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CARTERS CHARITY & NFP WEBINAR SERIES 2019

May 1, 2019

PROTECTING YOUR BRAND IN A DIGITAL AGE

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**Carters Charity & NFP
Webinar Series 2019
Wednesday, May 1, 2019**

Protecting Your Brand in the Digital Age

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Called to the Ontario Bar in 2013, Ms. Bonni practices in the areas of intellectual property, privacy and information technology law. Prior to joining Carters, Ms. Bonni articulated and practiced with a trade-mark firm in Ottawa. Ms. Bonni represents charities and not-for-profits in all aspects of domestic and foreign trade-mark prosecution before the Canadian Intellectual Property Office, as well as trade-mark portfolio reviews, maintenance and consultations. Ms. Bonni assists clients with privacy matters including the development of policies, counselling clients on cross-border data storage concerns, and providing guidance on compliance issues.

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A. WHAT IS A BRAND?

- A brand is one of an organization's most important assets
- It is what an individual first thinks of when he or she sees the organization's name and logos
- 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
- It captures the public's attention and helps to get an organization's message heard



B. WHY IS A SUCCESSFUL BRAND IMPORTANT?

- Motivates partners, the public, volunteers, employees and members to increase their commitment
 - People prefer working, volunteering, and giving to well-known brands
- Distinguishes one organization from another and helps to eliminate confusion
- Creates equity and brand value, which can lead to lucrative licensing opportunities
- For a charity or not-for-profit that does not sell products or services, your brand is everything



C. WHAT IS A TRADEMARK?

- Canadian and international laws recognize certain aspects of brands as protectable forms of *intellectual property*
- Trademarks are likely the most important part of your brand and one of the most powerful forms of intellectual property because it protects an organization's image
- In particular, names, logos, or slogans are parts of your organization's brand known as "**trademarks**"
- Trademarks legally protect your brand and grant your organization exclusive rights to their use in the public

- A trademark is any mark used for the purpose of distinguishing products and services from others in the public
- Indicates the source or origin of goods and services
- Assures the public of the quality of goods and services
- Creates goodwill and brand awareness
- The best way to enhance protection of trademarks is with a trademark registration



D. CHALLENGES WITH PROTECTING BRANDS IN THE DIGITAL AGE

- The ease of which content is distributed creates challenges
 - Easy to upload, download, copy
- Internet has an international element
 - Very easy to transcend borders
 - Which court has jurisdiction over disputes?
 - Claiming damages from infringers in a borderless digital environment is extremely difficult
- Enforcement is more difficult
 - Enforcing trademark rights that are violated on the internet can be difficult
 - Who is the infringer? How do you find the infringer? Where are they located?

- With social media, branding reaches a large audience around the world in an instant
 - Failing to register trademarks prior to using them online can lead to third parties poaching marks
- Given all of these challenges, charities and not-for-profits need to take precautionary measures to protect their valuable brands



E. PROTECTING BRANDS IN THE DIGITAL AGE

1. Register Your Trademarks

- The easiest way to protect your brand in the digital age 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
 - A registration is a public, searchable claim to rights in a trademark which may deter third parties for filing and using a similar trademark

- With an unregistered trademark, owner must show extensive use, reputation, and goodwill in the mark to rely on these rights - there is no presumption of ownership
- The registration is effective throughout Canada
- 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 costly and lengthy court battle
- A registered trademark has equity - it becomes an asset of the trademark owner and can be sold or licensed

- Registration of a corporate name or business name does not itself give trademark protection
- Register your key trademarks including, corporate names, business names, and logos if used as trademarks
- Consider registering your #hashtag and domain names

hashtag

/ˈhɑftɑg/

noun

a word or phrase preceded by a hash sign (#), used on social media sites such as Twitter to identify messages on a specific topic.

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
 - Alternations of a design mark that are *not* permitted include any change to the design

3. Ensure License Agreements are in Place

- 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 non-owner can inadvertently weaken the distinctiveness of your organization's valuable brand

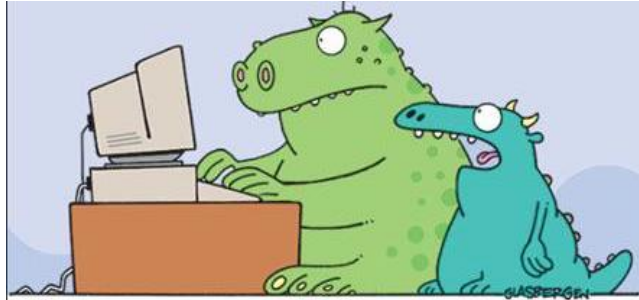
4. Monitor Unlawful Use of Trademarks

- 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



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- 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!"

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- If infringement is occurring on social media sites, leverage the tools available on the site
- For example, Facebook and Twitter both have trademark infringement policies



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5. Implement Trademark Style Guides and Policies on Use

- Implement a Trademark Style Guide that gives clear instructions on the use of trademarks
- Implement policies that set out if and how employees can use the trademarks
- With social media, branding reaches a large audience around the world in an instant
- Failing to register trademarks prior to using them online can lead to third parties poaching and registering marks prior to the owner
- Registration of a corporate or business name does not by itself grant trademark protection
- Once registered, ensure marks are properly used on social media - e.g., train staff on proper usage and markings

6. International Considerations

- Trademarks are governed independently by every country
- Registration in Canada only protects the mark in Canada
- Co-ordinate launch of a new brand in order to maintain control at early stages
- 6-month priority period allows you to claim filing date of first trademark application for subsequent foreign applications

F. HOT OFF THE PRESS DEVELOPMENTS

1. Amendments to the *Trademarks Act*

- Changes to the *Trademarks Act* will be implemented on **June 17, 2019**
- Key changes include:
 - The requirement that a trademark be in use before it proceeds to registration will be eliminated
 - Trademarks will be examined for distinctiveness which will make it harder to register trademarks
 - The definition of “trademark” will be greatly expanded to include non-traditional trademarks, including colours, holograms, moving images, scents, tastes, and textures

- The term of registration will be reduced from 15 years to 10 years
- The Nice Classification of goods and services will be adopted and, as a result, applicants will be required to classify goods and services in accordance with the classification system
- A class-based government fee system will be introduced for filing and for renewal
- This means that government filing **fees will go up significantly** and it will be much more expensive to obtain trademark registrations. Applicants will be forced to curtail goods and services to one or two classes
- With the current regime, the filing fees are the same regardless of the number of goods and services included

What should you do prior to **June 17, 2019**:

- Proactively **file** trademark applications before the class-based government fee system is implemented which will result in an increase in government fees
- **Renew** registrations to take advantage of the 15 year renewal period and to save on fees, as it will be much more expensive to renew registrations after the new law is in force
- Consider **expanding** goods and services in existing registrations before the increase of government filing fees

What can YOU Do?



- Beware of trolls
 - Because it will now be possible to obtain registration of a trademark without use, trademark trolls in Canada have already arrived
 - 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, likely with the intent to extort money from legitimate trademark owners that have not filed applications
 - With organizations using trademarks on digital platforms, trademark trolls are determining what marks organizations are using on websites and social media and filing those marks

- This will likely continue and become an even more prevalent problem as we approach the implementation date
- As a result, charities and not-for-profits must be proactive in filing for new trademark registrations and expanding existing registrations now in order to avoid falling victim to trademark trolls
- Given the increase of trademark trolls and the expected increase in Canadian trademark filings from applicants around the world, it will be even more important to monitor trademark filings through trademark watching services in order to enforce trademark rights

2. More Changes to Canadian Trademark Law

- The changes to the law discussed on the previous few slides will take place on **June 17, 2019**
- However, there are other important changes coming to trademark law as well that will impact charities and not-for-profits
- Most significantly, a special class of marks known as “official marks” will be greatly impacted
- Many charities and not-for-profits own these official marks rather than regular registered trademarks

3. What is an Official Mark?

- 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

- 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

- However, the new amendments to the *Trademarks Act* will provide an easy administrative process through an official mark can be invalidated if:
 - the entity that obtained the mark is not a public authority (**which would catch 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

- You should immediately check with your counsel to determine if in fact your 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



G. 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 your organization's brand in the digital age, ensure you are proactive in the management and protection of trademarks

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