Less likelihood of confusion about potential uses of a trademark: FCA clarifies that trademark confusion analyses need not consider all unidentified potential uses of a word mark

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When considering confusion, does the Trademarks Opposition Board need to consider all potential ways in which an opponents registered word mark may be depicted? The Federal Court of Appeal says no. On Thursday April 27, 2017 the Supreme Court of Canada released its decision denying leave to appeal from Domaines Pinnacle Inc v Constellation Brands Inc, 2016 FCA 302, a decision of the Federal Court of Appeal clarifying the Supreme Court’s instruction in Masterpiece that actual trademark use should not be considered to the exclusion of potential uses of a registered mark when considering confusion. According to the Federal Court of Appeal, “it is not the task of the [Trademarks Opposition Board] to consider all potential and unidentified uses of [a] word mark” when considering the likelihood of confusion between that mark and another.

The appellant, Domaines Pinnacle Inc., is a Quebec-based family business that had specialized in producing apple-based alcoholic beverages, most notably an apple-based ice cider. Domaines Pinnacle applied to register the word and design mark DOMAINES PINNACLE & DESIGN for use in association with apple-based alcoholic beverages and non-alcoholic apple-based beverages and foods. The design portion of Domaines Pinnacle’s mark featured a snowflake superimposed over an apple. Constellation Brands Inc., the respondents, opposed on the ground that among other things, the applied for mark was confusing with its word marks PINNACLES and PINNACLES RANCHES, registered for use in association with wines. The Trademarks Opposition Board (“Board”) ultimately concluded that confusion was unlikely due to the low degree of inherent distinctiveness of both marks, and because the visually distinctive elements of the appellant’s word & design mark—the apple and the snowflake—suggested a different idea than the respondents’ mark. While Domaines Pinnacle’s word & design mark suggested “cold and winter”, Constellation Brand’s word mark PINNACLES suggested the idea of a plurality of summits.

On judicial review before the Federal Court (2015 FC 1083), Justice Gagné found that the Board erred in failing to consider in its confusion analysis other potential uses the respondents might have made of their registered mark, as required by Masterpiece. In Masterpiece, the Supreme Court of Canada stated that a registered word mark can be presented in many ways, and that with respect to trademark confusion, a “single use [does] not reflect the entire scope of exclusive rights that were granted to Alavida under its registration … [a]ctual use is not irrelevant, but it should not be considered to the exclusion of potential uses within the registration.” Relying on these statements, Gagné J. held that the Board should have taken into account that the registered word mark PINNACLES is capable of being depicted in a manner suggestive of “cold and winter”, perhaps by using a different style of lettering, colour or design. Gagné J. allowed Constellation Brand’s appeal, set aside the Board’s decision, and remitted the matter back to the Board for reconsideration.

On appeal by Domaines Pinnacle, the Federal Court of Appeal overturned Gagné J.’s decision and reinstated the decision of the Trademarks Opposition Board. The Court of Appeal noted that decisions of the Board are to be reviewed on a standard of reasonableness, but Gagné J.’s decision effectively reviewed the Board’s interpretation and application of Masterpiece on a correctness standard. Moreover, the Court clarified that Masterpiece does not require the Board to
consider all potential and unidentified uses of a registered word mark when assessing the likelihood of trademark confusion. In so holding, the Court explained that the full scope of rights granted to the respondents would not permit them to use the distinctive graphic elements of Domaines Pinnacle’s design—the apple and the snowflake—that the Board identified as being central to the distinctiveness of the applied for mark, and that in any event these elements are protected by copyright. The Court further explained that even if the respondents were to in the future use the same font as Domaines Pinnacle, no likelihood of confusion would exist because the combination of word and design in Domaines Pinnacle’s mark are sufficiently distinctive.

This decision illustrates that there are limits to the advantage associated with registering a trademark in word format without limiting the way in which the words are presented. This decision clarifies the law post-Masterpiece that while various potential uses of a registered word mark may be considered when assessing trademark confusion, the Board and Courts alike need not consider every potential unidentified use.

1 Masterpiece Inc v Alavida Lifestyles Inc, 2011 SCC 27 [Masterpiece]
2 Constellation Brands Inc v Domaines Pinnacle Inc, 2013 TMOB 153
3 Masterpiece at paras 53 and 59

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