

Why take the risk?

While trademark rights can exist whether a trademark is registered or not, the advantages afforded to registered marks, whether in respect of enforcement, remedies or provincial regulations, make registration the recommended route to follow

In Canada, trademark rights can exist whether a trademark is registered or not. A trademark can consist of a word, words, logo, design or a combination thereof. While protection for a registered trademark is given throughout Canada, protection for unregistered trademarks is usually limited to the geographical area in which the distinctiveness of the trademark is proven. This, as discussed below, can be problematic for trademark owners.

While rights in a trademark can exist irrespective of whether the trademark is registered, there are many important advantages to registration:

- Registration provides an exclusive right to use the trademark throughout Canada, regardless of whether the trademark is known only in a particular area.
- Since the Canadian Intellectual Property Office (CIPO) maintains the Register of Trademarks, many parties conduct searches before adopting and using new marks. Therefore, competitors can obtain notice of prior rights.
- CIPO provides some assistance in policing trademarks by reviewing trademark rights during examination, and will cite a registered trademark (or a prior filed pending application) against a new application filed by another party for the same or confusing mark.
- A registered trademark provides more grounds for opposition against another party's trademark application than an unregistered trademark.
- A registration provides *prima facie* evidence of ownership of the trademark and the dates of first use shown in the registration certificate.
- A registration may have a greater persuasive impact on a potential infringer than an allegation of rights arising through use.

- Until the registration is found invalid, registration provides a defence to use the mark.

In addition, a trademark registration provides trademark owners and their licensees with easier access to the Federal Court of Canada in the event of infringement, and is generally easier to enforce than an unregistered trademark.

Enforcing rights: registered versus unregistered trademarks

Trademark rights can be enforced on the basis of both registered and unregistered rights, under the federal Trademarks Act, the common law tort of passing off and the Quebec Civil Code.

As mentioned above, the owner of a registered trademark has the "exclusive right to the use throughout Canada" of the trademark in association with the goods and/or services for which it is registered. Any non-entitled person that sells, distributes or advertises goods or services in association with the same or a confusing trademark infringes this right, and can be sued for trademark infringement. Actions for infringement of a registered trademark are generally brought before the Federal Court of Canada and, accordingly, are enforceable across Canada.

Since a trademark registration provides *prima facie* evidence of the ownership of the trademark and the dates of first use are shown in the registration certificate (unless attacked by the defendant in a counter-claim), the owner of the registration need not prove ownership or reputation to be successful. The registered owner need only show that the defendant has used a confusing mark. Some owners of registered trademarks may also have a cause of action for a 'depreciation of goodwill'. This cause of action particularly provides protection for well-known marks in Canada.

Where the rights to an unregistered trademark, trade dress, trade name or business name are violated, the owner of the mark or name (the plaintiff) is entitled to bring an action for the tort of passing off. In an action for passing off, the plaintiff must prove three elements:

- There is a pre-existing commercial reputation such that the public exclusively associates the mark with the goods or services of the plaintiff;
- The defendant's mark is likely to cause confusion between their respective businesses; and
- There is actual or potential damage resulting from the defendant's activities.

The common law tort of passing off *per se* is not available in Quebec. However, the Quebec Civil Code provides for a similar cause of action.

While unregistered trademarks can obtain protection, owners of unregistered marks have the burden of proving the three elements outlined above, which can be difficult and expensive. Even if successful, the scope of protection of the trademark is limited to the area where distinctiveness is proven. Accordingly, it is possible for unrelated entities to have rights in the same unregistered trademark, for the same or similar types of ware and/or service, in different geographical areas of Canada.

Remedies available for trademark infringement and passing off include:

- damages (including punitive damages);
- infringer's profits;
- delivery up of all infringing goods and materials;
- a small portion of legal costs; and
- injunctive relief against further unauthorised use of the infringing mark.

It is possible, but very difficult, to obtain

an interlocutory injunction. A plaintiff must prove that:

- its case is not frivolous;
- it will suffer irreparable harm that is not compensable in damages if an immediate injunction is not granted; and
- the balance of convenience favours granting of the injunction before the trial.

Commercial signs and Quebec's French language requirements

The Charter of the French Language and the Regulations Adopted Under the Charter of the French Language provide that French is the language of commerce and business in the province of Quebec. As a general rule, all inscriptions on public signage, products and commercial documents must be in French. However, French inscriptions may be accompanied with an English translation, but this must not be given greater prominence than the French inscriptions. With respect to public signage, French inscriptions must be "markedly predominant", meaning that they have "much greater visual impact" than their English translations. One exception to this general rule is the right to use a non-French trademark absent any French translation, if it is a recognised trademark within the meaning of the Trademarks Act and no French version of the mark has been registered.

A registered trademark would fall within the purview of the Trademarks Act.

As for unregistered trademarks, the length of time for which the mark has been used plays a role in the determination of whether it is a recognised trademark under the Trademarks Act. However, in September 2008 the *Office québécois de la langue française* (the Quebec government body in charge of protecting French language in Quebec) issued a revised commentary on the charter and its regulations wherein it gave a new interpretation that a 'recognised mark' means only a registered mark, and not even a mark that is the subject of a pending application. While the office's interpretation does not amend the regulations or the charter, businesses must now reconcile the charter, the regulations and some court decisions that confirm that recognised marks include both registered and unregistered marks. On the other hand, the office commentaries state that the exception applies only to "registered" marks.

With respect to public signage, the office is likely to exercise less tolerance in accepting the recognised mark exception. In particular, Section 27 of the regulation states that "an expression taken from a language other than French may appear in a firm name to specify it provided that the expression is used with a



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generic term in the French language". The office's position is that if a trademark is used on public signage as a business or firm name (in the general sense conveyed in the charter), and the trademark is in a language other than French, it must be accompanied by a generic term in French that describes the business in order to comply with Section 27. There is no definition of 'firm name' in the charter; however, the commentaries interpret this to include legal names (ie, the name of a corporation in the articles of incorporation) or any other name that a company or business in Quebec may use to make itself known to the public.

In 2009 the Superior Court of Quebec rendered an important decision regarding the charter and the trademark exception in relation to public signage. In *Centre sportif St-Eustache v Procureur général du Québec* (July 21 2009, 2009 QCCA 3307 (Brunton JCS)), one of the issues was the use by the appellant, Centre sportif St-Eustache, of the term 'Bowl-Mat' in association with a bowling alley. Although the registered firm name was in French (Amusements Bowl-Mat), 'Bowl-Mat' was extensively used by the appellant on signs and advertisements. The question was whether the use of the term 'Bowl-Mat' fell within the charter's trademark exception. The court held that although an unregistered trademark can be a recognised trademark under the regulations, in this case 'Bowl-Mat' was used not as a trademark, but only as a trade name, and while the Trademarks Act provides protection to both, the exception in the regulations applies only to trademarks. Accordingly, 'Bowl-Mat' could not fall within the trademark exception and was therefore a violation of the charter. An important factor in this case is that the term 'Bowl-Mat' was not subject to any trademark registrations owned by the appellant. It should be considered whether the result would have been any different if a registration has been secured. Businesses in Quebec would be prudent to register any non-French trademarks that are, or will be, used in Quebec in order to claim the trademark exception, and should beware of the office's conflation of trademarks and trade, business or firm names when it comes to public signage.

Conclusion

In view of the advantages afforded to a registered trademark versus an unregistered trademark, whether it be in respect of enforcement, remedies or provincial regulations, important consideration should be given to securing the registration of a trademark, whether it be a word, words, logo or a combination thereof. WTR