

# THE ADVISOR

CURRENT BUSINESS AND PERSONAL SERVICES LAW ISSUES

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## DO YOU OWN YOUR BUSINESS NAME?



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You've obtained a name search at Corporate Registry, reviewed a NUANS report, and registered your corporation at the federal or provincial corporate registry. You may have even registered your trade name. So, you own your business name right? Not necessarily.

Registering your corporation or trade name will not, in itself, allow you to prevent a competitor from using your business name or trade name to offer wares or services to the public. Business owners are often surprised by this fact, and cannot understand how a competitor could operate its business using a highly similar, or even identical, business name. The fundamental reason is that corporate or trade name registration does not provide your business with trade-mark protection, and it is trade-mark law that gives the highest and best rights to use of business names.

### Trade-mark Law

Trade-mark rights are acquired through use of the "trade-mark" (often, business name) in association with wares or services. If your corporation is incorporated but does not immediately use its corporate name to offer wares or services, your business will not acquire any trade-mark rights in your corporate name until such time that your business begins to use your corporate name in association with wares or services. Further, unless your trade-mark is registered at the Canadian Intellectual Property Office, any trade-mark rights that you have acquired in your business name ("common law" trade-mark rights) only extend as far as the geographic area in which your trade-mark has gained a substantial reputation. Therefore, if your business only offers wares or services in Calgary, you likely do not have the right to prevent use of your business name in Edmonton, and perhaps not even in Red Deer, irrespective of the fact that you have duly registered your corporation or trade name.

### Geographic Limitation of Rights

The geographic limitation of common law rights and corporate registration is of increasing concern for our clients. In the past, it may not have concerned most business owners that a third party was using an identical business name to operate a competitive business in another jurisdiction in Canada. However, the internet and the ubiquity of electronic communication have expanded the borders of business. Our clients' businesses can now be threatened by a new start-up based in another province that uses a similar business name to offer similar wares and services on the Internet. Neither common law trade-mark rights nor corporate registration alone can typically prevent that start-up from using even an identical business name. Corporate registration alone also will not permit the corporation to wrestle the relevant domain names from a legitimate business competitor – which in some cases can allow a bona fide business competitor to divert business or monopolize the Internet presence with impunity. A business owner that relies solely on its corporate registration to establish ownership of its business name will also find it difficult to prevent an infringing use of its business name on the Internet.

### Trade-mark Registration

For these reasons, a business owner that offers wares and services to the public using its business name should secure the exclusive right to use its business name through trade-mark registration. A Canadian registered trade-mark provides the business owner with the exclusive right to use the registered trade-mark in respect of the registered wares and services in all of the provinces and territories in Canada. The trade-mark owner also is the presumptive owner of the registered trade-mark for use in association with the registered wares and services, and anyone seeking to challenge ownership will have the legal burden of proving otherwise in

court. It is also a powerful tool to compel third parties to remove content that infringes a trade-mark owner's rights, or transfer a domain name encompassing the mark to the trade-mark owner. However, it is important to apply for trade-mark registration at the earliest opportunity, as applying early often reduces issues with the Trade-marks Office and competing businesses, which reduces the expense. In fact, a business can apply to register its trade-mark even before it starts using the trade-mark in association with wares and services.

To determine if trade-mark registration is appropriate for your business, or to discuss other trade-mark or business concerns, please contact a member of our Intellectual Property and Technology Group. Our lawyers have experience in a wide range of intellectual property and corporate matters, and would be very happy to assist. ▲

**DISCLAIMER**

The Advisor is a commentary on current legal issues in the business area and should not be interpreted as providing legal advice. Consult your legal advisor before acting on any of the information contained in it. Questions, comments, suggestions and address updates are most appreciated and should be directed to:

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