

## INTELLECTUAL PROPERTY AND TECHNOLOGY LAW BULLETIN

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### USE IT OR LOSE IT: A GUIDE TO THE PROPER USE AND PROTECTION OF YOUR NEWLY REGISTERED TRADE-MARK

You have chosen a new brand, done the necessary clearance searches and filed an application that has proceeded through to registration. But the work does not end here. You must take certain steps to maintain a registered trade-mark and avoid unintentionally losing your rights. The following guidelines are a suggested policy for protecting your registered trade-marks.

#### 1) USE YOUR TRADE-MARK PROPERLY

Trade-mark rights are based on *use*. Thus, proper use is crucial to maintain your mark and help protect the registration from attacks based on non-distinctiveness or non-use.

##### *(a) Avoid Generic Usage*

A registrant who allows its trade-mark to be used as the generic or common name of its products risks having the registration invalidated for non-distinctiveness. The marks “linoleum,” “escalator” and “zipper” all began as trade-marks, but became generic through improper use or lack of enforcement. To avoid this, a trade-mark should never be used as a noun or a verb. Instead, trade-marks should be used with the common name of the product. For example, in relation to the “Q-Tips” trade-mark, avoid a sentence such as “Q-tips are a useful product.” Instead, use a sentence such as “Q-Tips cotton swabs are a useful product.” Trade-marks should not be pluralized, or used in the possessive form (it is not correct to refer to “Microsoft Word’s” features – it is correct to refer to the features of the “Microsoft Word” program.)

##### *(b) Use Proper Markings*

Proper marking through use of a “TM” or “®” symbol is a way of notifying others that a mark is protected. Either the “®” symbol or the “TM” symbol may be used if the mark is registered. If the trade-mark is not registered, the “TM” symbol may still be used. In Quebec the common practice is to use “MC” for an unregistered mark and “MD” for a registered mark. You should also place a trade-mark notice on your packaging or brochures that identifies your company as the owner of the mark (e.g. ® is a registered trade-mark of ABC Co.).

##### *(c) Use Your Mark Distinctively*

When setting out your trade-mark, it should be emphasized and distinguished from surrounding text by using special script. For instance, word marks could be CAPITALIZED, underlined, *italicized*, placed in “quotation marks,” or depicted in boldface type, whenever they appear in printed or electronic media. The goal is to alert consumers that this word is being used to identify your products and services.

##### *(d) Use Your Trade-mark Consistently*

Consistent use of a trade-mark is essential. If the trade-mark is registered, it should be used as set out in the trade-mark registration. Do not alter a word mark’s spelling or add a prefix or suffix (unless you intend to create another trade-mark). A logo should also be used consistently without any significant alterations. Any changes in the use of a trade-mark from its registered form could lead to its cancellation for non-use, as it could be argued that you are no longer using the registered mark, but a different one.

(e) *Internal Corporate Training*

Companies should educate their staff on the proper use of corporate trade-marks. Guidelines on trade-mark usage in advertising or in the media should be developed with the assistance of a legal professional. These guidelines should be distributed and followed by all employees. Additionally, any outside advertising or public relations firms retained by a company should be made aware of which trade-marks are being used and how they should be used. Remember to review all advertising and promotional copy for correct trade-mark usage.

## 2) License With Care

A trade-mark will only remain valid if it is used either by the party that registered it or by its licensee (or sublicensee). In order to structure a trade-mark license effectively, the parties must ensure that they comply with the provisions of Section 50 of the *Trade-Marks Act*. Under the Act, use of a trade-mark by a licensee will be deemed to be use by its owner provided that the owner has direct or indirect control under the license of the character or quality of the wares or services. Therefore, merely allowing a subsidiary to use the trade-mark without having a proper license and control in place could leave the mark vulnerable to expungement. A proper trade-mark notice stating who owns the trade-mark and the fact that it is used under license is also essential.

Written license agreements should set out specifically which trade-marks are being licensed; address whether the license will be exclusive, non-exclusive or sole; consider any market restrictions; and be clear as to the term of the contract. Remember that licensors must actually exercise control either directly or indirectly over the character and quality of the wares or services. A quality control enforcement program should be established obligating the licensee to satisfy written standards and specifications. The licensor should demand inspection and sampling rights, the right to approve the product and any marketing material, training of licensee personnel, and the right to terminate if quality is not maintained. The licensee should also strictly adhere to each of the guidelines for properly using a trade-mark as outlined above.

## 3) Monitor Marketplace For Infringers

Trade-mark owners should diligently monitor the marketplace for uses of similar trade-marks and new applications for confusingly similar trade-marks. Several legal cases have held that you may lose your trade-mark rights unless you take reasonable efforts to protect your trade-mark and enforce your rights. Remember that it is the responsibility of the trade-mark owner, not the government, to stop third party infringers.

A monitoring program should include periodic reviews of trade-mark databases, journals and other relevant publications. Regular reviews are important because there is a narrow window of opportunity to oppose confusingly similar applications. It is also prudent to monitor non-registered trade-marks by examining business journals, business registries, publications and newspapers. Such reviews should consider not only exact matches, but also "sound-alikes" and variants. Legal counsel can assist you in developing an effective monitoring program.

Trade-mark owners who become aware of an infringing mark should take action or risk losing their trade-mark rights. The doctrine of *estoppel* may operate to prevent a trade-mark owner from claiming infringement where the owner delays for an unreasonably long period before initiating enforcement procedures. The infringer could argue that the owner's actions, or lack thereof, indicated tacit approval of the infringer's use of the trade-mark.

If you think someone may be infringing your trade-mark, you should consult with your legal advisor regarding the best course of action. Often, a cease and desist letter may suffice. However, you should not approach potential infringers with cease and desist letters until you or your legal counsel have ascertained that your rights to the mark take precedence over theirs. It may also be necessary to follow up with a legal action which may be based on trade-mark infringement, depreciation of the value of the goodwill in the mark, and/or passing off.

#### 4) Update Registration To Add New Wares Or Services

If marks are used with new wares or services, it is important that these new uses are protected through new applications or amendments of existing registrations. This issue is also important when entering into co-branding or cross-promotional agreements with third parties. Each party to the agreement should think about the nature of the products and services in association with which their marks may be used and update any trade-mark registrations accordingly.

It is advisable to do a search of the Trade-marks register before entering into any arrangement that will extend the wares and services previously used in association with your mark to ensure that any new wares and services are available for your use. It would also be prudent to file an application to amend your existing registration (if there is one) or file a new application for the mark in association with any new wares and services.

#### 5) Keep Using The Trade-Mark

An owner that stops using its trade-mark risks losing it! Make sure you continue to use your trade-marks for all wares and services for which they were registered or they could become vulnerable to expungement for non-use. Under Section 45 of the Act, a party that suspects that your trade-mark has not been in use in the last three years may initiate proceedings to have your mark cancelled.

It is also important to maintain proper records relating to the use of your trade-marks. If you are ever required in future legal proceedings to determine who used a mark first, or establish the mark's distinctiveness, producing well-documented historical records will increase your likelihood of success. Such records should include documents related to the adoption and first use of your trade-mark, copies of advertisements using your mark, summaries of the volume of wares or services sold under the mark with accompanying invoices, and records relating to any changes to your mark.

*By Sharon Groom and Sacha Isaacksz*

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*The foregoing provides only an overview. Readers are cautioned against making any decisions based on this material alone. Rather, a qualified lawyer should be consulted.*

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*For further information, please contact your McMillan Binch Mendelsohn lawyer or one of the Practice Leaders of our Intellectual Property Group listed below:*

Sharon E. Groom	416.865.7152	<a href="mailto:sharon.groom@mcmbm.com">sharon.groom@mcmbm.com</a>
Richard Uditsky	514.987.5015	<a href="mailto:richard.uditsky@mcmbm.com">richard.uditsky@mcmbm.com</a>

## MCMILLAN BINCH MENDELSON

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TORONTO | TEL: 416.865.7000 | FAX: 416.865.7048

MONTRÉAL | TEL: 514.987.5000 | FAX: 514.987.1213

[www.mcmbm.com](http://www.mcmbm.com)