

BARRISTERS
SOLICITORS
TRADEMARK AGENTS

**The 2020 Ottawa Region
Charity & Not-for-Profit Law
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**New Trademarks Act Now in Force: What it
Means to Your Charity or NFP**

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OVERVIEW



- Trademarks Basics
- Amendments To The *Trademarks Act*
- Amendments Are in Force: Beware of Trolls or Squatters
- Identifying Trademarks
- Protecting Trademarks
- Enforcing Trademarks
- More Changes To Trademark Law Coming

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A. TRADEMARKS BASICS

1. Understanding Trademarks

- Valuable form of intellectual property that legally protects your brand
- A trademark is any mark used for the purpose of distinguishing the source of goods (products) and services from others in the marketplace
- Trademarks can consist of:
 - A single word, “Carters”
 - A combination of words, “Red Cross”
 - A logo or symbol, McDonald’s “golden arches”
 - A slogan, Bounty’s “Quicker Picker Upper”
 - A sound, MGM’s “lion roaring” sound

2. Functions of a Trademark

- Indicates the source or origin of goods and services
- Serves as a shortcut in judging the quality of services, the credibility of information, and the reputation of the organization – it is the organization's way of saying “you can trust us” to the public
- Creates goodwill and brand awareness
- It captures the public’s attention and helps to get an organization’s message heard
- Distinguishes one organization from another and helps to eliminate public confusion

3. Obtaining Trademark Protection

- Trademark rights can be obtained:
 - Through **registration** under Canada's *Trademarks Act*
 - Several advantages to registration – discussed in more detail below
 - Through legitimate **use**
 - Unregistered trademark rights are governed by the common law in Canada (known as common law rights)
 - This protection arises automatically from actual legitimate use of the mark in association with goods and services
 - Generally, ownership of a mark goes to the first-to-use the mark

- Although a trademark does not need to be registered to be protectable, registration of a trademark provides significant benefits for the trademark owner – more on that to come
- Generally speaking, trademark registrations reward owners by increasing the value of their brand and by providing stronger enforcement rights through the *Trademarks Act* which better enables their brand and organization to grow
- Therefore, the purpose of trademark law is twofold:
 - To help the public distinguish between the goods and services of one owner from those of others and therefore to prevent public confusion and unfair competition; and
 - To protect the owner's investment and reputation

B. AMENDMENTS TO THE *TRADEMARKS ACT*

- Came into force on June 17, 2019
- Drastically changed trademark law in Canada
- Key changes included:
 - The requirement that a trademark be in **use** before it proceeds to registration **has been eliminated**
 - Trademarks are now examined for distinctiveness making it harder to register trademarks
 - The definition of “trademark” has been greatly expanded to include non-traditional trademarks, including colours, holograms, moving images, scents, tastes, and textures

- The term of registration has been reduced from 15 years to 10 years
- The Nice Classification of goods and services has been adopted and, as a result, applicants are required to classify goods and services in accordance with the classification system
- A class-based government fee system has been introduced for filing and for renewal
- Canada joined the Madrid System for the International Registration of Marks making it simpler for Canadian trademark owners to protect marks in other jurisdictions, and vice versa

C. AMENDMENTS ARE IN FORCE: BEWARE OF TROLLS OR SQUATTERS

- Charities and not-for-profits (“NFP”) should beware of trademark trolls or squatters
 - Because it is now possible to obtain registration of a trademark **without use**, trademark trolls have arrived in Canada
 - Trademark trolls or squatters refer to organizations or individuals that register trademarks without intending to use the marks, and then threaten to sue others who use the marks or offer large sums of money for the registration

- The Canadian Intellectual Property Office has reported that over 500 trademark applications have been filed covering all 45 classes of goods and services and nearly 100% of those applications were filed by trolls
- Trademark trolls are determining which unregistered marks are being used by organizations on their websites and social media and filing for registration of those marks
- The trademark trolls will likely then extort value for those registrations from unregistered trademark owners
- Given the removal of the use requirement to obtain registration, along with an increase in trademark trolls, there is also an increase in legitimate trademark filings

- Given these challenges, charities and NFPs need to take precautionary measures to ensure they are proactively:

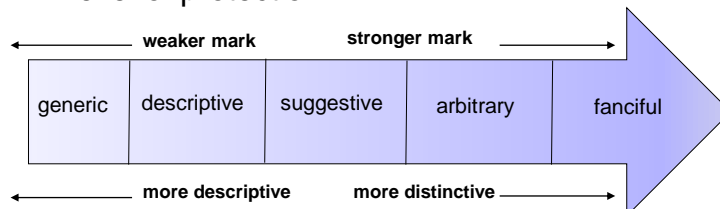
- Identifying trademarks
- Protecting trademarks
- Enforcing trademarks



- Each of the above will be discussed in more detail on the next slides

D. IDENTIFYING TRADEMARKS

- Prepare a list of potential trademarks that are used, or are going to be used, by the organization
- Comprehensive trademark searches should be conducted on those marks to determine if they are in fact registrable trademarks
- Consider the distinctiveness of the trademark
 - The more distinctive a trademark, the greater its level of protection



E. PROTECTING TRADEMARKS

1. Register Trademarks

- The easiest way to protect your brand against trademark trolls and other parties is to register your trademarks with the Canadian Intellectual Property Office
- There are several advantages to registering a trademark, including:
 - A presumption of ownership and validity
 - Exclusive rights to use the trademark in association with the registered goods and services
 - The registration is effective throughout Canada

- With an unregistered trademark, the owner must show extensive use, reputation, and goodwill in the mark to rely on these rights - there is no presumption of ownership and protection is not Canada-wide
- Suing for “trademark infringement”, which can be done only on the basis of a registered trademark, is generally easier (and less costly) than suing for “passing off” of unregistered trademark rights
- Failure to register can result in a costly and lengthy court battle
- Registration of a corporate name or business name does not itself give trademark protection
- Register your key trademarks including corporate names and business names if used as trademarks

2. Use it or Lose it and Use it Consistently

- Failure to use a trademark can be grounds for invalidating a registration and loss of common law rights
- Trademarks should be distinguished from surrounding text using **bold** or *italic* fonts or a stylized form
- Trademarks may become vulnerable to cancellation if not consistently used the same way
 - Alterations of a word mark that are *not* permitted include using revised spellings, abbreviations or including additional words around the trademark
 - Alterations of a design mark that are *not* permitted include any change to the design

- There should be someone within the organization responsible for making decisions regarding trademarks
 - This person should know what constitutes trademark “use” (because not all reproductions of a trademark will constitute trademark use)
 - This person should also be responsible for gathering evidence of trademark use and maintaining a repository of materials (both physically and electronically) showing use at periodic intervals

3. Ensure License Agreements are in Place

- A trademark license must be granted to third parties using the mark that shows control over use of the mark
 - Written license agreements are recommended
 - License must be granted by the trademark owner
 - Especially important when allowing others to use a mark in conjunction with an event or when entering a sponsorship arrangement
 - Use of your organization's trademark by an unlicensed user can inadvertently weaken the distinctiveness of your organization's valuable brand or result in the loss of trademark rights

- Licensing is relevant to consider any time a third party uses the charity or NFP's trademarks, including when:
 - Setting up separately organized charities and NFPs
 - Allowing affiliates to use trademarks
 - Permitting other organizations to use trademarks as evidence of membership
 - Permitting others to use trademarks in conjunction with an event conducted by others on behalf of the charity or NFP
 - When planning to enter into a sponsorship, cause marketing or donation agreements

4. Implement Trademark Style Guides and Policies on Use

- Implement a Trademark Style Guide that gives clear instructions on how to use the trademarks
- Ensure all licensees are provided with a copy of the Trademark Style Guide and that all trademark use is adequately monitored
- Implement policies that set out if and how employees can use the trademarks, including on social media
- Train staff on proper usage and markings
- Ensure the marketing team is kept in the loop and aware of the Trademark Style Guide
 - A new “look and feel” can be fatal to an existing trademark

5. International Considerations

- Generally speaking, trademark rights are national rights provided by individual governments to trademark owners
- Registration in Canada only protects the mark in Canada
- The launch of a new mark should be coordinated in all relevant jurisdictions
- There is a 6-month priority period that allows trademark owners to claim the filing date of the first trademark application filed for subsequent foreign applications
 - An earlier filing date provides the owner with many practical and technical advantages

- Canada joining the **Madrid System** allows brand owners to protect marks in various jurisdictions through a single application
 - Single international registration simultaneously has legal effect in multiple territories, including the EU
 - Convenient and cost-effective and can be easily extended to add new territories
 - Streamlined process for changes to ownership, address, renewals, etc.

The International Trademark Registration Process

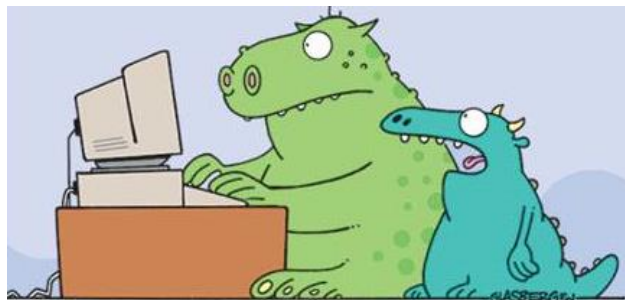


F. ENFORCING TRADEMARKS

1. Monitor Unlawful Use of Trademarks

- Infringement occurs when the trademark or a confusingly similar trademark is used by someone other than the registered owner or an authorized licensee
- In order to prevent loss of distinctiveness of registered trademarks and therefore the loss of trademark rights, appropriate steps must be taken to protect and to enforce trademark rights
- All incidences of confusion should be documented
- Act promptly when faced with such instances of confusion as long periods of coexistence can work against a future claim of exclusivity that you may wish to assert

- Periodically monitor the Internet and other available sources for infringement of trademarks
- Send cease and desist letters to infringers
- Failing to take active steps to enforce trademarks can lead to a loss of trademark rights



"I'd sue them all for trademark infringement if I were you, Blog!"

- If infringement is occurring on social media sites or on other websites, leverage the tools made available by the platform
- For example, Facebook, Twitter, and YouTube have trademark infringement policies
- Given the increase of trademark trolls and the increase in Canadian trademark filings from applicants around the world, it will be even more important to monitor trademark filings through third party trademark watching services in order to enforce trademark rights
- With the amendments to the Act, there are also additional avenues of enforcement available to trademark owners

G. MORE CHANGES TO TRADEMARK LAW COMING

- The changes to the law discussed on the previous few slides are already in force
- However, there are other important changes coming to trademark law as well that will impact charities and NFPs
- Most significantly, a special class of marks known as “official marks” will be greatly impacted
- Many charities and NFPs own these official marks rather than regular registered trademarks

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- Official marks are a unique and powerful form of intellectual property right
- Although similar to trademarks in some respects, official marks are only granted to “public authorities” and owners of official marks are given extraordinary protection
- Registered charities were generally able to obtain official marks until 2002 when the Federal Court tightened up the meaning of “public authority” to make it clear that status as a registered charity alone, is insufficient to constitute an organization as a public authority for the purpose of obtaining an official mark

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- As a result, many of these official marks continue to sit on the Trademarks Database because with the current regime, once an official mark is advertised, it remains on the trademarks register until it is either voluntarily withdrawn by the owner or struck from the register by a successful Federal Court action for judicial review
- Both of these circumstances are very rare and, as a result, once an official mark is on the register, it is theoretically perpetual in duration

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- However, the coming amendments to the *Trademarks Act* will provide an easy administrative process to invalidate an official mark if:
 - The entity that obtained the mark is not a public authority (**which would catch most registered charities**); or
 - The entity no longer exists
- As a result, official marks held by registered charities will be left vulnerable to attack and subject to removal once these provisions are in force

- Charities and NFPs should immediately check with trademark counsel to determine if in fact the organization's trademarks were registered as official marks or as regular registered trademarks
- If they were registered as official marks, immediate steps should be taken to secure parallel registered trademarks prior to these amendments coming into force



H. CONCLUSIONS

- Trademarks and brands resonate with the public
- They help to reduce marketplace confusion and help to distinguish products and services
- They are economically efficient communication tools and transcend language and borders
- They are a piece of property that can be bought, sold or licensed
- In order to protect one of your organization's most important assets, ensure you are proactive in the management and protection of trademarks

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