



2014 Year in Review: Trademark Cases

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Although trademark case law this past year has been overshadowed by legislative changes resulting from the passage of Bills C-31 and C-8, there were a number of interesting decisions from 2014 covering several substantive trademark issues of importance to trademark owners and advisors. The follow represents a brief summary of some of these issues.

1. TRADEMARK USE WITH SERVICES

(i) Radio Broadcasting Services

In Unicast SA v. South Asian Broadcasting, [2014 FC 295], the Federal Court dealt with the issue of what constitutes trademark use in Canada with *radio broadcasting services*. Distinguishing the earlier Homeaway decision [2012 FC 1467] which the Court found was correct on its facts but not as a general principal of law, the Court concluded that to constitute use of a mark in Canada with radio broadcast services, there must be a sufficient nexus between the trademark owner's operations and Canada. In particular, the nexus can be shown if content offered by the website is stored on servers located in Canada, if the trademark owner has a physical presence in Canada, solicits or has advertisers in Canada, or if it actively targets Canadian audiences with its programming. Merely making a site available in Canada is not enough.

The Unicast decision both gives some comfort to Canadian trademark owners that they are not necessarily at risk of a challenge to use/registration from a foreign company that has a website accessible in Canada, and helps to answer the question: "is my mark in use in Canada?" by companies with only a web presence to rely upon.

(ii) Restaurant Services and Menus

Two summary cancellation decisions of the Trademarks Opposition Board dealt with the issue of whether trademark use on menus constitutes use with restaurant services (Ridout & Maybee LLP v. SIR Royalty Limited [2014 TMOB 112] and Gowling Lafleur Henderson LLP v. Padcon Ltd. [2014 TMOB 125]). The decisions confirm that display of a mark on a restaurant menu may constitute trademark use with restaurant services rather than goods; however, the nature and extent of such use (i.e. the prominence of the display, whether the mark is used with a single or multiple menu items) will be critical to the outcome of the case.

(iii) Ground transportation Services

In Fetherstonhaugh & Co. v. Supershuttle International, Inc. [2014 TMOB 155], the Opposition Board dealt with the issue of whether the trademark SUPERSHUTTLE was used in Canada in association with "airport passenger ground transportation services". The Court held that the presence of airport shuttles in Canada was necessary for a finding that "airport passenger ground transportation services" are available to be performed in Canada. Simply providing "reservation services" was not considered sufficient to support the registered services. In fact, the Board questioned whether "reservation services" in respect of the registrant's own services rather than third party services, is even a bona fide service use. The decision has been appealed.



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2. Assessing Confusion: Nature of Wares and Channels of Trade

Two notable Federal Court decisions in *Bridgestone Corporation v. Campagnolo S.R.L.* [2014 FC 37] and *Hayabusa Fightwear Inc. v. Suzuki Motor Corporation* [2014 FC 784] dealt with the proper approach to assessing a likelihood of confusion between marks with respect to the nature of the wares and trade channels with which they are associated. The decisions stand for the principle that the statement of wares and/or services in a trademark application (as opposed to a registration) must be assessed with a view to determining the probable type of business or trade that is intended rather than all possible businesses or trades that might be encompassed by the wording.

3. Assessing Confusion: Weak Marks

In the Federal Court decision of *Gemological Institute of America Inc. v. Gemology Headquarters International LLC* [2014 FC 1154] at issue was the likelihood of confusion between the trademarks **GHI** and **GIA**. Canadian jurisprudence has generally held that weak marks, consisting only of letters, are entitled to a narrower ambit of trademark protection, and even small differences between them are sufficient to distinguish the marks. In this case, however, there was evidence before the Federal Court establishing the notoriety of the **GIA** mark in the diamond industry. Based on this evidence, the court found that the **GHI** mark was confusingly similar with the **GIA** registration, and that a weak mark can, by long and extensive usage, acquire distinctiveness. As such, small differences between the marks were no longer sufficient to avert confusion. An appeal to this decision has been filed to the Federal Court of Appeal.

In *SK Corporation v. Safety-Kleen System, Inc.* [2014 FC 140], another decision dealing with trademarks consisting of letters, at issue was the likelihood of confusion between Safety-Kleen’s registration for the SK design mark and SK Corporation’s application for the trademark SK & Butterfly Design mark. Other than the letters “S” and “K” - weak elements on their own - there was no visual similarity between the marks. However, the Federal Court upheld the decision of the Opposition Board refusing the SK & Butterfly Design mark for the overlapping goods on the basis that the mark, when sounded, was phonetically identical to the Opponent’s SK Design registration, and that use of a different design portion was not sufficient to negate the likelihood of confusion between the marks for the overlapping wares.

4. Clearly Descriptive of Place of Origin

Two Federal Court decisions dealing with the issue of clear descriptiveness of the place of origin of the wares or services left uncertain the proper approach to assess registrability when the mark contains the place name from where the goods or services originated.

In *MC Imports Ltd. v. Afod Ltd.* [2014 FC 1161], the parties presented two differing doctrines on the assessment of clear descriptiveness of the place of origin. In one, the mark would be unregistrable simply by virtue of the fact that the mark is the name of the place of origin of the goods/services. The perspective of the ordinary consumer would not be relevant. The second doctrine required a two-step analysis: a determination of whether the mark is the name of the place of origin of the wares or services, and also an assessment of whether the mark is recognized by the relevant consumer as the place of origin. The Federal Court did not determine the correct approach to the issue, but found that under either formulation, the mark in question was invalid, being clearly descriptive of the place of origin of the wares.

By contrast, in *Dr. Patrick Lum and Dr. P.K Lum (2009) Inc. v Dr. Coby Cragg Inc.* [2014 FC 1171], the Federal Court took the position that the two part test was the proper approach, and found that the trademark OCEAN PARK for dentistry services offered in Ocean Park, British Columbia, was not clearly descriptive of the place of origin, since Ocean Park was not “indigenous” to dentistry services. The decision has been appealed and, hopefully, the Federal Court of Appeal will provide more guidance on this issue.

5. Deceptively Misdescriptive- Engineers

Use of the term ENGINEERS was back before the Federal Court again in the case of *Canadian Council of Professional Engineers v. REM Chemicals, Inc.* [2014 FC 644]. At issue was the registrability of the trademark REM SURFACE ENGINEERING, in both word as well as design format. By its

own admission, REM was not licensed to practice engineering in Canada and, hence, the issue was not one of clear descriptiveness, but rather, deceptive misdescriptiveness. The Opposition Board found the word mark unregistrable but rejected the opposition to the Design Mark on the basis that the words did not so dominate the design as to make it unregistrable and deceptively misdescriptive.

On appeal, the Federal Court overturned the decision of the Opposition Board with respect to the Design mark and found that it too was unregistrable, being deceptively misdescriptive "when sounded".

6. Professional Designations

In *Denturist Group of Ontario v. Denturist Association of Canada* [2014 FC 989], the Federal Court reinforced the position that nothing in the Trademarks Act precludes a valid certification mark from being registered for a professional designation, provided that it is otherwise registrable. In this case, however, the evidence did not establish that the certification mark in issue was distinctive of the associated services as of the date the proceedings were commenced, and the registration was held to be invalid.

7. Section 9 Official Marks

In *City of Terrace and Kitsoo Band Council v. Urban Distilleries Inc.* [2014 FC 833], the Federal Court refined the meaning of the words "adopted and used" in Section 9(1)(n)(iii). The Federal Court noted that the test for "adoption" was a fairly low bar and simply required a statement to this effect. The focus of the Court's analysis in this case was whether the Official Mark in issue had been "used" as of the publication date.

Evidence before the Court to support the validity of the Official Mark recordal included a web page that did not mention the Official Mark associated with goods or services, as well as a variety of internal communications. The Court held that this evidence was not sufficient to maintain the Official Mark recordal, and found the Official Mark unenforceable between the parties. The decision has been appealed.

In *TTC Holdings Inc. v. The Families as Support Teams Society* [2014 FC 830] the Federal Court dealt with the interpretation of "public authority status" in Section 9(1)(n)(iii). The Official Mark holder obtained the Official Mark on the basis of its status as a charitable organization. Subsequent to the publication date, however, its charitable status was revoked and it was dissolved.

In an application for Judicial Review of the decision to give public notice of the adoption and use of the Official Mark, the Federal Court found that the owner's charity status, combined with its receipt of a government grant and corresponding reporting activities, was not sufficient to establish the requisite governmental control and supervision required to constitute it

as a public authority. Moreover, the Court noted that even if it was a public authority at the time of publication of Official Mark, it ceased to be a public authority when its charitable status was revoked and it was dissolved. Accordingly, the Court allowed the application, and held that public notice of the Official Mark was ineffective to give rise to any rights or prohibitions under the Act. As a result, the Official Mark recordal was inactivated.

The decision suggests that the status of the Official Mark owner, *not only at the time of publication of the Official Mark, but also at the time judicial review is sought*, could be a critical factor in determining its validity.

8. Section 9(1)(k) – False Connection with a Living Individual

In *Jack Black LLC v. The Attorney General of Canada* [2014 FC 664], the Federal Court considered the Registrar's section 12(1)(e) objection to the registration of the trademark JACK BLACK. The Registrar's refusal was supported by internet references showing that JACK BLACK had a significant reputation in Canada at the date on which the applicant adopted the mark and that a large section of the Canadian public would connect the name to the actor.

In overturning the decision of the Registrar, the Federal Court held that mere printouts from the internet were not sufficient to establish the prominence of a living individual in Canada. The decision reinforces the position that the standard to be met to sustain an objection under Section 9(1)(k) is very high. To be objectionable, the individual in question must have a very strong public reputation in Canada, proven by extensive evidence that may include surveys. If internet references are used, there should be some evidence establishing the number of Canadians who accessed the websites referred to.

9. Distinctiveness and Registrability

In *Philip Morris Products S.A v. Imperial Tobacco Canada Limited* [2014 FC 1237], the Federal Court considered the registrability of Philip Morris' application to register the trademark FLIP-TOP for tobacco products. The application was opposed by Imperial Tobacco on various grounds, including non-distinctiveness.

Philip Morris argued that to be objectionable, the mark must clearly describe the applied-for goods, and not the packaging of the goods, and filed evidence of similar registered marks, including SLIM PACK, for chewing gum. Noting that there is a fundamental difference between a trademark that is registered without having been opposed and a trademark that is the subject of an opposition, both the Opposition Board and the Federal Court found this evidence to be of little relevance since the marks were not examined, prior to registration, for non-distinctiveness.

In finding the FLIP-TOP mark unregistrable and non-distinctive, the Court noted that the key consideration was not whether the

mark describes an aspect of the product that is necessarily intrinsic, but whether the term is capable of identifying the source of the goods in light of the overall product and the market.

With the implementation of Bill C-31, there will be examination for distinctiveness. This will likely serve to elevate the relevance of Register evidence such as that filed in this case. For more information, please click [here](#).

10. Licensed Use

The Federal Court decision in Cathay Pacific Airways Limited v. Air Miles International Trading B.V. [2014 FC 549] dealt with the issue of the nature of evidence required to support the existence of a licensed trademark use, in the absence of a written agreement. The Opposition Board, in refusing the application, found that Cathay had not established use of the ASIA MILES marks through its wholly owned subsidiary and found that the terms of the alleged license were not sufficiently clear.

On appeal, new evidence with respect to the license was filed by Cathay; however, even without this evidence, the Federal Court found that there was, in fact, a proper licensed use of the ASIA MILES marks, and that due to the Board's erroneous conclusion on use, its analysis of confusion would have been different – it would have considered whether the ASIA MILES mark, through use, had acquired distinctiveness in Canada, thereby reducing the likelihood of confusion. It would have also taken into account the fact that notwithstanding many years of co-existence, there was no evidence of actual confusion.

In finding a proper licensed, the Court noted that the licensee's sole purpose was to operate the ASIA MILES loyalty program as evidence even by its corporate name. The reporting relationship also evidenced a proper license, as well as the fact that the marketing materials were developed by Cathay.



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11. Trademarks, Trade names and Signage in Quebec

Finally, in a decision that brought much relief to large retailers doing business in Quebec, including GAP, TOYS 'R US and COSTCO, the Quebec Superior Court decision in *Magasins Best Buy Ltée v. Québec* held that trademarks appearing on storefront signage were not “trade names”, which would have necessitate an additional French generic term, such as “magasins”, or “auberge”, but instead fell within the “recognized trademark” exception within the *Charter of the French Language*. An appeal has been filed.

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