

# Where does Canada stand on fame?

**Trademark owners should apply to register their famous marks now, to be able to take advantage of the incoming customs regime**

Unlike the US Trademarks Dilution Revision Act 2006, the Canadian Trademarks Act does not define what constitutes a ‘famous’ mark; in fact, the act is silent with respect to fame. As a result, Canadian courts have been left to address famous marks through broad language in the act’s confusion provision and also in its depreciation of goodwill provision. The Supreme Court of Canada (SCC) specifically addressed famous marks in two landmark decisions issued on the same day in 2006, altering the landscape of famous mark protection in Canada.

## Supreme Court of Canada and its pronouncements on famous marks

In its decisions in *Mattel Inc v 3894207 Canada Inc* (2006 SCC 22) and *Veuve Clicquot Ponsardin v Boutiques Clicquot* (2006 SCC 23), the SCC provided that the question of confusion to be determined depends on “all the surrounding circumstances” (Section 6 of the act lists a number of factors to be considered in assessing likelihood of confusion, including the “degree of resemblance” of the marks in “appearance or sound or in the ideas suggested”, as well as “all the surrounding circumstances”). In *Mattel*, the Barbie doll maker had appealed a Trademarks Opposition Board decision that allowed registration of BARBIE’S in relation to restaurant services. The SCC upheld that decision, agreeing there was no likelihood of confusion given that:

- the parties goods and trading channels were different;
- there was a low degree of inherent distinctiveness in the BARBIE mark;
- the design component of the opposed mark; and
- there was no evidence of actual confusion, licence or association.

In *Veuve Clicquot*, the champagne maker claimed infringement by a chain of

women’s clothing stores. The champagne maker alleged that the use of CLICQUOT by the clothing stores would depreciate the goodwill associated with its VEUVE CLICQUOT mark (Section 22 of the act provides that no person shall use a registered trademark in a manner “likely to have the effect of depreciating the value of the goodwill” attaching to the mark). The SCC found that the VEUVE CLICQUOT mark was famous, and therefore could transcend the goods it was normally associated with to some degree. After considering all of the surrounding circumstances, including the fame of the mark, the lack of consumer confusion despite the brands co-existing for many years, the degree of similarity between the marks, and the nature of goods, services and trade, the SCC held it unlikely that consumers would confuse VEUVE CLICQUOT with the clothing stores. Providing a four-element test to determine the following depreciation of goodwill (a helpful clarification to the application of the depreciation of goodwill provision), the SCC held that there was no depreciation of goodwill:

- The claimant’s registered trademark has been used by the defendant in connection with goods or services;
- The claimant’s registered trademark is sufficiently well known to have significant goodwill attached to it;
- Use of the claimant’s mark by the defendant is likely to have an effect on the goodwill attached to the claimant’s mark; and
- The use of the claimant’s trademark by the defendant is likely to depreciate the value of the goodwill attached to the claimant’s mark.

## ‘Made known’ in Canada

In addition to the confusion and depreciation

of goodwill provisions, the act provides that a mark may be made known in Canada if it is used in a country of the union in association with wares or services that are advertised in printed publications circulated in the ordinary course of commerce among potential users of or dealers in the wares and services, or in radio broadcasts ordinarily received in Canada by potential users of or dealers in the wares or services. This provision, with its obvious potential for application to marks which are famous abroad, is unfortunately quite restricted in its application and does not recognise the internet age.

## What has happened since the Supreme Court of Canada decisions?

Decisions of the Federal Court of Canada immediately after the SCC decisions showed some reluctance to acknowledge marks as being famous. That said, there have been some recent Federal Court and Trademarks Opposition Board decisions of note.

Justice Snider, in an opposition appeal (*Empresa Cubana del Tabaco v Tequila Cuervo, SA Dec V, 2013 FC 1010*) regarding possible confusion between the mark LAZARO COHIBA, in association with alcohol, and the COHIBA mark in association with cigars and tobacco products, held that the COHIBA mark was famous and that the channels of trade were sufficiently close. Regarding the fame of the COHIBA mark, Snider noted that “for some iconic brands, personal ownership or use of the product is not essential to the awareness or knowledge of a trademark. For example, one does not need to own or drive a Jaguar to be aware of that brand of car”. She noted: “[t]here is no doubt in my mind that television shows such as ‘Sex and the City’ and ‘The Simpsons’; the magazine ‘Cigar Aficionado’; and the movie ‘Hotel Rwanda’ were widely seen by Canadians”.

Snider saw that the fame of the COHIBA brand extended beyond cigar smokers to the public generally, and given this fame, she concluded that the consumer in a hurry would focus on the COHIBA portion of the subject mark.

The fame of a mark was commented upon by Justice Russell in the *Petroleos Mexicanos v Intermix SA* (September 12 2013) decision, where he stated that the mark at issue, PEMEX, is “famous and renowned throughout the globe, as the Plaintiff is well-known”. The court concluded in expunging the registration that “with knowledge of the Plaintiff’s substantial reputation and goodwill”, the defendant had filed a false declaration of use related to the PEMEX mark, and was not a person entitled to registration under the act.

Justice Scott noted the fame of Harley-Davidson’s SCREAMIN’ EAGLES mark in a declaratory action claim (*H-D USA, LLC v Berrada*, 2014 FC 207), ultimately ordering that Harley-Davidson could use its SCREAMIN’ EAGLES mark (in association with its HARLEY-DAVIDSON mark) with clothing at its own dealerships, notwithstanding Berrada’s registrations for the SCREAMING EAGLE mark with clothing, clothing accessories and retail store services. Scott found that Berrada’s goodwill did not “override HD’s fame and recognition by the general public, motorcyclists and HD motorcyclists”. He further observed that: “the Court considers that the average motorcyclist who does not own a HARLEY-DAVIDSON motorcycle would nonetheless know of the existence of HARLEY-DAVIDSON and HD’s SCREAMIN’ EAGLE line of performance parts and clothing, but would not necessarily wish to associate himself with that brand. This is what brand recognition is all about.”

In a Trademarks Opposition Board decision (*Doris Hosiery Mills Ltd v Eclectic Edge Inc*, 2013 TMOB 214) regarding the applied-for mark VALENTINE SECRET in association with clothing, and the registered mark SECRET associated with hosiery, the Opposition Board member noted that the opponent’s evidence demonstrated that its SECRET mark was well known, if not famous in Canada, in association with hosiery and undergarments. The fame and reputation of the opponent had previously been acknowledged in other Federal Court and Opposition Board decisions. The board member concluded, in refusing the application, that “[i]n view of the fame and reputation of the Opponent’s SECRET trademark, I agree with the Opponent that it should be afforded a wider ambit



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of protection”.

In a Trademarks Opposition Board decision (*Ben Sherman Group Ltd v Michele Knautz*, 2013 TMOB 122) regarding the applied-for mark SHERMAN, in association with jewellery, and the registered mark BEN SHERMAN, associated with clothing, the Opposition Board member stated, “despite the Opponent’s submissions that its trademark BEN SHERMAN is famous and well-known throughout the world, including Canada, based on the following review of the Gage affidavit, I cannot make such a finding, nor can I conclude that the mark has achieved strong secondary meaning in Canada through extensive marketing and distribution”. The application was ultimately refused on the basis that the evidence provided by the opponent was marginally better than that of the applicant.

These decisions are part of the more recent trend to recognise famous marks. The Federal Court and the Trademarks Opposition Board appear willing to look beyond the wares and services with which a mark has been associated, or to allow concurrent use; but clear, consistent evidence of long-standing use of a mark will be necessary to prove its fame.

#### **Famous trademarks and counterfeit products**

The Combating Counterfeit Products Act (Bill C-8), which is nearing passage by Canada’s Parliament, is designed to provide trademark and copyright owners with new and improved options for dealing with the importation and sale of counterfeit goods. It is also intended to update the act in some respects consistent with the Singapore Treaty (Canada has yet to accede to the Singapore Treaty, but it is before Parliament). Bill C-8 will provide notable criminal sanctions for counterfeiting of a registered trademark, and will provide a method of detaining goods by Canadian Customs so that a mark owner can, among other things, ascertain the origin of the counterfeit goods. However, only registered trademarks can be protected under this new customs regime.

Accordingly, trademark owners should, if they have not already done so, apply to register their famous marks now, to be able to take advantage of the incoming customs regime. [WTR](#)