boundaries for licensed goods and services
- Liability concerns
- Maintaining confidentiality
- Royalties
- Termination of license agreement
- Effect of termination of agreement

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PROPER USE OF TRADE-MARKS

- Ensure continued usage
- Ensure proper marking
- Ensure identification of license arrangement
- Trade-marks should be distinctive
- Trade-marks should be used as an adjective, not a noun

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- Trade-marks may need to be followed by generic name
- Trade-marks should avoid plural or possessive applications and maintain consistency
- Essential to file and show change of name of trade-mark owner
- Other wares/services may require extension of the trade-mark registration
- Importance of education concerning trade-mark use with the staff and board of an association

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PROTECTING THE TRADE-MARK

- Ensure parallel registrations of the trade-marks, trade names and corporate names
- Monitor infringement by other competing trade-marks
- Be pro-active in stopping infringement of a trade-mark

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- Protect an unregistered trade-mark
 - Protection under corporate law
 - Expunging a competing registered trade-mark
 - “Passing off” action at common law
- Protection under the *Trade-marks Act* for registered trade-marks
- Ensure usage of the trade-mark
- Abandonment under common law

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CONCLUSION

- Intellectual property is an essential asset of an association
- Trade-marks need to be identified, licensed and enforced
- Trade-marks can be lost if they are not properly protected
- An association needs to be pro-active in protecting its trade-marks or risk losing its trade-mark rights by default
- Registration of a corporate name or business name does not by itself give trade-mark protection

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- Trade-mark rights exist at common law but those rights should be protected by trade-mark registration under the *Trade-marks Act*
- There is enhanced trade-mark protection available for those associations that qualify as public authorities under the *Trade-marks Act* for Official Marks
- Separate trade-mark registration must be done in each country in which the association is operating

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- It is essential to properly use and license trade-marks
- An infringement of a trade-mark by others, even if done unintentionally, must be immediately challenged
- The board members and executive staff of an association need to be informed of the importance of trade-mark rights
- In addition to obtaining a trade-mark registration, an association should secure a domain name as soon as possible using its trade-mark as part of the domain name

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