

To Be Famous Is Not Enough!

In trade-mark matters, to be famous is not enough! This is the conclusion recently reached by the Supreme Court of Canada in two very important unanimous decisions: *Veuve Clicquot Ponsardin* and *Barbie*. As the Court had done in 2000 with the patent cases of *Camco* and *Free World Trust*, it used the opportunity of having two significant cases dealing with related matters to simultaneously, and with greater impact, render two important and long-awaited decisions.

VEUVE CLICQUOT - THE FACTS

In *Veuve Clicquot Ponsardin v. Boutique Cliquot Ltée*, the appellant sought to prevent the respondents, who operate women's wear shops, from carrying on business under the trade-name "Cliquot". The appellant also sought the expungement of the respondents' trade-marks "Cliquot" and "Cliquot, un monde à part".

The appellant alleged that consumers would be led to believe that the women's clothing sold by the respondents and the champagne sold by the appellant originated from the same source, thereby infringing the appellant's rights under section 20 of the *Trade-marks Act*. Moreover, the appellant argued that the respondents' use depreciated the goodwill attaching to its marks, contrary to section 22 of the *Trade-marks Act*.

BARBIE - THE FACTS

In *Mattel Inc. v. 3894207 Canada Inc.*, the appellant argued that the Barbie doll is an iconic figure of pop culture and opposed the respondent's application for registration of the trade-mark "Barbie's" in association with "restaurant services, take-out services, catering and banquet services", on the basis that this mark is so famous that marks including the word "Barbie" may not now be used in Canada on most consumer wares without the average consumer being led to infer the existence of a trade connection with the owners of this famous brand.

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THE LAW

The Supreme Court ruled that, in Canada, it is not sufficient for a trade-mark to be "famous" in order to automatically conclude that there would be a **likelihood of confusion** and avail oneself of the recourse provided for under section 20 of the *Trade-marks Act* when a person uses a substantially similar mark, regardless of the class of wares or services: "...Its broader association with "luxury goods" does not, however, create confusion as to source with a chain of mid-priced clothing stores or the products they market..."

In addition, the Court restated the position of Canadian law, by correcting the extreme position adopted by the Federal Court of Appeal in *Pink Panther* and *Lexus*, recalling the wording of subsection 6(2) of the Act, which states that the factors for determining confusion between two trade-marks apply, "whether or not the wares or services [in association with which the trade-marks are registered/used] are of the same general class".

In fact, the Court restored the position of Canadian law in line with a strict application of the provisions of the Act, particularly the non-exhaustive factors set out in subsection 6(5), and it reiterated the fact that the fact that a mark is famous results primarily from the combination of three of the factors set out in that section, namely:

- ▶ "the extent to which a mark has become known";
- ▶ "the length of time that it has been used"; and
- ▶ "its inherent distinctiveness".

Thus, a trade-mark's fame is capable of carrying the mark across product lines where lesser marks would be circumscribed to their traditional wares or services. Each situation must be judged in its full factual context. A difference in wares or services does not "trump" all other factors, nor does the fame of a trade-mark. The totality of the circumstances will dictate how each consideration should be treated. If the result of the use of the new mark would be to introduce confusion into the marketplace, it should not be accepted for registration "whether or not the wares or services are of the same general class (s. 6(2))".

A "famous" mark will still be subject to the application of the other factors set out in that section for the purpose of determining the likelihood of confusion with another trade-mark. For example, in *Barbie*, the fact that this mark did not have "inherent distinctiveness", because it was the diminutive for the name Barbara, and not a purely invented word like "Kodak" or "Kleenex", contributed to the dismissal of the appeal.

The Court also clarified the Canadian position on the absence of actual instances of confusion. While it is true that evidence of actual confusion is not necessary, an adverse inference may nevertheless be drawn from the lack of such evidence in circumstances where it would readily be available. This is another "surrounding circumstance" mentioned in subsection 6(5) of the Act.

Similarly, it will still be necessary in Canada for the owner of a "famous" mark to establish a **likelihood of loss of goodwill** in order to avail itself of the recourse provided for in section 22. In *Veuve Clicquot Ponsardin*, the Court concluded that the appellant was unable to provide such evidence and this was a determining factor in the dismissal of the appeal on that ground: "Despite the undoubted fame

of the mark, the likelihood of depreciation was for the appellant to prove, not for the respondents to disprove, or for the court to presume."

The Court also concluded that even if both marks co-exist in the minds of consumers, this is insufficient to establish the likelihood of loss of goodwill: "Equally, in my opinion, a mental association of the two marks does not, under s. 22, necessarily give rise to a likelihood of depreciation."

Mr. Justice Binnie used the opportunity to point out that the courts have never fully examined the scope of the recourse under section 22 which raises the loss of goodwill (the "anti-dilution" measure). He stated that the time to do so would come when appropriate and he provided a brief overview of United Kingdom decisions and of draft US legislation on the topic.

IN CONCLUSION

- ▶ a "famous" mark will not receive special treatment: it will be subject to the same analysis factors as other marks, be it with respect to the likelihood of confusion (section 20) (with the implicit understanding, however, that a "famous" mark will more easily carry the mark from one line of products to another), or with respect to the loss of goodwill (section 22);
- ▶ lack of evidence of actual confusion, while still not necessary, may be considered as a "surrounding circumstance" for purposes of establishing the likelihood of confusion; and
- ▶ as regards the loss of goodwill (section 22), the likelihood of such a loss must be proven.



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