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

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

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
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”

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”

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 may be 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
### 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.

### 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.

### 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.
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

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.

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.
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

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

- 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
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

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

- 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
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

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

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
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
  - “Fridgedaire”

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

- 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
- 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

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

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
• 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

• 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

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
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

- 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

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
- 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

- 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

- 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
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

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
- 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
- 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

- 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 Reg™ 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

- General licensing considerations
  - Scope of license
  - Licensee’s undertaking
  - Quality control
  - Controlling use
  - Assignment and sub-license
  - Licensee’s standing
- Prescribe boundaries for licensed goods and services
- Liability concerns
- Maintaining confidentiality
- Royalties
- Termination of license agreement
- Effect of termination of agreement

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

- 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
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

• 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

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
• 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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