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## **INTELLECTUAL PROPERTY LAW, TRADE-MARKS CHAPTER, CLE ANNUAL REVIEW, [2012]**

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By RBS Lawyers

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A. Introduction

2012 saw no changes to the legislation or regulations governing trade-marks in Canada. However, the Canadian Intellectual Property Office (“CIPO”), which is responsible for trade-mark registrations in Canada, issued a number of practice notices dealing with a variety of issues relating to trade-mark prosecutions in CIPO which are set out below. Of importance was the practice notice of CIPO with respect to the registerability of sounds as trade-marks.

There were also interesting decisions of the Federal Court and Federal Court of Appeal on a variety of issues including licensing and a number of decisions concerning descriptive marks, confusion and infringement. Notably, the Federal Court of Appeal dealt with a novel case in the long standing trade-mark battles in the tobacco industry.

B. Legislation

There were no amendments in 2012 to the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the “Act”), or the Trade-marks Regulations (SOR/96-195) (“Regulations”). However, there have been on-going consultations with the trade-mark practitioners and organizations with respect to proposed amendments to the Regulations.

The proposed amendments would introduce significant changes, including the following changes:

a. Non-traditional Marks

As discussed below, CIPO is now allowing trade-mark applications for sound marks which it previously refused over apparent concerns that an accurate representation of sound marks could not be represented visually in a trade-mark registration. However, CIPO is looking at proposed amendments for registration of non-traditional marks generally. This would include holograms and motion marks as well as sound marks.

b. Amendments to Applications

CIPO proposes to relax its current practice to allow an amendment of an application without filing of evidence in order to claim an earlier date of first use of the mark before the mark is advertised. As well, CIPO proposes to allow amendments to applications to identify it is made on the basis of prior use of the mark rather than proposed use. Currently, an amendment is only allowed with respect to a change from a prior use basis to a basis of proposed use of a mark.





c. Oppositions

Significantly, CIPO proposes to change the current practice of the concurrent filing of written arguments in opposition proceedings by the parties to one in which the opponent will file its written argument first and the applicant will have two months thereafter to file its written argument. It does not appear there will be any automatic right to file reply arguments by the opponent. As well, there are proposed changes to the timing of the filing of evidence and conducting cross-examinations so that both parties will have to complete cross-examinations by the same date. Also, the proposed amendments will extend further electronic filing in oppositions.

d. Transfers

The proposed amendments will eliminate the need to file copies of the assignment documentation to support the recordal of transfers of trade-marks from one entity to another. A simple request is all that will be required to record a transfer.

On May 1, 2012, CIPO issued its update on the consultations with trade-mark organizations and practitioners undertaken by CIPO. The submissions were from the International Trade-mark Association, the Intellectual Property Institute of Canada, the Federation Internationale de Conseils en Propriété Industrielle, Smart & Biggar and Gowling Lafleur Henderson LLP. These submissions are posted on CIPO's website.

C. Administrative Practice

In 2012, CIPO issued two practice notices. The practice notices clarify CIPO's current policy, but strictly speaking, do not have the force of law unless supported by specific provisions of the Act and Regulations.

1. Trade-mark Consisting of a Sound

In 1992, Metro-Goldwyn-Mayer Lion Corp., commonly known as MGM, filed a trade-mark application for the famous introduction to its films consisting of the sound of a lion's roar. In 2010, CIPO rejected the application and MGM appealed the rejection to the Federal Court.

However, before a decision could be rendered, MGM and the Registrar of Trade-marks on consent filed an order of the Federal Court allowing MGM's application to proceed to registration. There were no reasons given for the order.

On July 31, 2012 MGM's lion's roar sound was registered as a trade-mark. MGM's registration in CIPO provides a verbal description of the sound, shows a graphic meter representation and advises that an





electronic recording has been placed on file with CIPO.

On March 28, 2012, the same day as the Federal Court order, CIPO issued its practice notice formally changing its long-standing refusal to register sound marks. The Practice Notice states that an application for the registration of a sound mark should:

- a. state that the application is for the registration of a sound mark;
- b. contain a drawing that graphically represents the sound;
- c. contain a description of the sound; and
- d. contain an electronic recording of the sound.

CIPO may raise objections to registration if the sound mark is functional, clearly descriptive or deceptively misdescriptive. However, it remains uncertain how these concepts will be applied to sound mark applications by CIPO and as to how the courts will develop the law in this area. Undoubtedly, it will be interesting to see how this unfolds and to what extent will the law from other jurisdictions which have allowed such registrations for some time play a key role in these developments.

## 2. Correspondence Procedures

On May 15, 2012, CIPO updated its practice notice concerning correspondence procedures. Of note are the Designated Establishments of CIPO which correspondence addressed to the Registrar of Trade-marks may be delivered in person. The Designated Establishment for Vancouver is:

Industry Canada

Library Square

300 West Georgia Street, Suite 2000

Vancouver, BC V6B 2E1

Documents delivered to this address must be enclosed in a sealed envelope.

## D. Case Law

The following summarizes important cases in 2012 relating to trade-marks.

### 1. DISTINCTIVENESS





2012 saw a battle over the coffee lovers' expression "French press" for non-electric coffee makers in *Bodum USA, Inc. and PI Design AG v. Meyer Housewares Canada Inc.*, 2012 FC 1450. The issue was whether "French Press" was a distinctive trade-mark or a generic term like "toaster" or "peppergrinder".

The typical non-electric coffee maker in question consists of a narrow cylindrical beaker with a plunger made of wire or nylon mesh that fits tightly in the cylinder. Coffee grains are poured in the cylinder followed by hot water to brew the coffee. The plunger is then used to compress the coffee grains to the bottom leaving only liquid coffee ready to serve.

In 1997, Bodum USA, Inc. and PI Design AG (collectively "Bodum") registered FRENCH PRESS in association with its non-electric coffee makers.

Meyer Housewares Canada Inc. ("Meyers") also sold non-electric coffee makers using on its packaging and product inserts the term "French Press".

12 years after registration and without notice to Meyer, Bodum brought an action for infringement, passing-off and depreciation of goodwill pursuant to the Act.

The defence of Meyer denied that Bodum had acquired any significant reputation or goodwill in the trade-mark. Further, Meyer denied that its use of the mark was as a trade-mark and that it legitimately used the mark as a description for the product it sold. Finally, Meyer sought the expungement of Bodum's trade-mark registration on the basis that the words "French Press" were a generic description for such non-electric coffee makers sold by Bodum and Meyer.

The Federal Court agreed with Meyer and expunged Bodum's trade-mark registration for FRENCH PRESS and dismissed the claims of Bodum against Meyer.

The heart of the matter concerned the distinctiveness of the mark FRENCH PRESS and whether it sends a clear message to the public that the wares with which the trade-mark is associated and used are the wares of the trade-mark owner and not those of another party. The Federal Court stated that this is not an absolute test. In the same circumstances a word may be commonly used in a descriptive sense yet still remain distinctive and that proof of distinctiveness does not require evidence of exclusive use.

The Federal Court appears to have been impressed that the mark FRENCH PRESS was relatively insignificant on Bodum's product packaging and was never used as a self-standing mark by Bodum. Further, evidence showed the term was already used generically in Canada before Bodum purported to adopt it.

As well, there was evidence that even the Bodum management used the term generically along with





evidence of 222 generic references in newspapers and magazines and 73 generic references in 24 websites.

Importantly, 15 coffee products from third party manufacturers and distributors used “French press” on their advertising, packaging or product inserts.

Searches of the Trade-marks Register showed that there were 14 registrations to third parties which included the description “French press” or “French presses” within their description of wares. Bodum itself used the term “French press” generically in three Canadian patent applications and it was also used generically in two Canadian industrial design registrations.

The Federal Court also place some importance on the fact that the phrase “French presses” is not a coined or made-up name like “Thermos” which despite generic use was upheld as a valid trade-mark in *Aladdin Industries Inc. v. Canadian Thermos Products Ltd.*, [1969] 2 Ex. CR 80. In short, Bodum was not trying to protect a coined word from falling into the public domain but rather trying to appropriate words from the common language for its exclusive use.

As well, another significant factor in the Federal Court’s decision was the failure of Bodum to police its rights. Bodum did nothing until it initiated the action 12 years after registration without any prior notice.

Interestingly, the Federal Court was prepared to take judicial notice of the movement of information across the Canada-US border such that evidence of generic use in US media was relevant. Further, the Federal Court held that a decision of the US Trademark Trial and Appeal Board to be instructive in (see In re: *PI-Design AG*, US TTAB 1999). In that case, the Board denied an appeal from a US trademark examiner who determined that the words “French Press” were merely descriptive, generic and Bodum had not provided sufficient evidence to establish that it had acquired distinctiveness in such a mark.

In another case concerning distinctiveness of trade-marks in *CEG License Inc. v. Joey Tomato’s (Canada) Inc.*, 2012 FC 1541, the Federal Court addressed the issue of whether the trade-mark LOCAL filed on the basis of proposed use was not capable of distinguishing the services of Joey Tomato’s (Canada) Inc. (“Joey’s”) from those of the services of CEG License Inc. (“CEG”) under the marks LOCAL 522 and LOCAL 510.

The Trade-marks Opposition Board (the “Opposition Board”) rejected the opposition to Joey’s trade-mark application for LOCAL in association with, among other things, beverageware, promotional items, restaurant, bar and lounge services, food take-out services and catering services. It did so on the basis that CEG failed to meet its initial burden to show that its trade-names were distinctive. CEG was unable to show its marks had become well known in the Calgary area with respect to restaurant services prior to filing its opposition





and that its trade-marks had a reputation in Canada that was substantial, significant or sufficient to negate the distinctiveness of Joey's trade-mark LOCAL.

However, given the decision above, the Opposition Board did not review the last issue whether the mark LOCAL was distinctive given the prior use of CEG's confusingly similar marks LOCAL 510 and LOCAL 522.

On appeal to the Federal Court, CEG submitted new evidence of its use and reputation in the marks LOCAL 522 and LOCAL 510 with respect to its restaurants as of the filing date of the opposition so as to meet its initial burden to show the distinctiveness of its mark in challenging the application of Joey's to register its mark LOCAL.

However, the new evidence did not show any evidence of any signage at the LOCAL 510 or LOCAL 522 restaurant establishments other than a smudged reference on a chalk board for LOCAL 522. Further, sales figures for both establishments were confused in that there were no revenue figures provided in the few months before filing by CEG of its opposition, there were errors in the tabulating of the sales figures provided by CEG and most of the sales occurred during the 10 days of the Calgary Stampede where they were "co-mingled" with another restaurant, the Wildhorse Saloon. As well, on-line reviews of the restaurants indicated that at the relevant time people only knew CEG's restaurants by reference to "510" or "522" and not by the use of LOCAL.

With respect to advertisements provided, there was no evidence as to whether these were mock-ups or mere "proofs" of advertisements and there was no evidence of how the ads were actually published.

Undercutting CEG's evidence was evidence from Joey's that before and after the filing date of the opposition, people generally did not know the marks LOCAL 510 or LOCAL 522 or recognize any trade-mark usage of LOCAL at either establishment. Further, CEG's credibility was undermined as evidence provided of a website using the domain name [localtavern.ca](http://localtavern.ca) was found not to be in operation before the relevant date of the filing of the opposition by CEG.

Accordingly, CEG's appeal was dismissed and the registration of Joey's for the mark LOCAL was confirmed.

## 2. OFFICIAL MARKS

In 2012, the Federal Court in *Maple Leaf Foods Inc. v. Consorzio Del Prosciutto Di Parma*, 2012 FC 416 dealt with the appeal of under Section 56 of the Act of the decision of the Registrar of Trade-marks to refuse the application by Maple Leaf Foods Inc. ("Maple Leaf Foods") for registration of the logo design mark incorporating the word PARMA in association with meats.





The Registrar did so on the basis of an official mark obtained by Consorzio Del Prosciutto Di Parma for the word PARMA as part of a design mark pursuant to Section 9(1)(n)(iii) of the Act. Notably Consorzio Del Prosciutto Di Parma obtained its PARMA official mark almost three years after Maple Leaf Foods filed its trade-mark application.

The appeal in the Federal Court was fought on the grounds that the official mark of Consorzio Del Prosciutto Di Parma was invalid and should not have been granted in the first place.

The key issue was whether the Consorzio Del Prosciutto Di Parma was at all material times a “public authority” as required by Section 9(1)(n)(iii) of the Act. While the Consorzio Del Prosciutto Di Parma could show it was an organization subject to significant control by the Italian government, the case of *United States Postal Service v. Canada Post Corporation*, 2007 FCA 10 requires such control must be by a Canadian government in order to demonstrate that it is a “public authority” within the meaning of the Act to qualify as an official mark.

Consequently, the published official mark of the Consorzio Del Prosciutto Di Parma was declared invalid and void *ab initio* and the Maple Leaf Foods application for PARMA was allowed.

In *Cable Control Systems Inc. v. Electrical Safety Authority*, 2012 FC 1272, the Federal Court dealt with another case concerning official marks, but this time on the basis of judicial review of the decision of the Registrar of Trade-marks to grant the official mark DIG SAFE pursuant to Section 9(1)(n)(iii) of the Act. The Registrar did so on the basis of a single piece of documentary evidence of the adoption and use of the mark by the applicant, the Electrical Safety Authority (“ESA”), a standards association which seeks, among other things, to promote safety in digging underground utility infrastructure.

Prior to publication of ESA’s official mark DIG SAFE, Cable Control Systems Inc. (“Cable Control”) obtained the registration of the design trade-mark for the words DIG SAFE in 2011. Cable Control objected to the publication of the official mark DIG SAFE by ESA as it would limit the degree of exclusivity conferred by its earlier registration of the trade-mark and that ESA failed to meet the onus on it to establish that it had adopted and used the official mark in relation to its wares and services prior to the date of public notice as required under Section 9(1)(n)(iii) of the Act.

The standard of review for a judicial review application was determined to be one of whether the Registrar’s decision was reasonable.

The sole evidence of the adoption and use of the mark was a copy of ESA’s Spring 2010 newsletter which had a diamond shaped logo with the words DIG SAFE on it. This newsletter was made available on ESA’s







website.

However, Cable Control argued that this newsletter was really a mere advertisement or endorsement by ESA of the activities of the Ontario Regional Common Ground Alliance (“ORCGA”) which was formed and supported by ESA and other stakeholders promoting safe digging, which included Cable Control. In effect, Cable Control took the position that use of the mark DIG SAFE in the newsletter was by Cable Control and others but not ESA.

The Federal Court found that the use of the mark DIG SAFE by ESA, ORCGA and others in the newsletter for the same purpose did not disentitle ESA from acquiring the mark as an official mark.

### 3. CLEARLY DESCRIPTIVE OR DECEPTIVELY MISDESCRIPTIVE

In 2012, the Canadian Council of Professional Engineers (“Professional Engineers”) was once again vigilant in opposing all trade-mark applications it believes include the designation “engineering” by persons or entities not qualified to engage in the practice of engineering.

In the case of the *Canadian Council of Professional Engineers v. Kelly Properties, LLC*, 2012 FC 1344, the Professional Engineers sought to overturn the decision of the Opposition Board allowing the registration of the mark KELLY ENGINEERING RESOURCES with respect to personnel employment services having specialized technical skills, education and/or training.

The Professional Engineers opposed the application for registration of KELLY ENGINEERING RESOURCES of the American company, Kelly Properties, LLC (“Kelly”), on the basis that the mark was clearly descriptive or deceptively misdescriptive pursuant to Section 12(1)(b) of the Act, that the mark was not first used as claimed in the trade-mark application and that the mark was not distinctive. The Professional Engineers pursued these allegations on the appeal of the Opposition Board’s decision before the Federal Court.

With respect to the ground of opposition as to whether Kelly provided sufficient evidence to support its claim for the date of first use set out in the trade-mark application, the Federal Court made an interesting finding. While the Federal Court found there was insufficient evidence to support the claim for the date of first use in Canada, it felt it was bound by the decision in *Aetna Life Insurance Co. of Canada v. SNJ Associations Inc.*, [2001] TMOB No. 57, 13 CPR (4<sup>th</sup>) 539 in which the application was nonetheless allowed to proceed on the basis of use and registration of the mark the United States.

As to whether the mark was clearly descriptive pursuant to Section 12(1)(b) of the Act, the Federal Court stated that if the mark was suggestive of another meaning other than that describing the associated wares





and services, it could not be clearly descriptive. On the new evidence provided on the appeal, the Federal Court found that it was not probatively significant beyond what was before the Opposition Board in its determination that the mark was not clearly descriptive. The Federal Court on the standard review of reasonableness found that the Opposition Board's decision should not be disturbed.

However, with respect to whether the mark was deceptively misdescriptive pursuant to Section 12(1)(b) of the Act, the Federal Court stated that if the mark in issue would mislead the general public into the belief that the associated wares and services has an association with a word or name contained in the trade-mark, it is likely to be deceptively misdescriptive. On this point, the Federal Court did find the new evidence tendered on the appeal to be of probative significance such that the Federal Court reviewed the matter on the standard of whether the Opposition Board's decision was correct.

The Federal Court noted that the Opposition Board in making its decision was not convinced that the personnel employment services *per se* are a specialized field in engineering. However, there was new evidence that some employment services companies are regulated under the Alberta engineering profession statute and that Kelly's operations would fall within this regulatory scope. Such operations require a permit which Kelly did not hold. The use of the word KELLY in the mark was not sufficiently descriptive as the first word in the mark so as to dominate the mark and to potentially save it from a finding that it was deceptively misdescriptive.

As a result, the Federal Court held that the mark KELLY ENGINEERING RESOURCES was unregistrable as it was deceptively misdescriptive.

Last year we reported on the on-going battle of the Ontario Teacher's Pension Plan Board ("Teachers' Board") to register the trade-mark TEACHERS' in association with the "administration of a pension plan, management and investments of a pension fund for teachers in Ontario". The Registrar of Trade-marks rejected the application on the basis that pursuant to Section 12(1)(b) of the Act, the mark TEACHERS' was either clearly descriptive or deceptively misdescriptive of the wares and services of the Teachers' Board.

The Teachers' Board appealed the decision of the Federal Court which upheld the Registrar's decision that the mark was clearly descriptive and unregistrable.

Undeterred, the Teachers' Board further appealed to the Federal Court of Appeal.

At issue was the lower court's analysis that even though the mark TEACHERS' does not describe the services of the administration management or investment of pension plans, it is still clearly descriptive pursuant to the meaning of Section 12(1)(b) of the Act as the mark TEACHERS' describes the prominent characteristic of





a pension plan for teachers.

The Federal Court of Appeal was not persuaded that the lower court's reasoning was internally inconsistent or that Section 12(1)(b) of the Act was improperly interpreted on the basis that the mark may have been somewhat descriptive but was not clearly descriptive. In short, the Federal Court of Appeal determined that the use of the mark "describes a highly prominent feature, trait or characteristic" belonging to the services of the Teachers' Board. Accordingly, the appeal of the Teachers' Board failed.

The decision of the Registrar of Trade-marks to reject the application of the trade-mark NORTH AMERICAN TRADE led to the appeal before the Federal Court in *Stephan Cliche v. Attorney General of Canada*, 2012 FC 564 in another case concerning Section 12(1)(b) of the Act.

The Registrar refused to register NORTH AMERICAN TRADE as a trade-mark as it was found pursuant to Section 12(1)(b) of the Act to be clearly descriptive of the proposed services of the applicant Stephan Cliche for a reference service for information commerce between Canada and the United States.

The Federal Court dismissed the argument of Mr. Cliche that merely suggestive marks in relation to the services to which the mark is to be used are registerable where as clearly descriptive marks are not. The Federal Court pointed out that there is no such distinction in law as the Act does not reference anywhere the term "suggestive marks" and the only consideration is to determine is whether the mark is clearly descriptive of the services for which it is to be used.

In making that determination the mark must be considered, as a matter of first impression, from the point of view of the consumer or average user of the services with which it is associated. In this regard, the words of the trade-mark NORTH AMERICAN TRADE draw their meaning from the context in which they are used. Accordingly, the court held that the ordinary purchaser of Mr. Cliche's services would immediately conclude, as a matter of first impression, that Mr. Cliche was providing information on North American trade.

Mr. Cliche responded by providing examples of trade-marks previously registered which incorporated the words NORTH AMERICAN and TRADE. While the Federal Court conceded that the status of the Register is a relevant factor, the Federal Court also stated that more information was in need as to the context of the use of such marks before it would ascribe more weight to them in support of registration of Mr. Cliche's mark. In any event, the Federal Court held that the Registrar is not required to perpetuate its past errors citing a long line of cases from *Sherwin Williams Co. v. Canada* (1937) Ex CR 205 at para 9 through to the recent decision in *Ontario Teachers' Pension Plan Board v. Canada*, 2011 FC 58 at paras 53, 59 and 81.

#### 4. CONFUSION





In *Nature's Source Inc. v. Natursource Inc.*, 2012 FC 917, the Federal Court dealt with a case of confusion between the marks NATURE'S SOURCE and NATURSOOURCE.

Nature's Source Inc. applied to register NATURE'S SOURCE in association with retail store services specializing in the sale of nutritional supplements, vitamins and mineral supplements, health care services, franchising services and e-commerce services, among other things.

Natursource Inc. opposed the registration based on its trade-mark NATURSOOURCE registered since 1983 in association with wares of healthy snack foods.

The Opposition Board found that there was confusion between the marks except in respect of the applicant's health care services. As a result, the issue on appeal was whether the Opposition Board erred in concluding there was a likelihood of confusion with respect to the applicant's retail, franchising and e-commerce services.

The Standard of review by the Federal Court was one of reasonableness as the Federal Court determined that the new evidence filed on the appeal was not material as it did not add anything that would likely have changed the Opposition Board's findings. With respect to what constitutes reasonableness, the Federal Court noted that it is determined on the basis of whether the Opposition Board's decision fell within the range of possible, acceptable outcomes.

In reviewing the factors of confusion under Section 6(5) of the Act, the Federal Court held that there was no controversy with respect to marks in issue being weak marks comprised of common words that were suggestive of the nature of origin of each party's services and wares. Further, it does not appear there was much dispute with respect to the obvious similarity of the marks NATURE'S SOURCE and NATURSOOURCE in the look, sound and ideas suggested by them.

The Federal Court found the Opposition Board's decision reasonable with respect to the determination that through more extensive use or a lengthy period of time that the opponent's mark acquired more distinctiveness.

With respect to the key issue of the nature of the wares, services and businesses of the parties, again, the Federal Court found the Opposition Board's decision reasonable in determining that there was an overlap in the applicant's retail services specializing in nutritional supplements, vitamins and mineral supplements, and the opponent's healthy snack food wares. The Federal Court held that the Opposition Board had a good understanding of the parties' businesses and did not mistakenly find that the applicant operated a health food store. However, there still existed potential overlap despite the fact that the applicant was not in the





food business as the products it sold, supplements and vitamins, were products people eat. Further, the products sold by the applicant in its retail stores were in the same category of products of the opponent, natural products. In short, the Federal Court found that while the opponent's healthy upscale snacks may not be sold in the applicant's retail stores they are sold in the same type of establishment.

With respect to the fact that there was no evidence of actual confusion, the Federal Court noted that the fact there was little weight given to this factor was reasonable as there was a low possibility of the parties would become aware of instances of actual confusion. While the Federal Court conceded that the healthy snack food products of the respondent were distributed nationally, the respondent's operation was in Montreal, far away from the applicant's retail stores, so that it was not likely to learn of any instances of actual confusion. However, this factor did not alter the ultimate judgment of the Federal Court.

Accordingly, the appeal was dismissed and the applicant succeeded in registering its trade-mark NATURE'S SOURCE only with respect to health care services.

In *Hawke & Company Outfitters LLC v. Retail Royalty Company and American Eagle Outfitters, Inc.*, 2012 FC 1539, the Federal Court dealt with an appeal from the Opposition Board's decision to refuse the application for registration of the mark HAWKE & CO. OUTFITTER & Bird design (the "Hawke Mark").

Hawke & Company Outfitters LLC ("Hawke Co.") sought to register the mark Hawke Mark based on proposed use for clothing.

American Eagle Outfitters Inc. and its wholly owned subsidiary Retail Royalty Company (collectively "American Eagle Co.") successfully opposed registration of the Hawke Mark on the basis that the Hawke Mark was confusingly similar to their AMERICAN Eagle & Bird design mark (the "American Eagle Mark") used in association with clothing and that American Eagle Co had used the American Eagle Mark before Hawke Co. used its Hawke Mark.

In an analysis of the decision of the Opposition Board, the Federal Court concluded that the additional evidence provided by Hawke Co. to support its appeal would not have materially affected the decision of the Opposition Board such that the matter was reviewed by the Federal Court on the basis of whether the Opposition Board's decision was reasonable.

While the factors set-out in Section 6(5) of the Act in determining whether there was a likelihood of confusion favoured American Eagle Co. with respect to showing that American Eagle Co. was a prior user of a distinctive mark in an overlapping market of clothing, the issue of whether the competing marks were confusing in their appearance, when sounded out or the ideas suggested by them were not so clear cut.





The Federal Court wrestled with its review of the competing marks which both employed a depiction of a bird with outstretched wings and the word OUTFITTER.

Based on the evidence, the Federal Court concluded that the bird design component and word OUTFITTER were not commonly adopted as trade-marks in association with clothing in the marketplace. As well, the Federal Court found that the words HAWKE & CO. and AMERICAN EAGLE were not sufficiently different or striking so as to avoid a finding of the likelihood of confusion between the competing marks.

As a result, the American Eagle Mark, as the mark used prior to the Hawke Mark had the superior rights. The appeal of Hawke & Co. was therefore dismissed.

In a dispute between monsters, the Federal Court heard the appeal of the decision of the Registrar of Trade-marks who in *Monster Cable Products, Inc. v. Monster Daddy, LLC*, 2012 FC 1260.

The Registrar rejected in part the opposition of Monster Cable Products, LLC (“Monster Cable”) to the application for registration of the mark MONSTER by Monster Daddy, LLC (“Monster Daddy”) with respect to Monster Daddy’s wares of adhesives, chemicals for cleaning solutions, all-purpose cleaners, cleansing products, soaps, wipes, vehicle waxes, automotive lubricants and oils and all-purpose disinfecting and sanitizing preparations.

Monster Cable objected to Monster Daddy’s application chiefly on the grounds that it had previously used the marks MONSTER and MONSTER COMPUTER in association with, among other things, cleaning products, cleaning preparations, cleaning wipes and cloths which was confusing with Monster Cable’s marks.

The Registrar found that there was a likelihood of confusion in the area of overlapping cleansing products with which the competing marks were used. Beyond the cleaning products, the Registrar saw no likelihood of confusion.

Monster Cable appealed the Registrar’s decision to press its case that there was a likelihood of confusion with respect to Monster Daddy’s other wares consisting of adhesives, chemicals for cleaning solutions, vehicle waxes, automotive lubricants and oils and all-purpose disinfecting and sanitizing preparations.

The Federal Court granted Monster Cable an order that there was a likelihood of confusion with respect to the all-purpose disinfecting and sanitizing preparations in addition to the wares identified by the Registrar in its decision. The Federal Court was persuaded by the additional evidence supplied on appeal that Monster Cable advertised its cleaning products in relation to the removal of bacteria from laptops, phones, cameras and other types of screens.





However, the Federal Court was not persuaded to go further with respect to the remaining wares of Monster Daddy concerning adhesives, chemicals, vehicle waxes, automotive lubricants and oils. It was constrained in doing so as Monster Cable specifically did not include these wares as wares it objected to in its pleading in the original opposition proceeding. Further, as these wares could not be construed as cleaning products there was no basis on which to consider whether there was a likelihood of confusion with Monster Cable's wares.

The Federal Court was also not prepared to find in favour of Monster Cable with respect to the issue of distinctiveness in the context of confusion. While confusion can be established across dissimilar wares or services, the Federal Court stated that this occurs in cases where the reputation or fame of the mark is so great that the use of that mark across product lines still suggests a connection with the owner of a famous mark. There was insufficient evidence before the Federal Court to establish the fame required. In particular, nothing in the evidence addressed the public's knowledge or perception of Monster Cable's marks or where Monster Cable's advertisements appeared or how widely circulated they were.

5. SECTION 45

In *Spirits International B.V. v. BCF S.E.N.C.R.L. and Registrar of Trade-marks*, 2012 FCA 131, the Federal Court of Appeal had the opportunity to review the decision of the Federal Court on appeal from the Registrar of Trade-marks decision concerning a proceeding under Section 45 of the Act.

The registered trade-mark MOSKOVSKAYA RUSSIAN VODKA & Design (the "Moskovskaya Mark") owned by Spirits International B.V. ("Spirits International") was attacked under Section 45 of the Act as not being used for the previous three years and therefore should be expunged from the Register.

The Registrar found that Spirits International failed to provide sufficient evidence of use and should be expunged. The appeal of Spirits International to the Federal Court was dismissed despite further affidavit evidence being provided.

The key issue was whether Spirits International provided sufficient evidence of use of the Moskovskaya Mark through licensing arrangements. The evidence showed that an affiliated company to Spirits International was the selling agent in Canada for the Moskovskaya Mark products. From this the Federal Court of Appeal found it was reasonable to infer that this affiliated company sold the Moskovskaya Mark products under license. The Federal Court held that it was irrelevant that the evidence provided by Spirits International did not set out the dates of the beginning or end of this license arrangement as there was sufficient clarity in the evidence to show that the Moskovskaya Mark was used in Canada during the relevant three year period. Further, the Federal Court of Appeal also found that Spirit International met the criteria for proper





licensing under Section 50 of the Act by showing the required degree of control of the use of the Moskovskaya Mark. It did so despite Spirit International delegating to others the periodic testing for compliance with respect to standards of the character and quality of the Moskovskaya Mark products.

Accordingly, the Federal Court of Appeal overturned the decision of both the Registrar and lower Court expunging the Moskovskaya Mark from the Register.

6. INFRINGEMENT

Last year, we reported on the decision of the Federal Court of Appeal in *BBM Canada v. Research in Motion Ltd.*, 2011 FCA 151 concerning procedural issues. The Federal Court of Appeal overturned the decision of the lower Court that a claim for trade-mark infringement, passing-off and depreciation of goodwill, must proceed by way of an action leading to a full trial with witnesses and allowed BBM Canada to pursue instead such claims by way of the summary procedure of an application based on affidavit evidence only.

BBM Canada proceeded with its claim in the Federal Court by way of its application taking the position that since 1975 it had used an extensive number of marks that used the letters BBM as trade-marks, either alone or incorporated as a part of a design mark. The majority of these BBM marks were used in association with the services of impartially measuring circulation, coverage and audience for all types of media and market research services. These marks were alleged by BBM Canada to be infringed by Research in Motion Ltd. ("RIM") in its Blackberry Messenger instant messaging service which was referred to by RIM in its marketing and promotional materials as by its acronym "BBM".

It is noteworthy that previously RIM made an application for registration of the mark BBM in 2009 but CIPO advised RIM that such a mark did not appear registerable as it was confusing with the prior registration by BBM Canada of its BBM marks.

RIM took the position on the application that BBM Canada could not claim exclusive protection for use of the acronym BBM beyond its range of services in broadcast measurement leaving RIM free to protect the acronym BBM in association with its Blackberry Messenger Service.

The Federal Court agreed with RIM and found that BBM Canada's protection of its use of the mark BBM only extended to the narrow ambit of broadcast measurement services which did not overlap with or lead to direct competition with RIM or its Blackberry Messenger Service. As a result, BBM Canada's trade-mark infringement claim failed and the initial finding of confusion by CIPO with respect to RIM's trade-mark application for BBM was wrong.

Further, the Federal Court found that the claim of passing-off could not be sustained as BBM Canada failed







to show that RIM intentionally or negligently misled consumers into believing that its business originated with BBM Canada causing BBM Canada damage.

Finally, BBM Canada failed in its claim for depreciation of goodwill as it did not establish that the general public would make a link or connection to BBM Canada by virtue of RIM advertising its instant messaging service using the mark BBM.

The Federal Court of Appeal case in *Marlboro Canada Limited and Imperial Tobacco Canada Limited v. Philip Morris Products S.A. and Rothmans, Benson & Hedges Inc.*, 2012 FCA 201, had its origins over 70 years ago, when Imperial obtained the rights in Canada to the trade-mark MARLBORO for cigarettes and Philip Morris retained the rights outside of Canada.

In 2012, the Federal Court of Appeal dealt with the decades long dispute between Philip Morris Products S.A., Rothmans, Benson & Hedges Inc. and their predecessors-in-title (collectively "Philip Morris") and Marlboro Canada Limited, Imperial Tobacco Canada Limited and their predecessors-in-title (collectively "Imperial") with respect to the world's top selling cigarette brand known by the trade-mark MARLBORO and the red roof design trade-mark on cigarette packages known as the ROOFTOP design.

In the 1950s, Philip Morris totally re-designed its packaging of its low selling MARLBORO trade-marked products adopting the now well-known ROOFTOP design. Further, Philip Morris engaged in a significant and continuous advertising campaign famously employing cowboy imagery which is recognized today as among the most successful in the industry. By 1972, Philip Morris' MARLBORO branded cigarettes were sold in 160 countries and became the top selling cigarettes in the world with the notable exception of Canada.

However, in Canada, Philip Morris sold its cigarettes employing the ROOFTOP design with the name MATADOR or MAVERICK. The MATADOR branded cigarettes had limited market share in Canada.

Throughout this time, Imperial continued to sell its MARLBORO trade-marked cigarette in Canada. However, it did not adopt the ROOFTOP design of its American counterpart sold by Philip Morris.

In 1981, Philip Morris initiated various unsuccessful proceedings in the Federal Court, including expungement from the Register in Canada of Imperial's MARLBORO trade-mark registrations on the basis of lack of distinctiveness and the fame of Philip Morris' own trade-mark registrations for MARLBORO outside of Canada, in the United States and around the world.

In short, the Canadian Court upheld Imperial's registration and dismissed the allegations of Philip Morris that its registrations and use of the trade-mark MARLBORO internationally somehow negated the distinctiveness of Imperial's registration and use of MARLBORO such that Imperial should have its trade-mark registration





expunged.

In 2006, Philip Morris changed the blend of its tobacco sold in Canada in association with the ROOFTOP design but instead of continuing with the mark MATADOR or MAVERICK on its packaging, Philip Morris used no name at all. In effect, Philip Morris used for its new Canadian packaging a no-name brand employing the ROOFTOP design it used internationally for its MARLBORO trade-marked products.

Imperial alleged in a demand letter that by selling a cigarette product using the ROOFTOP design without a name product, Philip Morris infringed Imperial's trade-mark registration in Canada for MARLBORO. Imperial claimed that as the ROOFTOP design was used internationally by Philip Morris and widely known in Canada as being associated with the mark MARLBORO, Philip Morris was intentionally causing confusion in Canada with its valid Canadian trade-mark registration for MARLBORO.

In response, Philip Morris commenced a law suit in the Federal Court seeking a declaration that the sale of no-name ROOFTOP design cigarettes did not contravene any rights of Imperial in its Canadian trade-mark registration for MARLBORO.

Imperial counterclaimed alleging infringement.

The issues before the Federal Court were essentially as follows:

1. Is Imperial estopped from challenging the use of the ROOFTOP design trade-marks registered by Philip Morris or did they acquiesce to such use?
2. Are the ROOFTOP design trade-marks registered by Philip Morris a full defence to Imperial's allegations of infringement?
3. Did Philip Morris' trade-mark for the no-name ROOFTOP design infringe Imperial's trade-mark registrations for MARLBORO pursuant to Sections 19 and 22 of the Act?
4. Similarly, was Philip Morris's trade-mark for the no-name ROOFTOP design confusing with Imperial's trade-mark registration pursuant to Section 20 of the Act?
5. Was Imperial's MARLBORO trade-mark registration valid?

With respect to the first issue, the Federal Court found that Imperial was not estopped from alleging infringement of its MARLBORO trade-mark registration in Canada by the fact that Philip Morris had a long history of undisturbed use in Canada of its ROOFTOP design registrations. Imperial was entitled to proceed with its infringement allegations on the basis that the new no-name ROOFTOP design mark was in fact





different from the previous ROOFTOP design registrations of Philip Morris. Simply put, the longstanding use of prior registered ROOFTOP design trade-marks of Philip Morris could not be used to show acquiescence by Imperial in the use and registration by Philip Morris of its new no-name ROOFTOP design for its packaging.

With respect to the second issue, the Federal Court found in favour of Philip Morris concluding that Philip Morris never used the trade-mark MARLBORO in its no-name ROOFTOP design and as such Imperial's claim for infringement failed. Pithily, the Federal Court stated that Philip Morris cannot be held liable for having used the trade-mark MARLBORO by not having used it.

With respect to the third and fourth issues as to whether there was infringement and confusion between Imperial's MARLBORO trade-mark and Philip Morris' no-name ROOFTOP design, the Federal Court found the marks were not confusing.

The last issue, as to whether Imperial's trade-mark registration for MARLBORO was valid, was found in favour of Imperial. In effect, the decisions of the Federal Court from the 1980's were upheld once again.

Accordingly, once the dust had settled in the Federal Court, the parties were pretty much in the same position as before the latest round of litigation commenced with respect to the trade-mark issues between them.

However, not to be deterred, the parties sought another round in their battle before the Federal Court of Appeal. In the appeal court, the parties essentially sought the following:

1. Imperial sought to overturn the trial judge's decision on whether Philip Morris' no-name ROOFTOP design infringed Imperial's MARLBORO trade-mark registration.
2. Philip Morris sought to once again attack the validity of Imperial's trade-mark registration for MARLBORO.

The Federal Court of Appeal was not prepared like the lower court to invalidate Imperial's MARLBORO trade-mark registration.

However, the Federal Court of Appeal did find that the no-name ROOFTOP design used by Philip Morris infringed the trade-mark rights of Imperial in its MARLBORO trade-mark registration.

The key in this finding appears to be while Philip Morris had registered in Canada its ROOFTOP design which affords its defence to the claim of infringement, Philip Morris did not have a trade-mark registration for the no-name ROOFTOP design used since 2006. The use of this mark was open to attack on grounds that the





new configuration without a name on the package using only the ROOFTOP design was significant in that customers would lack a name on which to refer to the product. This factor was compounded by key evidence that by 2010 all provinces in Canada banned the display of tobacco products in retail shops and the advertisement of tobacco products had been severely restricted. In other words, a customer must now request a cigarette product by name when purchasing.

Importantly, there was evidence in the record that customers would refer to Philip Morris' no-name ROOFTOP design as "Marlboro". As well, there was an admission that any connection between Imperial's MARLBORO product and Philip Morris' ROOFTOP design product is cut by the use of a name such as MATADOR which Philip Morris used in the past on its packaging. This led to the conclusion by the Federal Court that confusion was likely and Imperial's MARLBORO trade-mark registration was infringed by Philip Morris' no-name ROOFTOP design products.

Accordingly, even though Philip Morris purposively did not use the mark MARLBORO on its no-name ROOFTOP design products, Philip Morris nonetheless infringed Imperial's trade-mark MARLBORO. Sometimes even when one does not use someone else's mark, you may still be found to infringe it.

#### 7. EXPUNGEMENT

In *Precision Door & Gate Service Ltd. v. Precision Holdings of Brevard, Inc.*, 2012 FC 496, the Federal Court was asked to expunge the registered trade-marks of Precision Holdings of Brevard, Inc. ("Precision Brevard") for PRECISION DOOR SERVICE, PRECISION and PRECISION OVERHEAD GARAGE DOOR SERVICE & Design in association with garage door wares and services. Precision Brevard applied for registration of its marks in 2002 and registration was granted in 2009. The applicant seeking expungement was Precision Door and Gate Service Ltd. ("Precision BC"), a British Columbia company which used the design mark PRECISION in association with door wares and services since 1997.

The case had its origins in Precision BC's application for registration of its mark which was rejected by the Registrar of Trade-marks. Precision BC's mark was found to be confusing with the Precision Brevard's registered trade-marks which resulted in Precision BC bringing its application to expunge Precision Brevard's registered trade-marks.

Precision BC attacked the registrations on the basis that Precision Brevard was not entitled to register its trade-marks in the first place as Precision BC had used its mark before Precision Brevard had used its PRECISION marks. The burden was on Precision BC to displace the presumption that Precision Brevard's registrations were valid by proving that it used its marks in Canada prior to the filing by Precision Brevard for its applications for registration in 2002.





Despite some inconsistencies in Precision BC's evidence that showed use after the alleged date of use by Precision BC, the Federal Court was satisfied that Precision BC had shown use of its marks during the relevant time frame prior to 2002 in support of the attack on the invalidity of Precision Brevard's registration.

The next issue before the Federal Court was whether there was confusion between the parties' marks pursuant to Section 6(5) of the Act. After finding that there was a strong similarity between the marks in the appearance, sound and ideas suggested by them, the Federal Court reviewed other factors.

There was some evidence of actual confusion between the relevant marks in four instances. Two instances involved complaints of customers and two instances involved a courier delivery and an invoice sent to the wrong company. In response, Precision Brevard argued the evidence was weak and unclear as to who attended at the homes of the customers or what error was made by the courier company. However, the Federal Court was convinced there was at least some evidence of actual confusion.

Further, the Federal Court noted that Precision BC's trade-mark application was previously refused as the Registrar found there was confusion. As well, the Court noted that at Precision Brevard must have believed there was confusion as it asked at one point for permission to use Precision BC's mark and offered to purchase it.

Precision Brevard's argument that Precision BC acquiesced in Precision Brevard's registrations and should not be allowed to attack them was easily dismissed to by the Court. In order to succeed in such an argument, Precision Brevard needed to show that Precision BC did something more than just delay in its challenge to the registration. It was required to show that Precision BC encouraged Precision Brevard to believe that it did not intend to enforce its rights and that Precision Brevard relied on that belief to its detriment. Precision Brevard failed to provide such evidence.

The Federal Court in *Reynolds Consumer Products, Inc. v. P.R.S. Mediterranean Ltd.*, 2012 FC 824 concerned the expungement of the registered trade-mark NEOWEB.

Reynolds Consumer Products, Inc. ("Reynolds") registered the mark GEOWEB in 2001 claiming it had been using it since at least August 1993. P.R.S. Mediterranean Ltd. ("PRS") was a licensee and distributor of the GEOWEB trade-marked products of Reynolds which was terminated acrimoniously. Thereafter, PRS began to compete with its own product using the mark NEOWEB and filed a trade-mark application for this mark which was registered in October 2010. Both the GEOWEB and NEOWEB marked products were used in association with three-dimensional polymeric web products for soil and earth stabilization and cellular confinement systems.





In response, Reynolds commenced an application to expunge the registration NEOWEB on the basis that it was not entitled to register such a mark as it created confusion in the marketplace with GEOWEB.

In making its determination, the Federal Court pointed out that expungement proceedings under Section 57 of the Act are different from passing-off or infringement proceedings under the Act as intentions to deceive are not relevant and the issue is whether there is a likelihood of confusion, not whether there was an intention to confuse.

In its analysis, the Federal Court reviewed the distinctiveness of the two marks noting that the neither were inherently distinctive with each using the same suffix “web” and one using the prefix “geo” from the Greek word meaning “earth” and the second using the prefix “neo” from the Greek word meaning “new”.

The Federal Court found that a consumer in the market would not think that GEOWEB products and NEOWEB products would come from the same source. In this regard, the Federal Court seems to have been impressed by the Federal Court of Appeal’s decision in *Kellogg Salada Canada Inc. v. Canada*, [1992] 3 FC 442 (FCA) in which there was a finding of no confusion between the marks NUTRI-VITE and NUTRI-MAX or NUTRI-FIBRE.

In the Federal Court’s review of other surrounding circumstances that may lead to a finding of confusion, the Court noted only one instance of actual confusion from an unnamed party in an unnamed jurisdiction was unsatisfactory to alter its view. Further, the Federal Court noted that the issue of confusion was raised and rejected by the Registrar of Trade-marks at the time of the application by PRS for its NEOWEB mark. The Federal Court was prepared to consider this as a surrounding circumstance factor in favour of a finding of no confusion despite the fact that such a decision of the Registrar is in no way binding on the Federal Court in expungement decisions.

#### 8. USE

In *Homeaway.com, Inc. v. Martin Hrdlicka*, 2012 FC 1467, Homeaway.com, Inc. (“Homeaway”) sought to expunge the trade-mark VRBO registered by Martin Hrdlicka. Mr. Hrdlicka had used the mark VRBO in association with vacation real estate listing services.

Homeaway attacked this registration on the grounds that Homeaway had used the identical mark VRBO for identical services since 2003, more than six years prior to the filing of the application for registration of VRBO by Mr. Hrdlicka. Homeaway further alleged that Mr. Hrdlicka obtained registration of VRBO by false and fraudulent statements as Mr. Hrdlicka did not use the mark prior to registration but nevertheless filed a declaration of commencement of use.





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Homeaway offered its vacation rental services over the internet. Accordingly, the use of the mark VRBO was by means of computer screen display. Importantly, the Federal Court found that a trade-mark which appears on a computer screen website in Canada, regardless where the information may have originated or be stored, constitutes trade-mark use and advertising under the Act.

Homeaway commenced its business in 1996 well before Mr. Hrdlicka filed his application to register VRBM in 2009. Further, Homeaway provided evidence of marketing Canadian vacation properties and advertising and contracting with Canadians prior to 2009.

The Federal Court found the VRBO was distinctive characterizing the mark as an “invented mark” and not a common word or name. This was supported by the fact that there was no evidence that anyone else had used the mark VRBO in Canada in association with any wares or services, let alone vacation real estate listing services.

Fatally, Mr. Hrdlicka did not provide any evidence of use of VRBA by him before Homeaway. As a result, Mr. Hrdlicka’s trade-mark registration for VRBO was expunged from the Register.



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