



## Now's the time to develop a global trademark strategy

The rest of the world is taking advantage of registration systems and Canadians should, too.

**T**he *Economist* recently commented on the low level of Canadian patent activity, with Canada behind not only perennial patent powerhouses South Korea and Japan but also most other developed regions, according to the article “More Particle Than Wave” in the April issue of the magazine.

Figures from the Canadian government and the World Intellectual Property Organization show the same applies to trademarks:

- Canadian trademark filings have remained relatively flat since 2008.
- Canadians file fewer Canadian trademark applications than non-Canadians.
- Canadians file fewer applications abroad.

Canada's industries are regularly described as resource-focused, but nationals in resource-rich countries of comparable size such as Australia file at higher rates than Canadians. An amazing 99 per cent of all Canadian businesses are small and medium enterprises, according to “Key Small Business Statistics” released in 2013 from Industry Canada. Competition can be tough, and resources for intellectual property, including trademarks, can be limited. Yet Canadian trademark filing costs are currently among the lowest in the world (\$250 for all goods/services).

Trademarks and trade are how customers locate and remember businesses, and it is important to set aside resources to ensure innovation costs are not wasted by failure to register in Canada and abroad. In Canada, the benefits of registration include:

- Exclusive right to use the mark throughout Canada for the registered goods/services, and to sue for Canada-wide injunctions;
- Notice of trademark status, ownership, and the goods/services of interest. Business and brand name clearance strategies normally involve a search of the Register of Trademarks, providing notice of prior rights, and hopefully deterrence against adoption and use of a confusing name/mark;
- The Trademarks Office examines for prior rights,

and may refuse other applications without the original registrant having to do anything;

- Registrants can record their marks with Customs authorities to prevent counterfeits; and
- Registrations are identifiable business assets.

In most European and Asian countries, trademark rights are totally dependent upon registration. Waiting to file can mean lost rights or expensive and uncertain procedures to regain rights. Early registration may also help to avoid trademark “trolls” who register with the goal of extorting the original brand owner. Prior third-party registrations can put not only the Canadian business at risk of being sued for infringement but also local partners such as contractors, retail customers, exporters, importers, and licensees. Without registration, businesses may be unable to stop unauthorized or counterfeit activities or prevent registration of a confusing trademark. After Canada, businesses should consider both where they intend to sell and where their competition will come from:

- Plan three to five years out so trademarks are filed/registered before sales start;
- For many, the most important markets will be the United States and Europe. The European trademark system offers coverage in dozens of EU countries with one filing;
- Identify countries known as exporters of similar products, or cheap knockoffs, where stopping infringement may require registration; and
- Prioritize foreign markets based on projected sales and competitive risks. The business may influence where protection is sought — the focus for a high-tech company may be different for clothing, agri-goods, or pharmaceuticals.

International registration costs may seem high (filing fees of \$3,000 or more). Timing of expenditures can be managed by staggering filings to take advantage of treaty provisions that deem foreign filings to be made on the Canadian filing date. Canada is also expected to become a member of an international filing system (the Madrid Protocol), bringing further cost savings (and likely a lot more filings from abroad into Canada).

Higher trademark filing rates by our global trading partners suggest they recognize the benefits of national and international trademark protection — such as exclusive rights, easier enforcement, access to Customs protection, deemed validity, and notice to others, plus less tangible benefits such as deterrence, simplified licensing, and the peace of mind that comes with the certainty of rights and remedies. ■

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