

PROTECTING YOUR BUSINESS NAME

By Kimberly J. Law

If you are a business owner, think back to the start up process. Perhaps you can still remember your brainstorming sessions to come up with the perfect business name. Or perhaps the name came to you in an “A-ha” moment. Regardless of how the name was chosen, your business name is probably of central importance to your business.

In general, and with the exception of incorporated companies, an individual or company can simply choose a name and immediately start to use it in connection with a business. Given the importance of a business name and the general ease with which a business name may be adopted and used, many business owners question the need for trademark protection. In particular, business owners often ask: *“Why do I need to register a trademark when I can simply use my business name to sell and market my goods and services?”*

To answer this question, it is important to first distinguish between a **“trademark”** and a **“trade name”**. These terms are often confused given their similarity and also, as explained below, a trademark will often be the same as or form part of a trade name.

A **“trade name”** or business name is basically the name under which an individual, a partnership or a corporation does business. It can be the name on a storefront, the name in a telephone directory or the name used on a website.

One specific type of trade name is a **“corporate name”**. This is the name of an incorporated company and must comply with statutory requirements. For example, in BC, a corporate name can either be formed by a distinctive element and a corporate designation (i.e. Limited, Incorporated, Corporation, or their abbreviations, Ltd., Inc., or Corp.) or the name may be formed by the incorporation number followed by “B.C. Ltd.”

In contrast, a **“trademark”** is the mark that is placed on goods sold by a particular business to indicate that the goods originate from or are endorsed by that business. A trademark is sometimes referred to as the product’s “brand”, a concept that is familiar to most people. With respect to services, a trademark is the mark that is used in advertising or displayed in the performance of those services by a particular business.

A trademark may consist of words, logos, symbols, designs or combinations of those things. Unbeknownst to many people, trademarks may also include sounds, colours and even scents. The following table sets out some examples of well-known trademarks.

TYPE OF TRADEMARK	TRADEMARK	TRADEMARK OWNER (TRADE NAME)
Word	GOOGLE	Google Inc.
Word	NIKE	Nike International Ltd.
Design (Logo)		Nike International Ltd.
Word and Design		Coca-Cola Ltd.
Sound	NBC chimes (3 distinct notes)	National Broadcasting Company, Inc.

As can be seen from the above table, a corporate name may incorporate or be the same as the trademark. For example, the company Google Inc. owns the trademark **GOOGLE** and the company Nike International Ltd. owns the trademark **NIKE**.

Another reason for confusion between trademarks and trade names is that trademarks and corporate names must undergo an approval or registration process. To register a trademark in Canada, an application is submitted to the Canadian Intellectual Property Office. Upon receipt, the application is examined and a search is conducted to ensure that the trademark is not the same as or confusing with a registered trademark. If the requirements are met, a trademark registration is granted.

To incorporate a company in BC, an applicant is required to submit a request to the BC Corporate Registry to have the corporate name approved. Upon receipt of the request, a names examiner will examine the application and perform a search to determine if the requested name is the same as, similar to or confusing with a name that is already in use by another company as part of its corporate name. If the requirements are met, the corporate name is approved and the company can be incorporated.

Due to the similarities in the corporate name approval and trademark registration processes, a preliminary question that arises is why is there a need to register a trademark when a corporate name must be “approved” to ensure that another company is not using the same name?

The reason is that incorporating a company (and having the corporate name approved) only ensures that another company cannot be incorporated having the same name or a similar one. It does not prevent another company from using that name. In BC, unincorporated businesses, such as partnerships and sole proprietorships do not have to go through a name approval process before using a business name. Thus, there may be multiple businesses with the same name. For example, a search of the Yellow Pages directory for the word “Ace” reveals

numerous businesses with the word “Ace” in the business name, including Ace Dental, Ace Moving, Ace Laser Inc., Ace Productions Ltd., Ace Hardware, etc.

The only way to prevent another business from using your business name, or one that is so similar to your business name that it would cause confusion, is to have trademark rights to your business name. Trademark rights arise from actual use of a trademark to sell goods and services. Thus, even in the absence of a trademark registration, a company can acquire trademark rights simply by using a trademark.

If a company’s trademark happens to be the same as its business name, then use of that trademark/business name to sell goods or services will result in trademark rights accruing to the company. Trademark rights associated with an unregistered trademark are known as “common law” trademark rights. Although it is true that a company can rely on its common law trademark rights to protect the business name, such rights are relatively weak. This is why simply using a business name to sell goods or services is often insufficient to protect the business name and why it is important to obtain a trademark registration.

Trademark registration confers a number of benefits over an “unregistered” or “common law” trademark. The most important benefit is that a trademark registration gives the owner the *exclusive* right to use the trademark throughout Canada. With limited exceptions, this means that the trademark owner is the only person with the right to use the trademark. As a result, the trademark owner has the right to prevent anyone from “infringing” the trademark, i.e. the trademark owner can prevent others from using the trademark as either a trademark or a trade name. Furthermore, if a registered trademark owner becomes aware of any infringing activity, the trademark owner can bring an action for trademark infringement in a federal or provincial court. In contrast, if the trademark is unregistered, the owner can only bring an action for “passing off”. This type of action places a very high burden of proof on the plaintiff and thus it is quite difficult to succeed.

Another major benefit conferred by registration is that a registered trademark is protected nationally. This means that a registered trademark can be enforced anywhere in Canada even if the trademark has only been used in a limited geographical area, such as a single city. In contrast, unregistered trademarks cannot be enforced throughout Canada. Instead, unregistered trademarks can only be enforced in the limited geographical area where they have acquired a reputation or what is known as goodwill.

A trademark registration may also deter others from adopting a confusing or similar trademark. This is because it is often advisable for a party to have a trademark search conducted prior to adopting a new trademark. Such a search will often reveal identical or similar trademarks and thereby bring such trademarks to the attention of the party requesting the search. The ability to search previously registered trademarks can greatly reduce legal expenses as infringement and related actions may be avoided.

In the event that there are two parties using the same trademark, the party who first adopted the trademark, even if unregistered, can bring an action to stop the other party from continuing to use the trademark. However, if the second party registers the trademark without notice of the

prior use by the first party and five years have gone by since the date of registration, the second party's registration cannot be attacked on the basis of prior use. This right of "incontestability" which is conferred by trademark registration is of considerable value since it can shield a trademark registration from attack.

Finally, given the business value of having an Internet presence, a trademark registration can assist in registering a domain name or resolving disputes over domain names. For example, under the Uniform Domain Name Dispute Resolution Policy adopted by ICANN, the authority responsible for managing the domain name system on the Internet, an owner of a registered trademark can require another party, who registered a domain name that is identical or confusingly similar to the trademark in bad faith, to transfer the domain name to the trademark owner.

As can be seen from the above discussion, there are many benefits associated with a trademark registration. To ensure that your business name is adequately protected, serious consideration should be given to seeking protection through trademark registration.

If you are interested in registering your trademark or if you have any questions related to the trademark registration process, please contact Kimberly Law, who is a registered Trademark Agent with our firm.