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Going into Business? Give Careful Thought to Selecting and Protecting Your Business Name

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You should choose your business name with care, because the name of the corporation or the name under which a service or product will be sold has the potential to be a valuable asset of your business. Unless you take steps at the outset to select and protect the appropriate name, you may find that someone else is using a very similar name in some other part of the province or country - and that you can do nothing to prevent such use or, even worse, you may have to change your business name.

Step 1: Select the Name

Don't use an existing name.

Select a name that is not similar to an existing name. Even if you do not wish to take any active steps to protect your business name, another person may challenge the use of your name and you may be required to change the name. Such a name change could cost you money for changing letterhead, business cards, invoices, signs and other name identifications, and can be significant. Worse yet - you could have to pay a damages claim if your use infringes another's rights.

Be distinctive.

Your business name should be distinctive, or at least not confusingly similar to other business names. If your business name is confusingly-similar to others, bad things happen. The other business's shoddy practices will tar your reputation in the minds of consumers that cannot distinguish your business from the other business. You may not be able to secure trade-mark registration. And you may be sued for infringement by the other business, or forced to change your business name after you have painted it across the doors of your Escalade™.

Coined names.

Generally speaking, the more "descriptive" your proposed business name (that is, the more it simply describes the business or product), the more difficult it is to protect. The more arbitrary or distinctive the name, the broader the scope of protection. For example, the trademark Esso™ was not a word and had no value, until it was coined by the original owner and the association with the service station business was developed. The uniqueness of the name renders it very difficult to imitate – and easier to protect from infringement.

Descriptive names.

On the other end of the spectrum are descriptive names, such as Animal Crackers, that simply describe the product or services being offered. Business owners should resist the temptation to adopt descriptive names. Although such names are easy to market (due to the name suggesting to consumers the actual products or services being offered) – it is extremely difficult (ie., expensive) and sometimes impossible to obtain the exclusive right to use the name in the marketplace – or to stop a competing business from adopting a similar (or the same) business name or otherwise use it in association with the competing business.

Step 2: Search the Name

Will the Business Name Get You Sued?

You must ensure that the name is not one that is already in use by an existing business or protected by a trade mark registration. You can be sued if you use someone else's name, either for passing off or for trademark infringement. The law will not permit you to take advantage of the goodwill of another business by passing off your business as that of someone else by using a similar or identical name.

What Searches?

If your business offers products or services to the public, a full NUANS report - even where it includes an excerpt of the Canadian Trade-marks Database - almost certainly will not assist you in avoiding infringing another's trade-mark rights. Only a proper trade-mark search can reduce the risk of a conflict with a Canadian trade-mark. The depth and breadth of the search, the searched jurisdictions, and the specific parameters, should be discussed with a registered trade-mark agent to secure meaningful search results.

Step 3: Protect the Name

Registering your corporation and/or trade name does not provide you with rights in your business name.

Registering your corporation (in itself) will not allow you to stop a competitor from using your business name or trade name to offer wares or services to the public. A corporate registration does not give you any rights in your business name. A trade name registration also does not give you any rights in your business name. Corporate registration and trade name registration primarily have a public protection purpose: allowing the public to understand with whom they are doing business. Neither provides you with the exclusive right to use your business name in the marketplace.

Careful thought should be given to these questions. If you are just starting your business, you may believe that you will have no desire to expand the scope of your business operations. However, three or four years down the road, when business is booming, you may have an entirely different perspective. If at the outset, you feel you may wish to develop other outlets or allow others to use your name, or if wares or services are offered through the internet - then pursuing trade mark registration is desirable.

However you decide to proceed, it is important to think about these issues and choose a name and registration process that best suits your purposes. Our [Intellectual Property and Technology Group](#) has experience in assisting clients in negotiating such issues and in making the choices that are most appropriate for the client's business plan.

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