

# Clarity over trademark confusion

In 2011, trademark decisions confirmed that domain names are property, that judges use common sense, that trademark confusion should be analyzed strictly the way it is set out in the *Trademarks Act* and that if you don't use a trademark, you may lose your rights.

There were no amendments to the Act and, apart from a late-year announcement on public access to official mark requests before publication, no big changes in Trademark Office practice. The new Commissioner of Patents/Registrar of Trademarks, Sylvain Laporte, announced a focus on infrastructure improvements, rather than legislative amendments.



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Some of the more important decisions involved procedural issues: whether trademark infringement/passing off cases can be heard "by application" or "by action"; the use of summary proceedings, which is always a tough issue for trademark owners in Canada; and the importance of expert evidence in trademark confusion cases.

Last May, the Supreme Court of Canada issued a decision in *Masterpiece Inc. v. Alavida Life-*

*styles Inc.*, [2011] S.C.J. No. 27, after Federal Court trial and appeal decisions left many practitioners puzzled. At issue was the interpretation of the *Trademarks Act* provisions on entitlement and particularly how a determination of confusion should be made where parties are in different geographic locales. Section 6 of the Act directs that confusion should be determined by considering "if the use of both marks in the same area would be likely to lead to the inference that the wares or services associated with those trademarks are... manufactured, sold, leased... performed by the same person..."

The Supreme Court confirmed that geography should be unimportant in assessing rights between competing applicants. Further, it said that minor differences between the marks should not detract from a focus on the key or most important elements of the mark. Confusion on first impression should not necessarily be limited by specifics of the trade (expensive goods/services, thoughtful purchases), particularly where the similarity between the marks is significant.

This "first impression" test is being felt in subsequent decisions and may turn out to have an important impact on confusion cases. Finally, the court said that judges should exercise a gatekeeper role to ensure that evidence that is distracting or of limited value be kept out — where common sense can be applied, expert evidence may not be required.

In the domain name case of *Tucows.Com Co. v. Lojas Renner S.A.*, [2011] O.J. No. 3576, the Ontario Court of Appeal, considered the requirement that the case be about personal property in Ontario and affirmed that it had jurisdiction by finding that domain names are a form of personal intangible property. This decision is in line with many U.S. jurisdictions and added that domain names have many of the normal qualities of property — including a right to make a claim against

others, monetary value and exclusive rights.

The Federal Court handed out several decisions on the subject of "use", after appeals from the Registrar in summary non-use proceedings (s. 45 of the Act). The decisions consider whether the financial crisis will excuse non-use (probably not), what are the permissible differences between a mark as used and as registered (probably little), and the importance of proper licensing. In many cases, the decisions may have arisen from a lack of attention when drafting evidence of use, but

Canadian courts traditionally have not been receptive to interlocutory injunctive relief or requests for summary judgment in trademark cases. The well-known requirement for "clear and unequivocal" evidence of irreparable harm to justify the intervention of the courts normally shuts down most prospective plaintiffs.

Several decisions in 2011 opened the door to faster and less expensive options.

In *BBM Canada v. Research in Motion Ltd.*, [2011] F.C.J. No. 656, the appeal court confirmed that trademark infringement and passing-off cases can be brought by application, not requiring full discovery, versus "action." Whether a case is appropriate for an application will depend on the relief sought, witness credibility or whether full discovery is required, and parties may still challenge the application format if the case is viewed as too complex.

In *Louis Vuitton Malletier S.A. v. Singa Enterprises (Canada) Inc.*, [2011] F.C.J. No. 908, the Federal Court heard an application for an order on summary trial, under relatively new rules of the Federal Court, in a case relating to trademark and copyright infringement. Observing that the prior summary judgment rules only permitted decisions in cases where there were neither credibility issues nor conflicting evidence, the court found that summary trial was available even in cases with multiple defendants, complex fact patterns, numerous investigations and affidavits and even large damage awards. In this particular case, the defendants did not really participate, allowing the court to draw adverse inferences against them on each of the issues. Cumulatively, damages and interest totalling nearly \$2.5 million, plus costs, were awarded. ■

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serve to warn trademark owners that their job is not over once a registration has issued.

One of the most surprising decisions on "use" was issued in *TSA Stores, Inc. v. Canada (Registrar of Trade-Marks)*, [2011] F.C.J. No. 319, in which a registration for retail store services was upheld on appeal, despite the absence of any stores operating in Canada. The mark was displayed on a website accessible to Canadians (even though there was no evidence of purchases by Canadians from the website). Only the registrant participated in the appeal and possibly the usefulness of the judgment suffers from the limited analysis of "use", but it seems to strike a very low watermark for what is required to show "use" for such services in Canada.

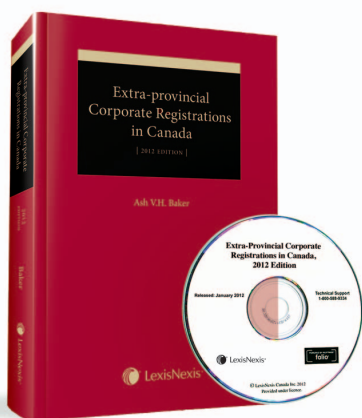
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## DOCKET

Some trademark cases to keep an eye on in 2012:

- Is Teachers, the Ontario Teachers' Pension Board Plan, descriptive for pension plan services? The Federal Court of Appeal decision is expected early in the year.
- Does GAP Adventures infringe The GAP, Inc. trademarks? A trial is expected in the spring.
- Are sound marks, in particular Metro-Goldwyn Meyer's roaring lion

sound, registerable. This case is before the Federal Court, on appeal from the Trademarks Registrar.

■ Who has rights to Target, the U.S. department store chain or Fairweather Ltd.? An action for passing off and counterclaim for infringement is scheduled to be heard in November.

■ Is F1Emporium confusing with the trademarks of Formula One Licensing BV? The Opposition Board found so, but the case is now appealed to the Federal Court. — *Cynthia Rowden*

