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TRICKS OF THE TRADE-MARKS: WHY TRADE-MARKS MATTER TO RETAILERS AND DEVELOPERS

What is a trade-mark?

A trade-mark is something that identifies a product, service or business. Trade-marks differentiate the products or services of one entity from those of another. They come in many forms: a word or set of words, a symbol, a combination of a word or words and design (“composite mark”), slogans, numbers, acronyms, certification marks (marks used to identify goods or services of a defined standard), trade dress, three-dimensional marks and even sounds.

Registration of trade-marks

The registration of a trade-mark with the Canadian Intellectual Property Office (“CIPO”) means that any words, designs, or combination of words and designs associated with the business of the trade-mark’s owner will have nationwide protection against use by competitors. This includes words and designs relating to:

- 1) The identity of a shopping centre or development;
- 2) Customer loyalty programs;
- 3) In-house charitable programs;
- 4) Gift card programs;
- 5) Product and service brand names and logos;
- 6) Corporate/operating names and logos; and
- 7) Any other word or design that is used to distinguish products or services from those of competitors.

Registration provides the owner with the right to the exclusive use of the mark across Canada, even if the owner is only operating in one province. The owner is entitled to claim trade-mark infringement against a business or other party that is using the same or a similar mark in any province in Canada.

Registration of a trade-mark allows the owner to pursue a nationwide injunction where a confusingly similar mark is used by another business entity anywhere in Canada. Furthermore,

being the owner of a registered trade-mark is an absolute defence to a claim for trade-mark infringement or passing off made by a competitor in relation to the use of the registered trade-mark.

Another benefit of registering a trade-mark is that once it has been registered for 5 years or more, it cannot be challenged by anyone claiming that they are entitled to registration of the trade-mark on the basis that they used the trade-mark before the owner’s claimed date of first use.

Target v. Target Apparel- How bad can a trade-mark dispute actually get?

An example of how a trade-mark dispute can affect landlords and tenants is seen in the feud that arose over the “Target” trade-mark when Target was considering its ill-fated expansion into Canada. An existing Canadian retailer, Fairweather, owned the trade-mark “Target Apparel”, and use of the Target name in Canada by Target could have resulted in Fairweather claiming infringement. As a result, Target was faced with either changing its name in order to operate in Canada or purchasing the “Target” trade-mark from Fairweather.

In June 2010 Target went on the offensive and initiated proceedings to have the “Target Apparel” trade-mark expunged for lack of use. It also commenced an action in November 2010 against Fairweather and its related companies for damages and a permanent injunction preventing use of the “Target Apparel” trade-mark. In response, Fairweather commenced an action in January 2011 for \$250 million in damages for trade-mark infringement and for an injunction preventing Target from using the Target name in Canada. Fairweather claimed that Target’s entry into Canada would result in a loss of customers, a devaluation of the “Target Apparel” name, and a loss of control over its trade-mark and reputation.



In early 2012, before the matters could proceed to trial, Target and Fairweather settled out of court. The "Target Apparel" trade-mark was acquired by Target and its expansion into Canada proceeded.

The possibility of having Target's Canadian expansion thwarted by a dispute over the use of the Target name highlights the power of a trade-mark registration. A trade-mark dispute can potentially throw a monkey wrench into a company's expansion plans.

Amendments to the Trade-marks Act

Registration of a trade-mark has become even more important with the recent amendments made to the *Trade-marks Act*. The amendments were part of an omnibus bill that has since received royal assent, though the amendments to the *Trade-marks Act* will likely not take effect until late 2016.

The most crucial amendment made to the *Trade-marks Act* is to the use requirements. Currently, applicants are required to confirm that they have either previously used the trade-mark (and confirm the date of first use) or are proposing to use the trade-mark (in which case an applicant is required to file a declaration of use within 6 months after the notice of allowance is issued or 3 years from the date of filing confirming that they have used the trade-mark).

Once the amendments to the *Trade-marks Act* take effect, these requirements will no longer apply and an applicant will not be required to demonstrate use of a trade-mark before it can be registered or file a declaration of use. Although third parties may still challenge a trade-mark application on the basis that they used a confusingly

similar mark before the applicant, the third party will no longer have a clear way of knowing if they actually used the trade-mark prior to the applicant. Information about a party's claimed date of first use will only arise after the trade-mark application has been challenged. This change will likely lead to an increased number of oppositions and a race to be the first to file.

Trade-mark owners are required to renew their registrations every 15 years at a cost of \$400.00 (\$350.00 if filed online), failing which registration will be expunged. The amendments will reduce the term of a trade-mark registration from 15 to 10 years, with the result that trade-marks will need to be renewed more frequently.

Trade-marks are typically top of mind for retailers who operate in an environment that emphasizes the importance of branding. As a result, retail tenants will often have branding consultants to provide advice on the protection of trade-marks. Landlords, on the other hand, may be less sensitive to the importance of protecting brands associated with their shopping centres, even though those brands may have significant value. For landlords and tenants alike, the potential benefits of owning a trade-mark are great relative to the cost of a trade-mark registration, which will generally range between \$1,200.00 and \$1,700.00, inclusive of filing and registration costs.

Feel free to contact Kenneth Pimentel at 416-597-9306 to ask about registering your mark.



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