



TRADEMARK TOOLKIT

FROM BRAND BRAINSTORM TO TRADEMARK: A STEP-BY-STEP GUIDE FOR CANADIAN SMES ON WHY, WHEN AND HOW TO PROTECT YOUR BRAND

INTRODUCTION

A key part of any business is developing a meaningful brand. Trademark law is a critical component of any brand development endeavor. Embracing it can help your business secure a valuable business asset, but ignoring it can expose your business to risks of infringing other entities' existing trademark rights.

For example, a registered trademark gives the owner exclusive use of the trademark within the jurisdiction of registration for a given period of time. This means you can prevent competitors from copying your brand, disparaging your brand, or passing off their goods and services as yours. If your trademark acquires goodwill and a strong reputation, this in turn can create a competitive advantage in the marketplace, benefiting your company's valuation and business opportunities.

However, failing to conduct proper due diligence during the brand development phase can lead to the possibility of your brand infringing on the registered or unregistered trademark rights of other entities. Without conducting due diligence, you may coincidentally settle on a fantastic branding idea, only to later realize another business in the same channel of trade has already created a similar brand. In these circumstances, you risk unknowingly infringing on the other business' trademark.

A common misconception is that trademarks are only for large companies. While large companies certainly do apply for many trademarks, registering a trademark can also be vitally important for SMEs developing their brand. Likewise, it is best to conduct trademark due diligence and apply to register a trademark early on, since the application process – at least in Canada – can sometimes take over two years.

We've prepared this Trademark Toolkit to help Canadian SMEs understand brand development and protection through the lens of trademark law. We will (1) explain what a trademark is and why it is valuable, (2) walk you through the steps for developing a strong

trademark, including the due diligence you should conduct, (3) provide an overview of the trademark application process, and (4) give you the information you need so that your first meeting with your trademark professional can be efficient and productive.



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A TRADEMARK IS A BUSINESS ASSET

Brainstorming a brand name in the early stages of a business can be a fun and exciting exercise. The focus is often on aesthetic appeal, brand values and targeting a specific audience. Amid this creative process, trademark considerations can sometimes take a backseat.

This, however, can be a critical mistake. Developing and pursuing a trademark strategy early on can play an important role in capturing value at later stages. For example, trademark registrations offer exclusivity of use, strengthen your brand, give rise to new avenues of revenue, and help you expand into new jurisdictions. A trademark, particularly a registered trademark, can be a significant business asset and can help leverage goodwill for new product lines or services.

Market Exclusivity

In Canada, registered trademark owners are entitled to exclusivity for a renewable period of 10 years. Trademark infringement occurs when someone advertises, sells or offers for sale similar goods or services in association with the same trademark or a confusingly similar one without the trademark owner's permission. The trademark owner may then seek to "enforce" their trademark through litigation or other avenues.

Brand Strengthening

Due to the market exclusivity they afford, a registered trademark could significantly boost the goodwill associated with a business. For example, a popular product that is only sold by one company in association with a particular trademark has the potential to elevate that company's status in the public eye. Here, harmonizing your trademark filings with your patent or industrial design strategy could provide a major value-add in terms of brand recognition.

New Avenues of Revenue

A registered trademark that has accrued significant goodwill and reputation could attract interest from others and lead to new revenue streams, including licensing and royalty arrangements. It can even lead to franchising arrangements, depending on the nature of your business.



International Expansion

Trademarks, and the exclusivity rights they afford, provide an opportunity to secure market share in foreign countries. Remember that trademark application deadlines vary country by country, and as such we highly recommend that you seek legal advice at an early stage. One tool available to streamline international expansion is the Madrid Protocol, an international treaty that allows an applicant in one country to file multiple applications expeditiously in other countries.

FAQS

What is a trademark?

Generally speaking, a trademark is any word, symbol, design, slogan, or combination of these elements that distinguishes your business' goods or services from those of others in the marketplace. It can even be a colour, sound or smell, provided it distinguishes your business from others. The key hallmark of a trademark is that it allows a consumer to link a good or service with its source, and it can also be a badge of quality based on the goodwill and reputation the source has acquired.

What's the difference between a registered trademark and an unregistered trademark?

Under Canadian trademark law, simply by using a trademark one can acquire certain rights in the trademark. These are usually called "common law" trademark rights because they are acquired automatically through use of an unregistered trademark. However, they are often geographically limited in scope and can be difficult to enforce.

By contrast, registered trademark rights entitle a trademark owner to robust rights and protections. For example, if you obtain a trademark registration in Canada, you have the right to exclusive use of the trademark throughout Canada in perpetuity provided the trademark continues to be in proper use, and renewal fees are paid every 10 years. This means you can stop other people anywhere in Canada from using a trademark that is the same or confusingly similar to your trademark.

Is a trademark the same as my business name registration?

A common misconception is that registering a business name provides the same or similar protections to registering a trademark. This is not the case. A business name is exclusively used to identify your business, whereas a trademark is used to distinguish your goods and services from those of other traders.

Just because a business name is available for registration in a given jurisdiction, does not mean it is available for trademark registration or that there is no risk of running afoul of another entity's trademark rights. While the availability of a business name may be relevant to your trademark due diligence, more extensive searches must be conducted to determine the viability of a trademark, such as searches of relevant trademark registers.

It is possible to acquire "common law" rights in a trade name through use of the trade name, which may then be relied on to prevent another trader from passing off their goods and services under your trade name (or a confusingly similar trade name). However, like common law rights in a trademark, these rights are often geographically limited in scope and can be difficult to enforce.

FAQS

Can I only have one trademark?

In Canada, there is no limit to how many trademarks you can register. Businesses often trademark their name, as well as their logo and various other phrases or slogans associated with their organization. Similarly, many businesses have an umbrella of different brands, all of which may be the subject of a trademark registration.

How many trademarks you wish to register may simply be a function of cost in the context of your business' working capital. Many businesses, particularly SMEs, opt for a multi-step approach whereby priority is given first to the business' most important names and logos. These key applications are filed first, and secondary trademark applications (such as different iterations of a logo or trademarks incorporating slogans) are filed later. In turn, this can free up capital for filing the high priority applications in a multitude of foreign jurisdictions, where filing fees can add up quickly.

Is my trademark valid in multiple countries?

A trademark application filed in Canada pertains only to Canada, but there are mechanisms in place to facilitate obtaining trademark rights in other countries. For example, the Madrid Protocol is an international treaty through which a trademark owner in Canada can file multiple applications at once in other countries, all based on the Canadian application. In addition, if a trademark owner files foreign applications within six months of filing the Canadian application, they can claim priority to the Canadian filing date. This means their application will take priority over other applications for the same or similar marks filed in those foreign jurisdictions within that 6-month period. Ultimately, all trademark applications filed in foreign jurisdictions through the Madrid Protocol will be examined according to the applicable country's trademark laws.

How long will my trademark last?

A Canadian trademark registration is valid for up to 10 years, and can be renewed indefinitely. The only step required to renew a trademark is payment of a renewal fee at the 10-year mark. However, it is important to ensure the trademark continues to be in use in the marketplace and remains indicative of its owner; otherwise, it can be expunged from the trademark register through a number of mechanisms.

In other jurisdictions, there may be additional obligations for maintaining registration. For example, the United States requires registrants to file a declaration of use every four years, which must include samples evidencing use of the trademark.

TO REGISTER OR NOT TO REGISTER

To obtain a registered trademark or not? This is an important question no matter the stage or size of your business. For many companies, trademarks are among their most valuable assets. For these companies, registration is extremely important, and it is a good idea to file applications as soon as possible, given the extensive delays in the trademark registration process in many countries. For other companies, trademarks are not as

important, for example if their business is extremely local or if the nature of the goods and services are such that it's more desirable to have a trade name that simply describes the nature of the business.

As a roadmap, we suggest you engage a qualified trademark professional to assist you in determining the answers to the following:

Does it qualify for registered trademark protection?

Not all trademarks are registrable. For example, if another entity is using or has registered a trademark in Canada that is the same or confusingly similar to your trademark, and is associated with goods or services that might overlap with yours, your trademark will not likely be registrable.

There are other reasons a trademark might not be registrable. For example, if the mark is "primarily merely" a surname, if it is clearly descriptive of the associated goods or services, if it is a geographic location and is clearly descriptive or misdescriptive of the origin of the associated goods or services, or if the mark is a superlative, it might not be registrable. There are also certain other marks that relate to universities or government bodies that are prohibited.

That is why it is important to conduct due diligence on your trademark before investing time and money into developing a brand. Methods of due diligence are discussed in more detail later in this guide.

Is it already registered by someone else?

Another reason to conduct due diligence is to confirm that the trademark in question, or one confusingly similar to it, is not owned by someone else that does business in the same channels of trade as you. If this is the case, not only is your trademark not likely registrable, it is also highly likely you are infringing this other entity's trademark rights. This liability exposure is a serious risk for your business, as it could result in having to defend lengthy and expensive lawsuits.

Even if you are not ready to file a trademark application yet but you intend to start using a particular trademark, it is important to confirm you are not infringing on another entity's trademark rights to avoid this liability exposure.

What is the nature of your industry?

There are many industries where a trademark is highly valuable. For example, if you sell consumer packaged goods or other types of goods where consumers typically make purchasing decisions on the basis of a brand name and the goodwill associated with it, a registered trademark is a very valuable asset, particularly where the industry is competitive. Similarly, if you plan to sell goods or services online in multiple jurisdictions, registering trademarks in those jurisdictions can be a good idea because it is difficult to establish sufficient goodwill and reputation throughout a broad geographical area, grounding enforceable "common law" (i.e. unregistered) trademark rights. Moreover, certain jurisdictions may not even recognize "common law" trademark rights.

By contrast, if your business is extremely local, it is easier to establish common law rights within a given geographical area, so trademark registration may not be necessary right away. Similarly, you may be in an industry where having a descriptive name that tells consumers where you are or what you do will greatly benefit your business. For example, business names like "JOE'S MARINA PUB" or "SQUAMISH EYE CARE" would not likely be registrable as trademarks because they are too descriptive, but their descriptive nature may make it easier for consumers to find you.

Is it the right time to file a trademark application?

If registering a trademark will be beneficial to your business, it is best to file a trademark application as soon as possible. In Canada, it can sometimes take over two years between the date a trademark application is filed and when it is examined by the Canadian Trademarks Office for the first time. Other countries may have similar delays.

By the same token, it is important to settle on your trademark before you file. If your business is in the early stages of development and it's possible your business will pivot to a different brand, waiting until your brand strategy is properly integrated into your business plan may be advisable.

THE TRADEMARK APPLICATION PROCESS

Once you have settled on your chosen trademark, the proper due diligence has been conducted, and the business decision has been made to pursue trademark registration, the prudent course is to have a qualified trademark professional assist you with preparing, filing and prosecuting the trademark application.

In Canada, the trademark application process has many stages, and it can take over two years for a trademark

registration to issue. Furthermore, other jurisdictions have their own unique procedures, deadlines, and administrative requirements.

Below is a list of steps to help you prepare for filing a trademark application in Canada, and a few tips for filing in other jurisdictions. In all cases, a trademark application will eventually be examined at the trademark office in the jurisdiction where protection is sought.

Developing a trademark

Coming up with a strong trademark requires some brainstorming. Here are some tips to guide your brainstorm:

- Identify all markets and channels of trade your business is currently in and potentially will be in, including in other countries if applicable.
- Identify all products and services your business intends to sell or provide. Include areas you may expand into in the future.
- Prioritize how much you want to communicate who you are and what you do by way of your trademark, versus how strong of a brand you want to develop. Do you want your trademark to describe your goods and services, or be a unique and distinctive coined word associated only with you? The former will likely weaken the strength of your brand and decrease your chances of registrability, but may be appropriate for your industry. The latter will make for a strong brand, but will require an investment in associating your brand to your goods and services in consumers' minds.
- Decide which brand elements you want to convey. Do you want to include design elements or make a logo out of your brand? Are there specific colours, words, ideas or elements you want to communicate?



Assembling documentation for the application

Now it is time to consult a trademark professional. Draft a shortlist of your proposed trademarks, ideally choosing several. It is important to have options and to be flexible in case due diligence reveals any potentially insurmountable obstacles to registering your top pick.

Draft a list of the goods and services you currently offer or intend to offer in association with your trademark(s), or at least a short summary about the nature of your business. This will help your trademark professional a great deal in drafting the final list of goods and services.

Decide which entity within your corporate structure you want to own the mark. It is usually desirable to have a single entity within your corporate structure own all of the trademarks in your portfolio, so as to avoid them being cited for confusion against one another. If necessary, licensing arrangements within your corporate structure can be arranged.

If the trademark that will be the subject of your application is a logo or includes design elements, provide a high-quality image file of the trademark to your trademark professional. If there will be different iterations of the design, bring this to the attention of your trademark professional since each iteration could technically form the basis of a separate trademark application. Moreover, inconsistent use of the subject trademark in your application can dilute the distinctiveness it, or even lead to the invalidation of your registration in some cases.





Performing due diligence

While optional, trademark due diligence searches provide important information that can be harnessed when preparing the trademark application. Trademark due diligence involves searches of publically available sources, such as the official trademark registers of the jurisdictions of interest, internet search engines, company directories, registered domain names, social media handles, etc.

The goal is to determine whether there are any obstacles to registering your trademark and, if any obstacles are identified, the likelihood that they can be overcome. In particular, you are looking for marks that are confusing with, similar to, or identical to your proposed mark that are being used in the same area of business. Given the almost two-year delay between the filing and examination of trademark applications in Canada, it is important to be aware of these potential obstacles at the outset before you invest significant resources in your brand over that period.

Even if you are not ready to register a trademark yet, it is still a good idea to perform this step so as to ensure you're not treading on other entities' existing trademark rights. If you begin using a trademark that another entity already has rights in, you may be exposing yourself to liability for trademark infringement.

It is also a good idea to get a lawyer or trademark agent to help you with these searches because setting the proper search parameters can be challenging. For example, it can be difficult to find design marks or marks that are phonetically similar but spelled differently than your mark.



Preparing the trademark application

In Canada, as with many other countries, a trademark application contains the following parts:

1. The word, slogan, design or other element you wish to trademark
2. A statement, in ordinary commercial terms, of the goods or services you offer or plan to offer in association with your trademark
3. An appropriate "Nice Classification" for each good or service you offer or plan to offer in association with your trademark
4. The trademark owner's name and address.
5. The name and address of the designated trademark agent (if applicable).

Typically, a trademark professional will prepare the draft application, which you will then have the opportunity to review until both parties are satisfied that the parameters required in the application are met.



The Nice Classification system is an internationally recognized method of organizing the goods and services in your application into certain pre-designated categories that generally describe the type of good or service. Nice Classification designations are required in most countries, including Canada.



The Trademarks Office must be informed of address changes and changes of ownership over the lifetime of the trademark application/registration, and sometimes there are fees associated with changes.

Although anyone can file a trademark application, they are often highly technical and enlisting the assistance of a qualified trademark professional is strongly recommended. For example, listing goods and services in "ordinary commercial terms" can actually be a complex exercise, and there can be strategy involved in claiming goods and services in a manner that allows for flexibility to pivot into other product lines in the future, but without treading on existing entities' trademark rights.

It is important to note that other jurisdictions have different requirements for the contents of a trademark application. For example, in the United States, if the trademark is already in use, the applicant must provide the date of first use of the trademark and file specimens (such as photographs, invoices, etc.) evidencing the use since that date. If the filing basis is proposed use, specimens are not required at the filing date, but will eventually have to be provided after use of the mark commences.

Filing the trademark application domestically and abroad

Once it is ready, filing the application in Canada is quite straightforward. It is simply a question of submitting the application online through the Canadian Intellectual Property Office.

After filing the initial application, it is time to start thinking about filing applications in foreign jurisdictions, to the extent that this is desired. If you are filing multiple foreign applications, it can be done quickly and easily through the Madrid Protocol. The Madrid Protocol filing tool imports the information from your initial application (e.g. Canada) and allows you to designate the other countries you wish to file applications in. You may also narrow the scope of your application at this time to reduce filing fees, which can add up quickly in foreign currencies.

If you file foreign applications within six months of filing a Canadian application, your foreign applications can claim priority to the Canadian filing date. This means your application will take priority over other applications for the same or similar marks filed in those foreign jurisdictions within that 6-month period. However, this is not a requirement. Foreign applications filed after the six-month deadline will simply be assigned their actual filing date and not be entitled to the benefit of the earlier Canadian filing date.

Foreign applications can also be filed directly in the country of interest without using the Madrid Protocol but still claiming priority to the Canadian filing date. This may be preferable if, for example, there is just one other jurisdiction of interest besides Canada.



Examination of the application

In most countries, trademark applications undergo a substantive examination by a trademark examiner to determine whether the subject trademark should be registered.

Typically, one or more examiner's reports, or "office actions," will be issued, asking you to amend the proposed scope or expression of the goods and services, or respond to various other objections, such as an objection that the applied-for trademark is confusing with one or more pre-existing trademark registrations. It is then incumbent on the applicant to file written responses arguing in favour of the current expression, or amending the goods and services to limit the scope of protection sought. Likewise, it is also the applicant's responsibility to respond to any other objections, such as confusion objections.

The process can sometimes be akin to negotiating with the examiner depending on what kind of objections are raised. If the applicant has done sufficient due diligence at the outset before filing the application, more serious objections are less likely to arise and office actions are more often a matter of clarifying or revising the stated goods and services at the request of the examiner.

Even where due diligence has been conducted, more serious objections may nevertheless arise. For example, the examiner may identify another trademark already on the register that the examiner considers confusingly similar with yours. Such objections are not impossible to overcome, depending on the circumstances, but it may involve narrowing the scope of the goods and services claimed in your application to avoid overlap with the other mark, or enlisting your trademark agent to make substantive arguments on your behalf as to why your mark is distinctive from the mark(s) cited in the objection.

In Canada, there are unfortunately significant delays between when a trademark is filed and when it is examined. Currently, the delay is approximately two years. This is another reason why it is important to conduct due diligence before filing a trademark application. It is preferable to avoid a situation where you do not find out about potential obstacles until two years down the road after filing, after you have likely invested significant resources in developing your brand.

It is important to remember that while the scope of goods and services claimed in an application can be narrowed during the examination phase, it can never be broadened. If you wish to "add" goods or services, these must be the subject of a separate trademark application, with the accompanying fees and examination delays.





Advertisement period

In most countries, after the assigned trademark examiner is satisfied that the application meets all requirements, and if applicable, all objections have been addressed, the trademark is then approved for advertisement. In Canada, this means the trademark application is published in the Trademarks Journal for a period of two months, where it can be viewed openly by the public (much like the way proposed legislation is published in the Gazette in Canada).

If the trademark is strong and due diligence has been properly conducted, often the applicant is not required to take any steps during the advertisement period. The two-month period will simply expire and the trademark will pass to registration.

However, if a third party takes issue with your trademark application, it is during the advertisement phase that the third party is entitled to commence what are called "opposition proceedings" against your trademark application. The goal of opposition proceedings are to prevent your trademark from being registered. We discuss this in greater detail below.

It is unfortunately impossible to predict whether a third party will oppose your application. Conducting robust due diligence before filing a trademark application is a very effective way to mitigate the risk of oppositions.



Oppositions (if applicable)

In Canada, any person can oppose a trademark application. However, there are a limited number of grounds on which a trademark application can be opposed. The grounds of opposition in Canada are as follows:

- The application is technically deficient.
- The trademark is not registrable in accordance with the Trademarks Act (for example because it is descriptive, confusing with another registered trademark, is primarily merely a surname, etc.).
- The applicant is not the person entitled to register the trademark (for example, because another trader previously used the trademark or a confusingly similar trademark or made it known in Canada).
- The trademark lacks distinctiveness.
- The application was filed in bad faith.

If your application is opposed during the opposition period, this can significantly delay the registration of your trademark, and if the opposition is successful, it can prevent the registration of your trademark altogether.

Defending your application against oppositions can involve a number of additional and complex steps. For instance, you may need to file written arguments and evidence, as well as cross-examine the person who swore evidence supporting the opposition to your application. A formal hearing before the Trademarks Opposition Board may even be necessary.

If the parties to an opposition are able to come to an agreement, opposition proceedings may be settled before they reach the hearing stage. For example, the parties could reach a co-existence agreement whereby the applicant agrees to limit its use of the mark in a certain manner so as to minimize the risk of confusion with the opponent's mark, and/or pay a licensing or royalty fee to the opponent. However, settlement is never a guaranteed outcome and it is almost always a compromise. Therefore, it is preferable to engage a trademark professional to conduct due diligence at the outset and draft your trademark application so as to avoid the risks and costs that accompany opposition proceedings.



Allowance and registration

If no one opposes your trademark application, or if opposition proceedings are resolved in your favour, you will soon obtain your trademark registration and the Canadian Intellectual Property Office will send you a Certificate of Registration.

Following registration, your trademark will be valid for 10 years. After the 10-year term expires, you will be required to pay a renewal fee. Your renewal fee will maintain your trademark registration and further extend its validity for another 10 years. Your trademark registration can be renewed for an unlimited number of 10-year terms.

PREPARING TO MEET WITH GOWLING WLG

We know that for many companies starting the trademark application process can be intimidating. Where to begin?

To ensure your Gowling WLG professional is equipped to provide you with the best advice, here is a helpful checklist of things to consider. We encourage you to take this list along to your first meeting with us.

1. Share the list of potential trademarks you have brainstormed so far, in your order of preference.

2. Share any due diligence you've already done on these potential trademarks (e.g. Google searches, domain name registrations).

3. Are you already using this trademark? Yes No
If so, since when and in what manner?

4. Describe the goods and services offered in association with your trademark, including those that you may offer in the future.

5. What jurisdictions are you interested in obtaining trademark protection in?

6. Does the trademark involve any design elements?

Yes No

If so, Who designed it and how are they related to your company? We will discuss with you ensuring proper assignments are in place.

Do you intend to use any specific colours for it? Please provide a good-quality image file of the design mark.

7. Does it fit with your business plan and financial strategy to file multiple applications at the same time? For example, for both a design mark and a word mark?

8. Who do you want to own the trademark? For example, do you want your company to own it, or a subsidiary? Or perhaps you will hold it in your own name as an individual?

9. Will anyone else outside your company be using this trademark? We will discuss licensing arrangements with you if necessary.

10. Are there any other relevant contracts or promises you have made related to this trademark?

ABOUT GOWLING WLG

For more than century, the world's top innovators have looked to Gowling WLG to maximize and protect their treasured intangible assets, at home and abroad. As the global economy grows ever more knowledge-driven, clients continue to count on our broad experience to help them navigate an increasingly perilous intellectual property landscape.

Home to more than 200 IP practitioners in jurisdictions around the world, Gowling WLG is a leader in trademark law, with significant strength in prosecution, enforcement & litigation and transactional work across all global sectors.



Gowling WLG office locations

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|-------------------------|---------------------|---------------|-------------------|------------------------|
| Africa | Central and Eastern | India | Malta | Spain |
| Australia & New Zealand | Europe | Ireland | Middle East | Switzerland |
| Austria | Channel Islands | Israel | Netherlands | Turkey |
| Baltic States | China ● | Italy | Nordic Region | United Arab Emirates ● |
| Belgium ● | Cuba | Japan | Portugal | United Kingdom ● |
| Brazil | Cyprus | Latin America | Singapore & ASEAN | United States |
| Canada ● | France ● | Luxembou | South Korea | |



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