

# Keeping up with change

Just as the trademark marketplace is constantly changing, the law is always developing. Effective trademark enforcement therefore requires that counsel carefully consider the surrounding circumstances of each case

This article provides a general overview of the differences and similarities between actions for trademark infringement and passing off in Canada, focusing on the legal and evidentiary requirements.

## Trademark infringement

Trademark infringement is a statutory cause of action. Section 19 of the Trademarks Act grants the owner of a registered trademark the exclusive right to use that mark throughout Canada with the wares or services covered by the registration. It follows that the unauthorised use of an identical mark with the same wares or services constitutes trademark infringement.

Section 20 of the act states that it is also an infringement for someone, without authorisation, to sell, distribute or advertise wares or services in association with a confusing trademark or trade name. A plaintiff need not prove actual confusion, but only a likelihood of confusion.

Before assessing a likelihood of confusion, a plaintiff must first establish that the defendant has used its trademark as a trademark. The term 'trademark' is defined in Section 2 of the act: in brief, it must serve to distinguish the wares or services of one party from those of another. For this reason, designs that are primarily ornamental or functional are usually not considered to be trademarks and their use cannot typically be attacked in an infringement action.

Sections 4(1) and 4(2) of the act define 'use' of a trademark for wares and services as follows:

4. (1) *A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares*

*themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred; and*

(2) *A trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.*

If the defendant's trademark is not being 'used' with wares and services as defined in the act, a plaintiff may be unable to challenge the display of the defendant's mark in an infringement action. Needless to say, the law on this point is complex and beyond the scope of this article.

In assessing whether there is a likelihood of confusion, the courts will consider all of the 'surrounding circumstances', including the factors enumerated in Section 6(5) of the act:

- (a) *the inherent distinctiveness of the trade-marks or trade-names, and the extent to which they have become known;*
- (b) *the length of time the trade-marks or trade-names have been in use;*
- (c) *the nature of the wares, services or business;*
- (d) *the nature of the trade; and*
- (e) *the degree of resemblance between the trademarks or trade-names in appearance or sound or in the ideas suggested by them.*

Other surrounding circumstances that may be considered include:

- whether there has been any actual confusion;
- the state of the Trademarks Register and the marketplace; and
- whether the same marks co-exist in other countries.

In assessing the above factors, a court will focus on the first impression of the average consumer of the wares or services in question, who has an imperfect recollection of the plaintiff's trademark and is then exposed to the defendant's trademark. Confusion can arise if the average consumer is likely to assume that the defendant's wares or services are put out by the plaintiff, or that they have been authorised, licensed or endorsed by the plaintiff. (The most recent decision from the Supreme Court of Canada that discusses these matters is *Mattel Inc v 3894207 Canada Inc* ([2006] 1 SCR 772)).

## Passing off

The common law tort of passing off has been largely codified in Section 7(b) of the act, which states that "no person shall... direct public attention to his wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another."

Section 7(b) of the act contains no reference to the terms 'trademark' or 'use', which appear in Sections 19 and 20 in the context of an infringement claim.

Accordingly, a claim of passing off can be asserted by a plaintiff that does not own a registered trademark, or even a trademark, since the language is broad enough to cover trade dress and potentially other indicia in which a plaintiff has acquired a sufficient reputation.

Similarly, a claim of passing off can be asserted against a defendant that is not using a trademark, but rather is simply directing public attention to its wares or services in such a way as to cause or be likely to cause confusion in the marketplace.

While a claim of passing off is potentially broader than a claim of trademark infringement, it is usually more difficult to prove passing off. This is because a claim of passing off requires proof of each of the following elements:

- the existence of goodwill or reputation in a distinctive trademark or other indicia in the same geographic area in which the defendant is using its trademark or indicia;
- a deceitful, negligent or careless misrepresentation by the defendant that creates confusion or a likelihood of confusion among the average consumer; and
- actual or potential damage resulting from the defendant's activities.

Conversely, in the context of an infringement action, it is not necessary to prove that a registered trademark has acquired a sufficient reputation in the same geographic area in which the defendant's mark is being used, since a registered mark is presumed valid and is enforceable across Canada. Furthermore, it is not necessary to prove that damages have occurred or are likely to occur, since if infringement is proven, damages are presumed.

### Evidence

In an action for passing off, a plaintiff must lead evidence to prove that it enjoys a meaningful reputation in the same geographic area in which the defendant is using its trademark or indicia. This can be very difficult to do, particularly for a foreign plaintiff that cannot prove any sales in Canada.

Generally, a foreign plaintiff will try to tender survey evidence showing a sufficient awareness in Canada of its trademark, such as evidence of foreign advertisements and proof that these advertisements were published, distributed or seen in Canada, or otherwise seen by Canadians while travelling abroad, as well as evidence, if available, showing sales to Canadians while abroad (eg, by way of credit card sales records).

Whether a plaintiff is alleging trademark infringement or passing off, it will usually lead evidence regarding each of the issues summarised below.

First, a plaintiff should lead evidence regarding its business and its use of the mark in Canada. This evidence will describe in detail the market in which the plaintiff operates and the specific products and services that it sells bearing the mark in question and when they were first offered and sold in Canada.

Second, a plaintiff should tender



**Jonathan G Colombo**

Partner

[jcolombo@bereskinparr.com](mailto:jcolombo@bereskinparr.com)

Jonathan Colombo is a partner, barrister, solicitor and registered trademark agent with Bereskin & Parr LLP. He has practised exclusively in IP law at Bereskin & Parr since 1989. His practice covers all areas of trademark and copyright law, including the acquisition, exploitation and enforcement of these rights.



**Aggie M Booke**

Associate

[abooke@bereskinparr.com](mailto:abooke@bereskinparr.com)

Aggie Booke is an associate, barrister, solicitor and registered trademark agent with Bereskin & Parr LLP. She is a member of the firm's trademark, new media/copyright, litigation and regulatory, advertising and marketing practice groups. She is a member of the Intellectual Property Institute of Canada's International Trademark Issues and Bulletin committees.

specimens showing actual use of the mark in Canada, evidencing how the mark has been used on the product or packaging, or in offering the services, and on related sales and marketing materials.

In an infringement claim, it is important to ensure that these specimens show use of the actual mark as registered. If the specimens are a variation, the plaintiff will have to argue that the 'dominant commercial impression' remains the same.

Third, sales and advertising figures for the wares and services at issue are essential in a passing-off claim and highly advisable in an infringement claim. In a court proceeding – as opposed to a trademark opposition – it is possible to obtain a confidentiality order to prevent this information from becoming public, at least until trial.

Fourth, it is important to adduce evidence regarding the trade channels through which the plaintiff's wares are sold or its services are offered, particularly if the defendant's wares or services are offered through the same or similar trade channels.

Fifth, if possible, it is useful to provide evidence showing that the plaintiff's mark is not diluted on the Trademarks Register or in the marketplace.

Finally, if the defendant is using its mark, evidence should be adduced, attaching specimens, to show how that mark is being used and to explain why confusion is likely (eg, because the products or services are competitive, because they are sold in the same or similar channels of trade or because they are sold at the same or similar price points).

If a defendant intends to allege by counterclaim that the plaintiff's mark is invalid, the defendant will need to adduce evidence supporting each asserted ground of invalidity (eg, evidence that the defendant used its trademark first or that the plaintiff's mark is a clearly descriptive or non-distinctive term).

Trademark law is truly fact specific. Each trademark is different, the marketplace is constantly changing, the law is always developing and the equities differ case by case. Therefore, effective trademark enforcement requires that counsel carefully consider the surrounding circumstances of each case and potential new ways of proving each claim or defence. [WTR](#)