Protecting Your Brand: Managing Legal and Reputational Risk

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Agenda

1. What is your “Brand”?  
2. Intellectual Property Protection  
3. Extending Use of Your Brand to Third Parties  
5. Wrap Up
What is your “Brand”? 

- Any word, mark, symbol, design, term or a combination used for the purpose of identifying some ware or services
- One of the core purposes of branding is to establish the identity of the owner
What is your “Brand”? 

• Your brand identity is your: 
  – Name 
  – Logo 
  – Tagline 

• Goodwill associated with the brand 

• Image and reputation of the organization
Intellectual Property Protection

- Official marks
- Trademarks
- Both can be obtained for word, design, or combination
Intellectual Property Protection
Official Marks

- Any mark adopted and used by a public authority, in Canada for which the Registrar of Trademarks has, at the request of the public authority, given notice of its adoption and use.

- Two-prong step to qualify as public authority:
  - Significant degree of control must be exercised by appropriate government over activities of organization.
  - Activities must benefit the public.
Intellectual Property Protection
Official Marks

- Government Control
  - Must be Canadian
  - Must be ongoing

- Public Benefit
  - Trademarks office will consider the objects, duties, powers and distribution of assets to determine if activities benefit the public

- Once test is met, Canadian Intellectual Property Office ("CIPO") requires evidence of adoption/use of Official Mark
  - Examples: use on website, newspaper advertisement
Intellectual Property Protection

Official Marks

• Official Mark status can be acquired by filing application with CIPO

• Once CIPO publishes the mark in the Trademarks Journal, mark obtains Official Mark status

• Public hospitals and other organizations that qualify as public authorities and are eligible to obtain Official Mark protection
Intellectual Property Protection
Official Marks

• Benefits of Official Mark Protection
  − Greater protection than trademarks
  − Ability to prevent third party from adopting, registering or using a mark resembling the Official Mark without consent regardless of the wares or services associated with the mark
  − Not restricted for use with specific wares or services
  − Once obtained, does not need to be renewed
  − No statutory procedure to revoke Official Mark, can only be done through the courts, whereas trademarks can be expunged
  − Faster to obtain than trademark registration
• Trademark must be used in association with specific wares/services
  − Mark must be used prior to registration
  − Wares – mark must appear on the product at the time of sale
  − Services – mark must appear on advertisement or promotional material, service must be available to the public at that time
Intellectual Property Protection
Trademarks

- Trademark protection can be obtained through:
  - Use (common law); or
  - Registration (statutory)
Intellectual Property Protection
Trademarks – Common Law Protection

- Limited to geographical boundaries of the mark’s use
- If rights have to be asserted, have to demonstrate consistent use of mark in the geographic space
- Rights can be enforced through court action for passing off
Intellectual Property Protection
Trademarks – Common Law Protection

• If relying on common law protection of a trademark, someone else could secure registration for same/similar mark
  − Would provide other entity control of the mark going forward
  − However, use of mark under common law permitted so long as its use is confined to the wares/services and geographical area prior to registration

• No ownership of the mark under common law
• Passing Off Action
  – In order to be successful, have to show that:
    • You have a reputation (goodwill) in the mark and that the public associates the mark with your organization
    • There is a misrepresentation by the third party using the mark, which leads to confusion in the mind of the public with respect to the owner of the mark
    • Continued use and misrepresentation by the third party must cause damage or a real prospect of damage to your organization
  – Difficult to prove
  – Lengthy and expensive process
Intellectual Property Protection
Trademarks - Registration

• Registration obtained by filing application with CIPO

• Protection through registration
  – Gives owner of mark exclusive rights
  – Protects the trademark in relation to wares/services listed in the registration
  – Provides procedural advantages when enforcing trademark rights
  – Rights are Canada wide
• Same process to enforce rights for Official Mark and trademark

• Cease and desist letter from organization
  – Puts other party on notice that they have infringed your mark by using the same or similar mark
  – Requests other party to stop using the mark

• Cease and desist letter from legal counsel

• Commence legal action for infringement
Extending Use of Your Brand to Third Parties

- Affiliated organizations (e.g. Auxiliaries, Foundations)
- Service providers
Extending Use of Your Brand to Third Parties
Affiliated Organizations

- Affiliated organizations may use some or all of your brand
- Could be part of their legal name or business name
- Could be incorporated in their logo
Extending Use of Your Brand to Third Parties
Affiliated Organizations – Legal Name

• Use of legal name by third party as its legal name requires consent

• *Corporations Act* (s. 13(1)(a)) states:

  A corporation shall not be given a name that is the same as or similar to the name of a known corporation...if its use would be likely to deceive, except where the corporation...consents in writing that its name in whole or in part be granted.
Extending Use of Your Brand to Third Parties
Affiliated Organizations – Legal Name

• But, no right/process to revoke consent
  – May be problematic in circumstances where you no longer want the third party to use your name
  • Not acting in concert with the interests of your organization
  • Engaged in unlawful/fraudulent activity
  • Assuming political positions that do not align with your mission/vision/values
  – For risk management require as a condition of consent a License Agreement setting scope and limits of use
Extending Use of Your Brand to Third Parties
Affiliated Organizations – Business Name

• Registration of business name:
  – does not create a monopoly or right in name
  – does not give trademark protection over name
  – does not require consent

• Government approval of business name does not mean that it is not in violation of a registered trademark or Official Mark

• Can only limit/control third party use if you have intellectual property protection
Extending Use of Your Brand to Third Parties

Affiliated Organizations – License Agreement

- License is required for third party use of registered trademark/ Official Mark
- License Agreement is both beneficial and recommended to secure rights if you do not have registered intellectual property ownership of your name, logo, etc.
Extending Use of Your Brand to Third Parties
Affiliated Organizations – License Agreement

• Licensing requirements under *Trade-marks Act* (s. 50)
  – There must be a licensing arrangement
  – License should be granted by the owner of the Official Mark/trademark
  – Owner must maintain control over the character quality and use of the mark
  – Use of mark by licensee must clearly identify the owner of the mark and that the mark is being used under license

• Same principle applies even if no intellectual property protection
Types of License

- Exclusive – use to exclusion of all others, including owner
- Non-exclusive – use by third party, owner and others licensed by owner
Extending Use of Your Brand to Third Parties
License Agreement

- Key Components of License Agreement
  - Scope of rights/ permitted use
  - Reserved rights of Licensor
  - Warranties, representations and covenants (Licensor/Licensee)
  - Term
  - Termination
  - Indemnification
  - Restrictions on sublicensing
  - Enforcement and goodwill
Extending Use of Your Brand to Third Parties

Service Providers

• Engaging service providers to act as your agent in the delivery of services/supports under your name

• To protect brand and mitigate risk, enter into a Service Provider Agreement setting out expectations around standards and quality of service delivery
Extending Use of Your Brand to Third Parties
Service Providers

• Include terms on:
  − How/when brand may be used
  − How will logo/marketing materials be provided to service provider
  − Use of media/website by service providers

• In addition to standard terms on qualifications, standards of service and compliance with policies
Extending Use of Your Brand to Third Parties
Liability & Insurance

• Critical to determine the nature of relationship, which will determine whether use of brand by third party would be covered by insurance

• Require indemnification from third party
Co-Branding – Joint Development and Use

• Engagement in regional initiatives, programs or other joint ventures where organizations are delivering a service or product under a common brand
Co-Branding – Joint Development and Use Ownership

- One trademark cannot be owned by multiple entities
  - Can be obtained by single entity such as an individual or corporation
  - Can also be obtained by partnership or joint venture
Co-Branding – Joint Development and Use Ownership

• Because of restrictions on ownership:
  – Lead obtains legal protection for brand and licenses its use in accordance with a License Agreement
  OR
  – Create a Joint Venture to jointly obtain and own the brand
Co-Branding – Joint Development and Use
Terms of Ownership/Use

• Develop brand use and service standards to:
  − mitigate risk
  − ensure a certain common level and quality of service

• Jointly owned brand should be governed by a contract addressing decision making, exit of the parties, risk allocation, etc.
Co-Branding – Joint Development and Use

Liability & Insurance

• When engaging in co-branding, there is risk/liability related to joint use of the brand

• Public may not distinguish between the parties and may pursue action against all who operate under the common brand when delivering integrated services
Co-Branding – Joint Development and Use

Liability & Insurance

• Standard Commercial General Liability (“CGL”) insurance may not cover liability arising from third party conduct (i.e. your co-branding partner)

• Standard CGL insurance may not cover indemnification obligations created through joint venture

• Obtain written confirmation of coverage from your insurance broker

• May be possible to get add-on coverage to existing insurance policy
WRAP-UP

• Intellectual property protection for your brand confers strongest rights of ownership

• When extending use of your brand to third parties, put a License Agreement in place to maintain control and establish standards of use

• When engaging in integration consider and address implications of a joint brand

• Mitigate risk by obtaining confirmation of insurance coverage and securing third party indemnification
QUESTIONS & DISCUSSION
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