

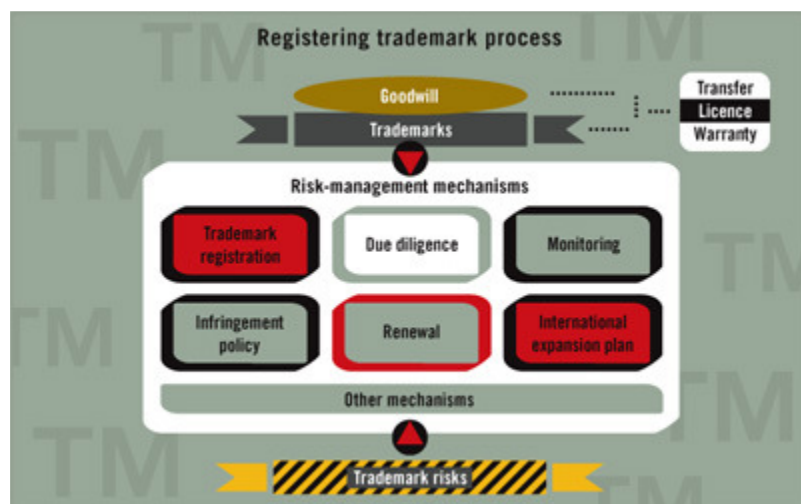
On your mark, get set, register

By Lara Daniel

Illustration: Baiba Black

Smart brand leaders recognize the strategic importance of trademarks and the need to protect them

Today's visionaries understand that brands have a significant impact on a company's sales. A brand is often a key element that allows a business to set itself apart from its competition. And it is often more than just a word. It can also be a design, a slogan, a label, a container, a sound, a colour, a flavour or even a fragrance.



For public companies, share value is frequently correlated with brand stability. All businesses, regardless of size or sales, should protect their trademarks at the national as well as international levels.

Registering trademarks to mitigate risk

The best way to protect a brand is by registering the trademark. The registration process and followup can be arduous and complex and may require the help of a trademark agent; however, registration will eliminate many risks for the business and provide many advantages.

A registered trademark grants its owner exclusive right of use across Canada for the goods and services described in the registration, even if the trademark is only used in certain regions or cities.

It allows the owner to assert its rights in the event of a dispute, as it is evidence of exclusive ownership. Neglecting to register a mark may lead to costly lawsuits to determine who has the right to use the mark in question.

A registered trademark adopted in good faith becomes incontestable against attack on the ground of prior use after five years from the issue date of the certificate of registration.

Registration also gives the owner peace of mind, as it can dissuade potential infringers. In fact, the examiner at the Trade-marks Register must refuse any trademark that causes confusion with those already on the register.

Registered trademarks are listed in the Trade-marks Register and prevent a company in the same industry from adopting a mark identical or similar to one on the register.

A registered trademark is an important asset for any company looking to expand by granting licences and franchises for use of the mark. A registered trademark gives its owner a right of ownership and constitutes a basis for the sale of the related goodwill or for obtaining financing.

Registration is valid for an initial period of 15 years. It can be renewed every 15 years thereafter for a fee. The owner of the mark is responsible for ensuring that the company contact information is regularly updated in the Register of Trade-marks. Owners should be using a diligent trademark agent in order to ensure the agent sends them the registration renewal notice on time.

Implementation mechanisms

- *Trademark due diligence* Once a trademark has been registered, a company should perform due diligence to ensure that all the marks being used are in fact listed in the Canadian Register of Trade-marks and other relevant registers in the world.
It is also crucial that companies update the list of goods and services described in the certificates of registration every time they develop new activities. Owners must use their trademarks on an ongoing basis in connection with all the goods and services stated in the certificate of registration, otherwise expungement proceedings may be instituted by a third party for nonuse
- *Trademark-compliance policy* Owners should adopt a trademark-compliance policy and determine what steps will be taken against infringement. They should also retain a trademark lawyer to send demand letters to infringers, initiate the seizure of infringing products and sue for damages.
- *Trademark monitoring policy* Establishing a monitoring policy will enable owners to oppose any trademark published in Canada's Trade-marks Journal that could cause confusion with their own mark. The time period allowed for opposition varies from country to country, but it is generally short and calls for the involvement of an expert. Subscribing to a national or international trademark monitoring service is also recommended if the business is conducting business abroad.

Protecting trademarks abroad and implementing an international expansion plan

Trademark rights are territorial in scope. Even if Canada is signatory to international treaties to protect intellectual property, companies need to apply for registration in all countries where they require trademark protection.

Certain registration applications cover several countries, such as community trademark applications, which are intended for all European Union countries. Companies should determine which marks and countries are most important to them.

A number of countries have adopted the International Classification of Goods and Services under the Nice Agreement for the purposes of registering trademarks. The classification consists of 45 classes of goods and services, with fees payable for each class at the time of filing. Companies should focus on their most important classes to control the costs of international expansion.

The registration application filing procedure also varies from one country to another and the intricacies of the procedure should be well understood. Certain countries adhere to a system that favours the first to register a brand over the first to use a brand. Registering a trademark in Canada could serve as a basis for obtaining registration in some countries, even if the owner is not yet using the mark in that country.

Obtaining a certificate of registration can be a long process in some countries. As a result, companies should file trademark applications in those areas sooner rather than later.

Some countries don't grant usage rights for a trademark unless it is registered in that country. In short, a company looking to do business internationally should

establish a brand-expansion plan.

Canadian-based companies operating outside Canada should monitor for trademark infringement internationally by subscribing to a worldwide trademark-monitoring service. The trademark owner must also develop a strategy to oppose trademark applications by third parties, sue for infringement, seize infringing goods or claim damages at the international level.

Implementing international expansion plan for domain names

Companies should register the domain name corresponding to its trademark. Every country has a top-level national domain (such as .ca for Canada), so companies should prepare a domain name expansion plan. Trademark owners can also use various online tools to locate any third-party use of their mark on the Internet.

Many national and international brand leaders recognize the strategic importance of trademarks and the need to protect them. A few examples include:

- Dr Pepper Snapple Group, a leader in the beverage industry, has more than 50 brands and hundreds of flavours of beverages, including Dr Pepper, Crush, Clamato, Mott's and Snapple. It not only protects its brands and taglines but also the bottle and packaging designs, logos, characters and flavours;
- multinational packaging and tissue-paper company Cascades protects its brands with trademarks, ranging from words and images on product packaging to personalized designs; and
- at DAVIDsTEA, tea shops across Canada and the US, branding includes the overall "look and feel" of its stores and the predominant use of the teal colour in advertising and product packaging.

Companies need to consider their trademarks as one of their most important assets and take action to minimize the risks to which they are exposed.

Lara Daniel is a trademark lawyer and partner at Lapointe Rosenstein Marchand Melançon, LLP in Montreal

Technical editor: Yves Nadeau, CA, partner, RSM Richter Chamberland in Montreal