



CANADIAN INTELLECTUAL PROPERTY LAW:

Trade-Mark: An Underrated Asset

Looking for a definition of trade-mark and the importance it takes on for businesses, a trade-mark can be defined as a business asset being used to characterize a product, a service or the business itself. Thus, a trade-mark can be used to identify a product regardless of its manufacturer or distributor.

In this era of market globalization and communications predominance, a trade-mark becomes an asset of considerable value for a business and serves inestimable promotional purposes. In fact, it constitutes an excellent medium of communication. If one is willing to invest time and efforts in the promotion of a trade-mark, he should in all likelihood succeed in his attempt to link the product's identity to his business' services or goods. Thus, it is very important for any businessman to understand the major stakes in developing and registering a trade-mark.

Numerous businesses unknowingly own and currently use a trade-mark. In fact, as long as a business displays a name or logo in its marketing, it owns and uses de facto a trade-mark, whether it has been registered or not.

Under the **Trade-Marks Act**, a trade-mark is defined as being a word, a symbol, a drawing or a combination of one or another used by a business in order for the latter to operate a distinction between its services or products and others. Consequently, the existence of a trade-mark is not subordinated to its registration with the **Trade-Mark Bureau**. A business using an unregistered trade-mark receives protection equal to that of a registered trade-mark, as long as it can prove its use of the trade-mark as well as the anteriority of that use.

The foregoing taken into account, what then is the advantage for a business to register its trade-mark? The advantages of application for and eventual registration of a trade-mark is threefold:

1. The business will have access to the results of the preliminary research that she will have conducted prior to applying for the registration of its trade-mark;
2. The business will thus constitute a surer proof of the existence and anteriority of its trade-mark; and
3. The application for and registration of a trade-mark accrues notoriety for that trade-mark.
4. A look at these three (3) advantages in further details:

A) Preliminary Research

Before registering a trade-mark with the **Trade-Mark Bureau**, the business or its trade-mark agent will conduct a preliminary, albeit exhaustive, research throughout Canada. Among other resources, the business or its trade-mark agent will research the national trade-mark registry, the legal and trade names of businesses, and domain names, with an eye toward any of the foregoing that could lead to confusion with the proposed trade-mark. This step is crucial as it allows the business to:

1. Verify whether a third party already employs a similar (or even identical) trade-mark, before investing efforts, time, and money into promoting the proposed trade-mark;
2. Avoid, up to a point, potential litigation in case of confusion with an pre-existing trade-mark.

Hence, the preliminary research allows the business to assess the risks of confusion and thus insure peaceful use of the trade-mark.

As an example: a company *ABC Transport Inc.* that presents and offers its transportation services under the trade name *ABC Transport* uses in fact a trade-mark. This company may have invested great amounts of efforts and financial resources in making known its services under the *ABC Transport* name. Were *ABC Transport Inc.* to carry out Québec-Ontario transports and were a second, Ontario-based transports company conduct business under the same or similar name, that Ontarian company could challenge the use of the *ABC Transport* trade-mark. Yet, if the *ABC Transport Inc.* company had conducted a preliminary research on the use of the *ABC Transport* name throughout Canada, it would have been in a better position to assess the risks of confusion and thus better decide whether it would be more profitable to market its transportation services under another name or trade-mark.

While the registration process of a trade-mark (which implies an exhaustive preliminary research of pre-existing trade-marks in Canada, by the trade-mark agent as well as by the Trade-Mark Bureau) may prevent some conflicts regarding the use of a trade-mark, it cannot totally eliminate the risk of litigation. Indeed, a third party making use of a non-registered trade-mark that could be confused with the registered trade-mark may yet contest the use of that registered trade-mark, as long as he is able to demonstrate the use and anteriority of his own unregistered trade-mark.

B) Quality of Proof

The registration of a trade-mark greatly facilitates the proof of its use and of the date at which it began. The holder of a trade-mark, whether registered or not, enjoys an exclusive right to its use when:

1. He, in fact, uses it;
2. No third party uses that trade-mark, or a similar trade-mark, since before the holder.

In any lawsuit concerning a trade-mark, the holder of a **non-registered** trade-mark shall have the burden of proving its use and the anteriority of that use. On the other hand, the *Trade-Marks Act* specifically states that the holder of a **registered** trade-mark does not have to prove his rights to said trade-mark. In case of litigation, it shall thus fall upon the holder of the **non-registered** trade-mark to demonstrate his anterior use.

C) Notoriety

When a business registers its trade-mark with the *Trade-Mark Bureau*, it makes public, by that very act, its use of that trade-mark. Any interested person may access this information when she conducts a search at the Canadian Intellectual Property Office (available online). As a consequence, if a lawsuit must arise concerning the use of that trade-mark, it will usually arise soon after its registration.

The more time has passed without contestation since the registration of the trade-mark, the clearer and surer the business' rights will be. The trade-mark will thus acquire a superior quality and a greater notoriety, and hence, an increase in its value.

Through acquiring that notoriety, the trade-mark will increase the worth of the business, with regards to obtaining further financing or if the business is sold to a third party. Indeed, the notoriety of a trade-mark reflects, in a way, the solid and enduring state of the business.

Conclusion

Most Canadian businesses make use of a trade-mark without being conscious of it, whether through their business name, their trade names, or a logo, when marketing their products or services. As a result, it is important for any businessperson to understand and use to their advantage the various rules regulating trade-marks and their use.

Through an understanding of the implications and effects of using a trade-mark, a businessperson will be better equipped to decide upon the pertinence of registering a trade-mark, with a view to obtain the best claim of that trade-mark's ownership.

In any case however, one must understand that the registration of a trade-mark does not protect its holder from all and any litigation that may arise surrounding the ownership of said trade-mark. Indeed, the right over a trade-mark is independent from the registration of the trade-mark. However, the presumption of ownership and the notoriety conferred upon the trade-mark by its registration are advantages enough that any business should seriously consider such a procedure.

To win a race, the swiftness of a dart avaieth not without a timely start. The businessperson wishing to register her trade-mark with the **Trade-Mark Office** must pay particular attention to the preliminary research that she conducts: the more complete his research, the surer her rights over the trade-mark. Indeed, the trade-mark must not create confusion with another. The businessperson must also decide upon a clear strategy in elaborating her trade-mark, so that it may attain a unique identity and image. In this fashion, she eliminates many risks of confusion, insures a more durable trade-mark for the business, and attains greater recognition with its intended clientele.

Last update: July 2006

The **Legal Insider** is brought to you by **Mr. Alain P. Lecours**, in collaboration with **Mrs. Marie-Eve Brassard** (redaction) and **Mr. Louis-René Hébert** (translation). It is freely distributed by email to the clients and business partners of Lecours, Hébert Lawyers Inc. This article is meant solely to inform, and might not reflect the most recent legal developments; it is not intended as legal advice. Thus, clients and other readers should not act or refrain to act based upon this article without first obtaining legal advice from a professional who will provide analysis and counsel on specific matters.

Mr. Alain P. Lecours
LECOURS, HÉBERT LAWYERS INC.
354, rue Notre-Dame Ouest
Bureau 100
Montréal, QC, Canada H2Y 1T9
Téléphone : (514) 344-8784
Télécopieur: (514) 344-9790
Lecours@LecoursHebert.com

On our [Website](#), you will find a permanent connection to our monthly newsletters. If you have any comments in connection with the issues discussed, do not hesitate to communicate with us: lecours@LecoursHebert.com

If you wish to add, include or modify an email address in order to receive the Legal Insider every month, please click on the following link:

[The Legal Insiders the distribution list](#)

If you do not wish to receive our monthly newsletter, please follow the link below:

[Exclude - Remove my email address from the distribution list](#)
