

focus

on Intellectual Property



FRASER MILNER CASGRAIN LLP

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Supreme Court of Canada Decisions on “Famous” Trade-marks

On Friday, June 2, 2006 the Supreme Court of Canada released its long-awaited decisions in respect of the strength and scope of famous trade-marks.

The Supreme Court has provided a clear statement as to the purpose of trade-mark legislation. While recognizing that many corporations now count famous brand names to be among their most valuable business assets, the Court has reaffirmed that the purpose of the *Trade-marks Act* is to act as a guarantee of origin, as well an assurance to the consumer of the quality associated with the mark. Therefore, regardless of the commercial evolution of trade-marks, the protection granted to “famous” marks is assessed on the same principles that are applied to all trade-marks.

In both decisions the Supreme Court of Canada found that confusion was unlikely, holding that fame is but one factor to consider when weighing all of the circumstances, and does not create any presumption of either confusion or depreciation of goodwill. Likelihood of confusion is to be assessed based on the facts before the court or the Registrar, with all relevant factors considered. The Court also confirmed that under certain fact situations a famous mark may be entitled to a broader ambit of protection.

MATTEL, INC. v. 3894207 CANADA INC.

In *Mattel, Inc. v. 3894207 Canada Inc.* (“*Mattel*”) the question at issue was whether a trade-mark application for *BARBIE’S & DESIGN* for use in association with “restaurant services, take out services, catering and banquet services” filed by a chain of restaurants in the suburbs of Montréal was registrable. *Mattel Inc.* opposed the application on the basis that it was confusing with its famous *BARBIE* trade-marks registered and used in Canada in association with dolls and doll accessories. The Supreme Court unanimously rejected *Mattel’s* Opposition, and in doing so, clarified the approach the courts and the Registrar should take with respect to an analysis of the likelihood of confusion.

Test for Confusion

In analyzing the likelihood of confusion between the marks before it, the Supreme Court considered all the surrounding circumstances including the factors listed in section 6(5) of the *Trade-marks Act*. These factors include the inherent distinctiveness of the marks, the length of time they were used, the nature of the wares, services or businesses, the nature of the trade, and the degree of resemblance. These factors need not be given equal weight, and in this case, the Court focused on the distinctions

between the wares and services of the parties, and the different clientele of the parties. The absence of any evidence of actual confusion was also a consideration.

Mattel does not deviate from the existing statutory test for confusion set out in section 6 of the *Trade-marks Act*. On the contrary, the case reaffirms the longstanding test that confusion is to be determined after considering all of the circumstances in their full factual context, and emphasizes that this test covers famous trade-marks. In doing so, the Supreme Court also rejects the suggestion, stated in the prior case of *Pink Panther Beauty Corp. v. United Artists Corp.*, that there must be some degree of overlap of the wares or services in question in order to find confusion. Any overlap (or lack thereof) of the wares or services, will be an important consideration in determining the likelihood of confusion but not the dominant consideration.

Consistent with its holistic approach, the Supreme Court held that the scope of protection granted to a famous trade-mark will vary. Fame is an additional factor to consider, but its weight, like all of the factors for assessing a likelihood of confusion, will be dependant on the surrounding circumstances. Therefore, while some famous trade-marks may be so well known that their use in connection with any wares or services will cause confusion to be likely, other famous trade-marks may be product specific and entitled to more limited protection. In *Mattel*, the Supreme Court cites “Virgin” as being illustrative of the former, and the mark “Apple” (i.e. Apple Computers, Apple Records, Apple Auto Glass, etc.) as illustrative of the latter.

Although no likelihood of confusion was found in this case, the Supreme Court raised the possibility that a mark could be found to be confusing with a famous trade-mark used in a very different business under certain circumstances.

Survey Evidence

An important side issue addressed in *Mattel* concerns the use of surveys. Surveys are frequently used in trade-mark proceedings to demonstrate a likelihood of confusion between the marks at issue.

On appeal, *Mattel* sought to introduce survey evidence which it claimed showed a likelihood of confusion. The evidence, rejected by the Federal Court of Canada, was not adduced in the Supreme

Court. Regardless, the Supreme Court made several critical comments on the way the survey was conducted and how such evidence should be treated in the future.

The key criticism of survey evidence by the Supreme Court was that the survey questions in this case were not relevant. The Court focused on one survey question in particular which asked:

“Do you believe that the company that makes Barbie dolls might have anything to do with the restaurant identified with [Barbie’s Restaurants] sign or logo?”

The Supreme Court notes that the word “might” is directed at the mere possibility, not probability (or likelihood), of confusion. In the question in the case at bar, the word rendered the question, and hence the survey, irrelevant and inadmissible.

Other potential shortcomings of the survey included: the lack of information provided to those who answered the survey; the fact that people who knew Barbie’s restaurants were specifically excluded from the survey; and the suggestive nature of the questions in the survey. Such shortcomings tended to reduce the weight of the survey, rather than rendering it inadmissible.

In summary, for survey evidence to be given any value at all in trade-mark proceedings, the questions must be relevant to the issue of likelihood of confusion, the survey must be reliable, and the survey must be valid in that shortcomings as identified by the Supreme Court, must be avoided.

While surveys may still be used, it appears that any survey evidence in a trade-mark case will have to withstand scrutiny to be given any weight.

VEUVE CLICQUOT PONSARDIN v. BOUTIQUES CLICQUOT LTÉE

In *Veuve Clicquot Ponsardin v. Boutiques Clicquot Ltée* (“*Veuve Clicquot*”) the question at issue was whether six women’s wear shops in Quebec and eastern Ontario could be enjoined from using the name “Clicquot”, and have their registered trade-marks expunged from the Trade-marks Register, on the basis of the infringement of *Veuve Clicquot*’s famous VEUVE CLICQUOT trade-marks, registered for use in association with champagne and used in Canada since 1899. *Veuve Clicquot* further argued

that the value of the goodwill in its VEUVE CLICQUOT registered trade-marks was depreciated, contrary to section 22 of the *Trade-marks Act*.

Test for Confusion

In *Veuve Clicquot*, the Supreme Court applied the same analysis for confusion as identified and used in *Mattel*: the likelihood of confusion is to be determined after considering all the circumstances in their full factual context, with the fame of the relevant trade-mark being one of the surrounding circumstances to consider. As the trial judge had correctly balanced the fame of the Veuve Clicquot mark against all other relevant factors, the Supreme Court refused to interfere with the lower court's finding of no likelihood of confusion. It found the wares of the parties differed significantly and were sold through different channels. Similar to *Mattel* above, the Supreme Court also noted the absence of evidence of actual confusion.

Depreciation of Goodwill

The Supreme Court in *Veuve Clicquot* provides important clarification as to the application of Section 22(1) of the *Trade-marks Act*. The Act provides:

22.(1) No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.

The required elements of this section are:

1. The claimant's registered trade-mark must be "used" by the defendant;
2. The claimant's trade-mark must be sufficiently well known to have significant goodwill attached to it;
3. The claimant's trade-mark must be used in a manner likely to have an effect on that goodwill; and
4. The likely effect would be to depreciate the value of the goodwill.

In *Veuve Clicquot*, Boutiques Cliquot used the mark "Cliquot" (which the Court noted was not identical to the VEUVE CLICQUOT trade-mark) on the signs, bags, wrapping, and business cards of

her stores, but not on the clothing itself. This evidence was held, by the trial judge, to mean that consumers who saw "Cliquot" in the Boutiques Cliquot stores would not make any mental link to the VEUVE CLICQUOT mark. In addition the VEUVE CLICQUOT mark was not "used" by Boutiques Cliquot as defined by the *Trade-marks Act*. The Supreme Court agreed with these findings. Veuve Clicquot failed to establish any linkage or depreciation of its goodwill before the Supreme Court, and was unable to prove its case on this point.

The Supreme Court referred to the anti-dilution remedies in the United States *Trademark Act*, as well as similar provisions in Europe. However, the Supreme Court observed that s. 22 of the *Trade-marks Act* is worded differently and therefore open to a different interpretation. In light of these comments and the peculiar facts of *Veuve Clicquot*, it appears doubtful that the anti-dilution remedies in Canada are the equivalent of those in the U.S. or Europe.

SUMMARY

The Supreme Court of Canada has made it clear that fame is but one factor to consider in analysis of confusion, and fame by itself does not create any presumption of either confusion or depreciation of goodwill. Likelihood of confusion is to be assessed based on the facts before the court or Registrar, with all relevant factors considered. However, the Supreme Court also confirmed that under certain fact situations a famous mark may be entitled to a broader ambit of protection.

These decisions may have dealt a blow to those wishing to see the Supreme Court of Canada give greater strength and scope to famous trade-marks, including the International Trade-mark Association, which acted as an intervener in the *Veuve Clicquot* case. Notwithstanding this, the Supreme Court's decisions can be viewed as fairly balanced as the Court acknowledges that in the right circumstances, fame is capable of carrying a trade-mark "across product lines" and support a finding of confusion even where there is no overlap between the activities of the parties.

Copies of the decisions are available at the Supreme Court of Canada website at: <http://scc.lexum.umontreal.ca/en/index.html>.

NEW ADDITIONS TO THE FMC INTELLECTUAL PROPERTY & TECHNOLOGY TEAM

Vancouver

Fraser Milner Casgrain LLP is proud to announce the addition of **Taran Atwal**. Taran advises clients on all areas of business law with a particular emphasis on the intellectual property and information technology areas, including procurement, registration, protection, licensing and portfolio management matters. She is a registered trade-mark agent, a patent agent trainee, and has experience in patent and trade-mark prosecution, enforcement and licensing. Taran has prepared and negotiated distribution, franchise, technology development, support and outsourcing agreements. She also has experience with e-commerce related transactions, software licensing, technology acquisitions and domain name disputes. Clients Taran has advised range from start-ups to well-established clients in a variety of industries including software development, biotechnology, auto parts manufacturing, marketing, retail, real estate, mining and entertainment.

Edmonton

Fraser Milner Casgrain LLP is proud to announce the addition of a new lawyer to its Intellectual Property & Technology Practice Group in Edmonton. **Anna Loparco** has experience in trade-mark prosecution, copyright issues and patent and licensing disputes both in relation to commercial matters and litigation. Anna is a member of the Law Society of Alberta, the Barreau du Québec and the New York bar and holds a masters of business administration.

Montréal

Fraser Milner Casgrain LLP is proud to announce the addition of new lawyers to its Intellectual Property & Technology Practice Group in Montréal. **Chantale Pittarelli** and **George Kintzos** have strong experience in trade-mark prosecution, copyright issues and other complex Intellectual Property matters. Chantale Pittarelli is also completing a Master's degree in North American Common Law with an emphasis on Intellectual Property. George Kintzos has published many articles and given various conferences on matters related to Intellectual Property rights.

Ottawa

The Ottawa office of Fraser Milner Casgrain LLP is proud to announce the addition of **Chris Cascanette**, as Trade-mark Clerk and Database Administrator.

Fraser Milner Casgrain's Intellectual Property & Technology Group provides legal advice on all matters related to trade-marks, copyrights, trade secrets, industrial designs and patents. Our clients range from the individual inventors, to entrepreneurs, large multinational corporations, venture capital groups and emerging companies.

Our objective is to provide our clients with innovative and practical solutions in the field of Intellectual Property. Our expertise permits us to intervene rapidly and strategically in the elaboration of legal and business solutions adapted to complex and sophisticated situations.

Trade-marks, copyrights and domain names

- Registrability and availability searches and opinions;
- Prosecution of applications for registration worldwide;
- Strategic management of portfolios worldwide;
- Representation before the Trademarks Opposition Board, the Copyright Tribunal, provincial courts, and the Federal Court;
- Resolution of domain name disputes.

Patents

- Negotiating acquisition and transfers of patents and related technology.

Litigation

- Representation before all Courts across Canada, the Federal Court of Canada's Trial and Appellate Divisions and the Supreme Court of Canada;
- Representation before administrative tribunals in all matters related to Intellectual Property;
- Representation of our clients in commercial arbitration and mediation proceedings.

Corporate Support

- Intellectual Property due diligence;
- Co-ordinate filings against intellectual property;
- Negotiating and drafting agreements related to Intellectual Property such as licensing, transfers, franchising, manufacturing and distribution agreements;
- Negotiating and drafting agreements related to advertising, entertainment, publishing, e-business;
- Auditing and strategic management of Intellectual Property.

Trade Secrets

- Identify, protect and promote assets not governed by Intellectual Property laws.

CONTACT US

Should you have any questions regarding this topic or Trade-marks generally, please contact one of the following:

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