

## Canadian Trademark Cases 2016 – And the awards go to...

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In the spirit of the awards season, here are our picks for 2016 Canadian trademark developments of the year.

### “Visual Effects”

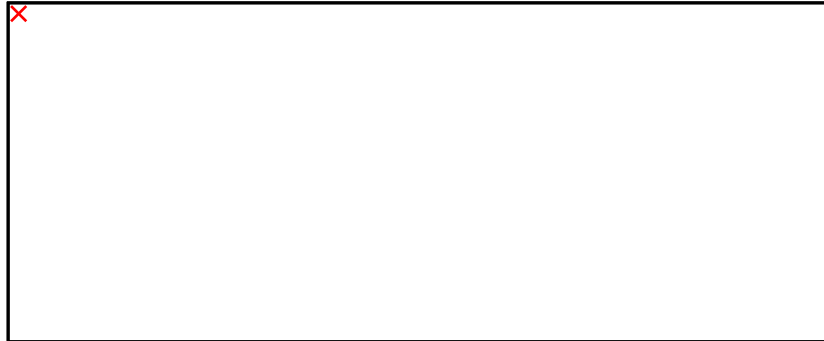
In *Wenger S.A. v. Travel Way Group International Inc.*, 2016 FC 347, the Federal Court of Canada considered the issue of confusion in a claim for trademark infringement and passing off, with a surprising result. Wenger, a Swiss company, owned several registrations featuring a cross design inside a border, three of which covered luggage, as shown below:



The Wenger registrations issued between 2007 and 2012, and were used since 2003. Although the registrations did not contain colour claims, the marks were typically used in the colours red, black and white. Travelway was engaged in the manufacture and distribution of luggage. In 2008, it partnered with a Swiss company to design a line of luggage, and applied to register two new logos featuring the letter “S” inside a cross design, as reproduced below:



The Travelway applications were not challenged, and issued to registration in 2009. By 2012, however, Travelway had modified the logos, and the prominent “S” was either eliminated or difficult to see, as illustrated below:



Travelway’s use of the modified cross logos prompted Wenger’s application seeking, inter alia, a declaration of infringement, as well as expungement of Travelway’s registrations. But the application was entirely dismissed. On the issue of confusion, the Court held that Travelway’s registered marks did not closely resemble the Wenger marks and were unlikely to cause confusion. The Court acknowledged that Travelway’s modified logos bore a greater resemblance to the Wenger marks, but found that the Wenger registered marks were not distinctive in light of 3rd party uses of cross designs, and consumers were not likely to recognize the Wenger cross logos as designating a single source. Unfortunately for Wenger, the Court effectively called into question the validity of the Wenger registrations themselves. The Court also found that since Travelway’s modified logos were used only on the zipper pulls of its luggage, and since the zipper pulls were so small, it was unlikely that the average consumer, somewhat in a hurry, would even notice this use and could not be confused. Wenger’s survey evidence was also found to be unnecessary and given no weight. Not surprisingly, the decision is under appeal.

### “Foreign Language Achievement”

A split decision. In *MC Imports Inc. v. AFOD Ltd.*, 2016 FCA 60, the Federal Court of Appeal considered the proper test for assessing the registrability of trademarks that describe the place of origin of the associated goods and services. Section 12(1)(b) of the *Trade-marks Act* precludes registration of trademarks that are either clearly descriptive or deceptively misdescriptive of the character or quality of the goods or services with which they are associated, or their place of origin. At issue in *MC Imports* was the validity of the LINGAYEN registration covering Filipino food products. The Court of Appeal held that if a mark contains the name of a geographic location from where the goods or services emanate, then the mark is clearly descriptive of the place of origin and not registrable. Consumer awareness is not relevant for this analysis. Since Lingayen was a geographic location in the Philippines from which the associated goods originated, the registration was deemed invalid and expunged.

With a view to clarifying its position regarding trademarks that are geographic names, and to bring the Trademarks Office practice line with the *MC Imports* decision, the Office issued a Practice Notice dealing with geographically descriptive marks on November 9, 2016.

For a more detailed discussion of this decision and the Trademarks Office Practice Notice that followed, click [here](#).

In *Sadhu Singh Hamdard Trust v. Navsun Holdings Ltd. et al*, 2016 FCA 69, the Federal Court of Appeal addressed the test for passing off. Hamdard Trust was the owner and publisher of an Indian Punjabi-language daily newspaper called the *Ajit Daily*, which had been published in India since 1955 and was well-known among the Punjabi population in India. Hamdard Trust had, however, only a small number of Canadian subscriptions. The evidence established that several Canadian affiants “were aware of the *Ajit Daily* and its reputation as an important Punjabi paper in India”. Navsun Holdings owned and published since 1993 a Canadian Punjabi-language newspaper called ~~the~~ *Ajit Weekly*.

In applying the three-part test for passing off – that is, that the plaintiff has goodwill in its trademark, that the defendant deceived the public by misrepresentation, and that the plaintiff suffered actual or potential damage through the defendant’s actions – the Court of

Appeal observed that: "... use of a trade-mark in Canada is not a necessary pre-condition for the existence of goodwill in Canadian law. Rather, the requisite goodwill within a defendant's market may be shown to exist by virtue of the reputation of the plaintiff's trade-mark in the defendant's market, even where the plaintiff does not use the trade-mark in that market ..." [at para. 25].

Moreover, with respect to the third element of the test – actual or potential damage – the Court of Appeal observed that: "... the presence of the requisite damages to found a claim in passing off can be established through proof of a loss of control over reputation, image or goodwill ..." [at para. 31]

## **"Costume Design"**

In *McDowell v. Laverana GmbH & Co. KG*, 2016 FC 1276, the Federal Court considered "use" in the context of a non-use challenge under s. 45 of the *Trade-marks Act*, regarding a registration for HONEY covering clothing, accessories, personal care products and retail store services. The main evidence for goods was use of the mark on store signs, price stickers attached to the goods, store receipts and shopping bags. The goods were made by others, and marked with third party marks. Despite significant caselaw to the contrary, this was found to be use by the registrant on both goods and services. For a more detailed discussion of the decision, click [here](#).

## **"Documentary"**

The volume of trademark "documents" continues to grow. In addition to amendments to the *Trade-marks Act*, now scheduled to be implemented in 2019, other developments include an upcoming consultation on draft Regulations, broadening of protection to Geographic Indications pursuant to legislation required by the Canada-EU trade agreement, upcoming legislation requiring plain packaging for tobacco products, and possible legislation restricting brand usage on food products and advertising directed to children. For more information on these developments, click [here](#).

## **"Editing"**

The Court edits the record, ruling expert evidence inadmissible -- In *Cathay Pacific Airways Limited v. Air Miles International Trading B.V.*, 2016 FC 1125, an appeal of a decision of the Trademarks Opposition Board, the Court considered the admissibility of an affidavit from a linguistics professor who gave expert evidence on the degree of resemblance between the marks AIR MILES and ASIA MILES in terms of appearance, sound, and ideas suggested. The Court referred to the Supreme Court of Canada's decision in *Masterpiece Inc. v. Alavida Lifestyles Inc.* and found that the expert evidence was not necessary as the case did not involve trademarks or services employed in specialized markets [at para. 83].

## **"Directing"**

In *Trans-High Corporation v. Conscious Consumption Inc.*, 2016 FC 949, the Court found that the Respondents had infringed the Applicant's registered HIGH TIMES trademarks through use of a confusing mark with a marijuana-themed retail store. The Court found two individual respondents personally liable for the infringing activities because their willful infringement of trademark rights could not be a legitimate exercise of their corporate duties as officers and directors [at para 25].

## **"Actor in a Supporting Role"**

In *Sport Maska Inc. v. Bauer Hockey Corp.*, 2016 FCA 44, the Federal Court of Appeal explained the current state of the test for leave to intervene in Federal Court proceedings, endorsing the six factors held to be relevant in *Rothmans, Benson & Hedges Inc. v. Canada (Attorney General)*, [1990] 1 F.C. 74 at para. 12. Those factors are not exhaustive, and need not be given equal weight -- the criteria must remain flexible. The 2014 *Pictou Landing* decision was held not to have changed the test. The factors set out in that decision simply show the flexibility of the *Rothmans, Benson & Hedges* test, and some of them are the sorts of factors that the Court may consider within the flexible "interests of justice" factor [at para. 42].

## **"Best Animated Feature"**

In *Pizzaiolo Restaurants Inc. v. Les Restaurants La Pizzaiolle Inc.*, 2016 FCA 265, the Federal Court of Appeal considered an appeal where the Trademarks Opposition Board had rejected an opposition to the registration of this logo:



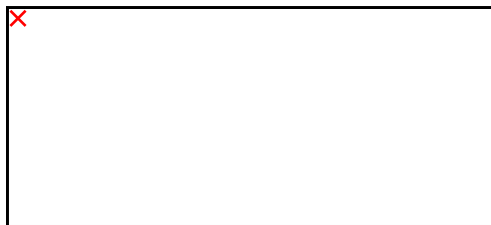
Pizzaiolle had relied on the ground that the proposed design mark was confusing with its registration for LA PIZZAIOLLE. Pizzaiolle had, however, used its mark in various designs shown here:



But the Court of Appeal noted for purposes of this opposition ground that it did not matter how Pizzaiolle's mark was drawn when assessing whether the proposed design mark was confusing with the registered word mark: "Indeed, the registration of the respondent's mark "LA PIZZAIOLLE" entitles it to use lettering and colours identical to the ones used by the appellant" [at para. 24].

## "Best Picture"

The "Apple Store Trade Dress" distinguishing guise application was approved, advertised and registered, unopposed:



In the colour claim, the trade dress was described this way: "Colour is claimed as a feature of the trade-mark. Specifically, the border along the upper, left and right sides is steel gray, and tables and shelving in the bottom center are light brown. The mark consists of distinctive design [sic] and layout of a retail store."

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