Trade-marks CAN (Reynolds’ IP) – Sarah Hannigan

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# PASSING-OFF

Passing-off is the primary common-law tort action for the protection of unregistered TMs. In essence, ss7(b) and (c) in the *TA* codify the idea that no one may pass of their goods as those of another. These provisions function to protect traders against competitors who create a likelihood of confusion, to protect consumers, and to prevent unfair competition (*Ciba-Geigy*).

|  |
| --- |
| **7** No person shall…1. direct public attention to his goods/services 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 goods/services and the goods/services of another
2. pass off other goods/services as and for those ordered or requested
 |

As described in *NHL v Pepsi-Cola*, passing-off covers two types of commercial deception:

1. When a trader tries to **pass of his goods as those of another**, and
2. “**Reverse passing-off**”—when the goods of one trader are supplied to a party who ordered the goods of another, and the purchasers are led to believe they are receiving what they ordered (first recognized in *Bristol*)

*Ciba-Geigy* sets out the three elements of a passing-off action…

## #1: The EXISTENCE of GOODWILL

To establish goodwill—the benefit and advantage of the good name, reputation, and connection of a business—π may introduce evidence demonstrating the **strength of association between its mark and its company as a trade source**.

**EVIDENCE** 🡪 π’s evidence may speak to:

* The **length of time** the goods/services have been in the market
	+ Long-standing company = 🡩ease of establishing goodwill
* The **degree of distinctiveness** of the mark
	+ *Ray Plastics*: appearance alone may establish goodwill
* The **volume of publicity/sales** or π’s market share (significant market share = 🡩ease of establishing goodwill)
	+ *Ray Plastics*: The fact that 50% of all sales were to Canadian Tire = *substantial sales*

**The GEOGRAPHIC AMBIT of GOODWILL**

* Since **confusion** and **misrepresentation** are the essence of the tort, it will be difficult for π to argue that customers were misled into thinking they were purchasing its products in a region where π’s goods/services are unknown
* **E.g.** A company whose goods/services are well-known in BC, but not in ON, will not be protected at CL from another company offering similarly named or branded goods/services in ON

**FOREIGN GOODWILL** 🡪 Protection is only available where goodwill exists—thus, foreign companies may be protected (*Orkin*)

* In *Orkin*, the fact that ∆ decided to use π’s name **inferred** that π had commercial value in Canada—customers would’ve req’d prior knowledge of π’s goodwill to have chosen to call via the telephone directory

**GOODWILL in APPEARANCE** 🡪 Cases involving the whole visible external appearance of the goods (or “get-up”)

* **Rule:** π must establish that the product’s particularly **distinctive** appearance would lead consumers to associate the product with π as the particular trade source
	+ In *Ray Plastics*, Austin JA adopted the definition of “**distinctive**” from *Roche Products v Berk*: the appearance must be *novel*, *striking*, or *unusual* in some way making it easier to establish the association
* **Exception:** A distinctive feature that’s essential to the proper functioning of the product can’t be a “mark”—the law of passing-off doesn’t confer a monopoly over functional features (*Ray Plastics*)
	+ *Ray Plastics*: The Snow Trooper’s distinctive appearance was a result of a choice of colours ≠ essential to the product
* It doesn’t matter whether consumers know the ***identity*** of the trade source behind the product so long as they hold the belief that it came from the ***same source*** (*Ray Plastics*)
	+ In *Ray Plastics*, it was enough that consumers might have returned to purchase another black and yellow brush thinking it was the Snow Trooper, regardless of whether they could identify the manufacturer
* 🡩distinctiveness of product = 🡩ease of showing that consumers would believe it came from the same source = 🡩ease of establishing goodwill

**SHARED GOODWILL** 🡪 *Institut national* affirmed the concept of “shared goodwill”: π is entitled to bring an action in passing-off when the alleged misrepresentation relates not to the goods/services of a *particular* trader, but of a *group* of traders

* **Premise:** A mark may be distinctive of a certain kind of quality of goods/serves that’s unique to a defined group of traders
* No trader can claim the mark as his own, but all may have an interest in preventing others from using the mark to identify wares/services that are of a different kind of quality (*Institut national*)
* Shared goodwill is a **severable**, yet shared, right—everyone is claiming on their own behalf (as opposed to a class action, where a repetitive claim is advanced on behalf of an unnamed person belonging to a particular class)
* The concept of “**shared goodwill**” was indirectly approved by the SCC in *Consumers Distributing v Seiko Time*,[1984]

**SECONDARY SIGNIFICANCE** 🡪 *Reddaway* confirmed that goodwill can be established in a **descriptive name** (e.g. “camel hair”) if π can establish that, over time, goodwill has been developed as a secondary meaning

* **If goodwill is established:** Other manufacturers can still use the descriptive name, but they can’t use it in a way that is calculated to *mislead* the public (*Reddaway*)
* **Rationale:** Although an individual has no right to restrain another from using a common English word because he has chosen to employ it as his mark, he has a right to insist that it not be used as an instrument of fraud (*Reddaway*)
* **Risk:** A trader who uses only descriptive terms risks not acquiring goodwill or reputation
* ***Reddaway*:** Herschell LJ determined that “camel hair” had acquired a secondary significance—not only did it convey that the products were made of camel hair, but it also led consumers to believe they were obtaining goods manufactured by π
	+ If ∆ is entitled to lead purchasers to believe that they’re getting π’s manufacture when they aren’t, and thus to cheat π of some of its legitimate trade, I should regret to find that the law was powerless to enforce the most elementary principles of **commercial morality**

**LOSS of GOODWILL** 🡪 Goodwill can be lost by:

* Gradual **acquiescence** to competitors using an identical/similar mark such that it’s no longer distinctive of π as a trade source
* If the mark becomes **generic** over time (e.g. Kleenex)
	+ **Generic:** A mark becomes generic when it is treated by consumers as the name of the product itself rather than as a mark indicating a particular trade source for the product
	+ **Test** (strict)**:** The term must completely lose its distinctive nature and be wholly used as a generic term (*Institut national*: “champagne” was found to be semi-generic, yet still retained goodwill)
		- ***Institut national*:** Dupont J looked to modern dictionary definition of “champagne” and a public survey of ON residents in determining that the term hadn’t yet fallen into *completely generic* use
* If the mark is **no longer used** (*Ad-Lib*)
	+ **Work-around:** Goodwill doesn’t necessarily expire when a trader ceases to carry on his business (*Ad-Lib*)
		- ***Ad-lib*:** π’s club operated for 2yrs until it was forced to close as a result of a permanent inJx. π had since been seeking alternative premises to re-open the club. Newspaper article said the club would “re-open” this month; **Pennycuick V-C:**
			* Looked as though ∆ chose that name by reason of the reputation it acquired
			* Members of the public were likely to regard the new club as a continuation of π’s club
			* The proper inference to be drawn from the evidence is that π has **residual goodwill** to which the name is attached, and that goodwill is an asset of value in the hands of π which it is entitled to exploit in the future—it hasn’t been abandoned

## #2: DECEPTION of the PUBLIC due to a MISREPRESENTATION

π must establish that ∆ misrepresented his goods/services as those of π in a manner that was *likely* to cause customer confusion. Actual confusion need not be proven, but it’s not enough to show that ∆ is benefitting from using the mark—π must show that there is misrepresentation leading to actual or potential confusion (*Institut national*).

**TEST PERSON** 🡪 The test person for assessing confusion—or the likelihood thereof—is the average or ordinary customer of the goods/services at issue, who may be found at any point in the chain of consumption (*Ciba-Geigy*)

* The degree of attention paid by the test person may vary depending on the nature of the goods/services
	+ Inexpensive, mass-market products = 🡩likelihood of confusion (customer takes product quickly from shelf while shopping for an array of items; e.g. the casual/hurried observer recognized in *BCAA*)
	+ Expensive, luxury item = 🡫likelihood of confusion (would expect customer to take a great deal of care in inspecting the item)

**CONTEXT** 🡪 In *BCAA*, Sigurdson J recognized that in the context of a labour relations dispute—as opposed to commercial competition—a **reasonable balance** must be struck between protection of a party’s IP vs. the right of expression

**INTERNET** 🡪 In this context, **initial interest confusion** is sufficient to establish a passing-off claim (Sigurdson J in *BCAA*)

* **Analysis:** Look to the totality of the facts and ask whether it’s more likely there is a misrepresentation leading to confusion
* Confusion of **affiliation** or **endorsement** may be sufficient to establish passing off (***BCAA***)
* **Test person:** Casual, hurried observer—characteristics of this person may vary depending on the product being purchased
* The prominence that must be given to a non-affiliation **disclaimer** for it to be effective depends on the likelihood of a false impression being conveyed to the public if there is no disclaimer (***BCAA***)
* ***BCCA*:** When a website is used for expression in a labour relations dispute—as opposed to commercial competition—there’s a reasonable balance that must be struck b/w legitimate protection of a party’s IP vs. the freedom of expression
	+ Sigurdson J cited *Brookfield* and *AsiaFocus* as examples of when American courts have prohibited ∆ from using π’s name in meta tags because to allow such use would ***unfairly divert business away from π***

**REVERSE PASSING-OFF** 🡪 When ∆ misrepresents π’s goods/services as his own (*Bristol*)

* Although this doesn’t actually **confuse** members of the public, it’s nevertheless a misuse of π’s goodwill through misrepresentation resulting in actual damage—courts rely on the concept of unfair trading (*Bristol*)
* If parties aren’t commercial competitors = 🡫likelihood of confusion (since the essence of passing-off is confusion in a commercial context: *BCAA*)

## #3: ACTUAL/POTENTIAL DAMAGE to the PLAINTIFF

Damage can take the form of either **loss of goodwill and reputation** or **loss of trade**. If applying for an inJx, π need only show a *likelihood* of damage.

**LOSS of GOODWILL & REPUTATION** (*Spalding v Gamage*) 🡪 This type of damage recognizes that dissatisfied consumers who think they have purchased an inferior product from π may decide never to buy from π again, and tell their friends the same

* In *Spalding*, π had discontinued a range of footballs only for ∆ to take them and market them as “new and improved”

**LOSS of TRADE** (*Ray Plastics*; *Institut national*) 🡪 This type of damage recognizes that competing products that are identical or confusingly similar will cut into the sales of π’s original product

## DEFENCES

**- Failure to make out the requisite elements of the tort**

**- Use of one’s own name** (e.g. Frank McDonald wants to open a fast-food restaurant)

* **General rule:** The law won’t deny a person the possibility of using his own name in business (*Hurlburt*)
* **Limitations:**
	+ Must be your surname (not given name or nickname)
	+ Must be used honestly without the intent to trade on the goodwill of another business
	+ The court may require the individual to use his name in a manner that’s not confusing with an already existing business under that name
		- The individual may not use the name without explanation or qualification if such a use would be an instrument of fraud (*Reddaway*)

**- Registered TM:** If ∆ holds TM registration for the mark it’s using, this operates as a complete defence (*Molson*)

**- Acquiescence:** This defence applies if π is found to have acquiesced to ∆’s use of the mark (e.g. *Edward Chapman’s*)

## REMEDIES

Remedies for passing-off under s7(b) are provided for under s53.2:

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| --- |
| **53.2** The court may make any order that it considers appropriate in the circumstances, including an order providing for relief by way of inJx and the recovery of damages/profits and for the destruction/exportation/disposition of any offending wares/packages/labels/advertising material |

**TYPES of REMEDIES AVAILABLE for PASSING-OFF**

* Damages as compensation for actual harm suffered (i.e. loss of trade)
* Damages for harm to goodwill/reputation (more difficult to quantify—courts are req’d to fix an amount for compensation that’s “proper and reasonable”: *Price v Fernie*)
* Pre-emptive inJx to prevent anticipated confusion if product were allowed to enter the market
* Permanent inJx
* Order for disgorgement of profits (alternative to an award of damages—π can’t claim both)
* Delivery or destruction of goods or materials bearing the offending mark
* Punitive damages (only where ∆’s conduct is particularly egregious, e.g. *Arabian Muslim*)
	+ While the damages should be nominal when π hasn’t established that it has suffered a financial loss as a result of ∆’s activities, the court may take ∆’s conduct into account and award punitive damages on top of that amount (*Arabian*)

# REGISTERED TRADE-MARKS

s2 defines TMs as marks that are used for the purpose of distinguishing one’s goods/services manufactured, sold, leased, hired, or performed from those of others. In essence, TMs function to protect the investment of TM owners in the goodwill associated with their marks while assuring consumers that they’re buying from the source from whom they think they’re buying (*Mattel USA*).

Registration of a TM provides protection within Canada, and gives the owner the exclusive right to use the mark for 15yrs. As per *Kirbi*, the mark can’t be the product itself or a functional part of the product.

## CATEGORIES of TRADE-MARKS

1. **Ordinary marks** 🡪 Words or symbols that distinguishes the goods/services of a particular individual or firm (most marks)
2. **Distinguishing guises** 🡪 The shape/design of the product or packaging that effectively distinguishes the product from others
3. **Special marks** 🡪 Certification marks, collective marks, geographical indications, and prohibited marks

### ORDINARY MARKS

Ordinary marks include words or symbols that denote a single commercial source of the goods/services. Embedded within the s2 definition are some of the necessary requirements of TMs.

**MARK** 🡪 Words and designs are the typical objects of TMs

* Non-traditional TMs include sound marks, smell marks, taste marks, and hologram marks—the process of registering these marks will become significantly easier if the reforms in Bill C-56 are adopted
* As of March 2013, 21 sound marks have been registered (e.g. MGM’s roaring lion)

**BARRIERS to the REGISTRATION of ORDINARY MARKS** 🡪 According to s12(1), a TM is registrable unless it’s:

1. **A word that’s *primarily merely* the name or surname of an individual who is living or has died within the preceding 30yrs**

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| --- |
| **PRIMARILY MERELY TEST** (*Coles*)**:**1. *Is the mark a word?* 🡪 The mark can be a dictionary word, name, or invented word (*Standard Oil*)
2. *Is the chief, main, or principal character of that word a surname, or is it principally or equally a word invented to be used as a TM?*
* **Ask:** *Would a person in Canada of* ***ordinary intelligence and education*** *in Eng/Fr be just as likely, if not more likely, to respond to the word by thinking of it as a brand or a mark of business than as a name or surname?*
* **YES** = the TM isn’t primarily merely a name or surname and **can be registered**

*Coles*: A Canadian of ordinary intelligence and education in Eng/Fr would immediately respond to the TM “Coles” by thinking of it as a surname, and wouldn’t be likely to know that “Coles” has a dictionary meaning = not registrable* **Work-around:** As was the case in *Coles*, try to register the mark via s12(2) (argue that the mark has been so used in Canada as to have become distinctive at the date of filing for registration)
 |

1. ***Clearly descriptive* or *deceptively misdescriptive* in Eng/Fr of the character or quality of the goods/services, the conditions of their production, or their place of origin**

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| --- |
| For both these tests, the point-of-view is that of an **average purchaser of the goods** and the mark must be considered in its **entirety** as a matter of **immediate impression** (*Unilever*)* **Rationale:** We don’t want to cripple free competition—common language should be usable by others and common phrases will eventually run out if we allow them to be the subject of TM
* **Note:** A mark that’s found to be **clearly descriptive** will also be found not to be **distinctive**
* **Quality:** The reference to “quality” in s12(1)(b) implies that ***words that describe a degree of excellence*** ≠ ***registrable***

**CLEARLY DESCRIPTIVE TEST** (*Unilever*)**:** *Does the mark tell potential dealers/purchasers of the goods/services what they are, or describe them or a property which is commonly associated with them?* **YES** = clearly descriptive* **Clearly** = easy to understand, self-evident, or plain (*Unilever*)
* ***Unilever*:** “Better than Boulilion” was found to be clearly descriptive (as a matter of 1st impression, *expression of praise*)
* ***Word Wide Diamond*:** “Mark of a diamond cut and polished in Canada” was found to be clearly descriptive

**DECEPTIVELY MISDESCRIPTIVE TEST** (*Unilever*)**:** *Would dealers/purchasers of the goods be deceived by the misdescription into purchasing goods or ordering services which differ in character/quality from those expected?* **YES** = deceptively misdescriptive* **Character** = a feature, trait, or characteristic of the goods (*Unilever*)
* **Quality** = words that describe a degree of excellence; laudatory words; words expressing praise (*Unilever*)
 |

1. **The *name in any language* of the goods/services in connection with which it is used**

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| --- |
| s12(1)(c) is *narrower* than s12(1)(b) since it is only concerned about the *name* of the goods/services, but *broader* in the sense that it forbids registration of TMs in *any language*—not just Eng/Fr. This is evidence of the court trying to maintain **balance** between the rights of the TM owner and the rights of the public, including other competing businesses.***General Foods*:** If the appropriate description of the goods/services in “ordinary commercial terms” (req’d for registration under s30(a)) consists of the same words as the mark itself, then the mark isn’t registrable under s12(1)(c) * **Facts:** Application to register “instant breakfast” for use in association w/”fortified powder food for mixing with milk” was denied—the appropriate description of the product in ordinary commercial terms was “instant breakfast”
 |

1. ***Confusing* with a registered TM**
2. **A mark of which the adoption is *prohibited* by ss9 or 10**

### DISTINGUISHING GUISES

While TM may subsist in a distinguishing guise, it can only be registered once it has acquired distinctiveness through **use**.

s2 defines a “**distinguishing guise**” as either

1. the shaping of goods or their containers (e.g. shape of Coke bottle), or
2. the mode of wrapping or packaging the goods

the appearance of which is used by a person for the purpose of distinguishing the goods/services in the marketplace from those manufactured/sold by others.

**REGISTRABILITY** 🡪 As per s13(1), a distinguishing guise is only **registrable** if

1. it has been so used in Canada by the applicant or his predecessor as to have become **distinctive** at the date of filing for registration, **AND**
* To have the guise recognized as “**distinctive**” under s13(1)(a), the applicant must establish on the BoP that the guise has been adapted to distinguish or actually distinguishes its goods from those of others throughout Canada (*Glaxo*)
* *Glaxo* (O’Keefe J):
	+ The applicant isn’t req’d to show that most adult Canadians recognize the distinguishing guise—this is too strict a requirement
	+ Although the shape of a product can constitute a mark, the resulting mark is usually weak (e.g. shield shape)
	+ **Facts:** Applicant sought to register its tablets’ 6-sided shield shape for use in association w/“pharmaceutical preparations employing acyclovir as an active ingredient”; the application was opposed on the basis that the guise wasn’t inherently distinctive and hadn’t become distinctive through use
	+ **Result:** Applicant failed to establish that its distinguishing guise (shield shape) had become distinctive on the date of application
1. **the applicant’s exclusive use** of the guise in association with goods/services **isn’t likely unreasonably to limit the development of any art or industry** (*note: s13(3) allows for expungement post-registration for this reason*)

**EFFECT of REGISTRATION** 🡪 s13(2) provides that no registration of a distinguishing guise can interfere with the use of any utilitarian feature embodied in the guise, meaning that the guise itself can’t have **functional components**

**EXPUNGEMENT** 🡪 On the application of any interested person under s13(3), the FC may expunge the registration of a distinguishing guise if it decides that the registration has become likely unreasonably to limit the development of any art/industry

**NOTE** 🡪 Bill C-56 seeks to repeal s13, but a broader definition of “sign” should allow for registration of distinguishing guises

### SPECIAL MARKS

**PROHIBITED MARKS** 🡪 s9(1)(iii) prohibits persons from adopting any badge, crest, emblem, or mark for use in business that has been adopted and used by any Canadian public authority as an official mark for goods/services

* **Requirements** (derived from the wording of s9(1)(n)(iii))**:**
	1. Mark must have been **adopted**
* As per s3, a TM is deemed to have been “**adopted**” by a person when that person commenced to *use* *it* or *make it known* in Canada or, if it hadn’t previously been used or made known, when the person *filed for registration*
	1. Mark must have been **used**
	2. The adoption and use must have been by a **public authority** in Canada 🡪 to determine whether a body is a “public authority”, *OAA* directs us to assess the following factors:
		1. The **degree of gov’t control** (most rigorous part of test)
* Consider the body’s objects, duties, and powers, including the distribution of its assets
* Look for *ongoing gov’t supervision* of the body’s activities—the body can be said to be a public authority if the gov’t exercises a degree of ongoing influence in its governance and decision-making
* Being created by statute isn’t enough to satisfy this element
* *OAA*: The only form of gov’t control was the Legislature’s exclusive power to change the AATO’s statutory objects, powers, and duties—Evans JA determined that this was insufficient to satisfy the gov’t control test because it wasn’t a power that enabled the gov’t, directly or through its nominees, to exercise a degree of ongoing influence in the AATO’s governance and decision-making
	+ 1. The extent to which the body’s activities **benefit the public** (lower threshold)
* This element is broadly interpreted—must merely establish that there’s *some* aspect for public benefit
* As in *OAA*, the fact that a body also benefits its members doesn’t preclude a finding of public benefit
* *OAA*: Evans JA determined that the AATO’s object had a dual function: to encourage the public to seek out its member’s services by eliminating unseemly conduct among its members (thus enhancing AATO’s reputation), and thereby increasing members’ professional income = sufficient public benefit
* **Examples** of “public authorities” include the Anne of Green Gables Association and First Nations groups
* **Policy justifications:**
	+ The importance of certain symbols should preclude them from commercial use
	+ These symbols carry a lot of weight—unauthorized usage could signal the wrong message to specific consumers
	+ Usage could lead to the depreciation of the goodwill embedded in the marks themselves (e.g. Red Cross)
* **Criticism:** s9(1)(n)(iii) has been routinely criticized by courts, lawyers, and academics for its relative lack of boundaries
	+ Prohibits anyone else from adopting official marks, and this prohibition is **absolute**
	+ None of the usual **formalities** for the adoption of official marks are imposed
	+ Nothing prevents official marks from being clearly descriptive, deceptively misdescriptive, or generic
	+ No opposition proceeding or scrutiny by the Registrar
	+ Nothing in the *TA* prevents an official mark from being confusing with or identical to an existing TM already in use
	+ Official marks don’t **expire**, there’s no need to renew them, and there’s no easy way to remove them from Registrar
	+ A TM owner who already had a registered mark that resembles an official mark can continue to use it, but effectively has his rights frozen at the time of publication of the official mark (*Royal Roads*)

**CERTIFICATION MARKS** 🡪 s2 defines “**certification marks**” as those that are used for the purpose of distinguishing goods/services that are of a defined standard wrt:

1. the **character or quality** of the goods/services
2. the **working conditions** under which the goods are produced (or services performed)
3. the **class of persons** by whom the goods have been produced (or services performed)
4. the **area** within which the goods have been produced (or services performed)
* **Ownership:** Owned by one person, but *licensed* to others as per s23(2)
	+ **Note:** Under s23(1), the owner of a certification mark can’t be associated with the relevant trade

**COLLECTIVE MARKS** 🡪 While not defined in the *TA*, collective marks include signs that distinguish the geographical origin, material, mode of manufacture, or other common characteristics of the goods/services using the collective mark (e.g. NHL logo)

* **Function:** To inform the public about certain features of the product
* **Ownership:** Collective marks are owned by an *entity*, and can be used by members of that entity (vs. **certification marks**)

**GEOGRAPHICAL INDICATIONS** 🡪 s11.14 sets out certain prohibitions wrt the wine industry—as per (1), no person can adopt a geographical indication in association with a wine not originating from that geographical area 🍷

## USE of TRADE-MARKS

Broadly speaking, Canadian TM law aims to create a system that privileges **use**; hence, **first use** is the basis on which one is entitled to register the TM while a **failure to use** is the basis for expungement under ss45 and 57. s2 instructs us to look to s4 in determining what is deemed to be “use” of a TM.

**GOODS** [4(1)] 🡪 A TM is deemed to be *used* in association with goods if, *at the time of the transfer of the goods*, *in the normal course of trade* (*CBM*), the TM is either:

* **Marked on the goods themselves;**
* **Marked on the packages in which they’re distributed** (*Clairol*: competitor’s TM in a comparison chart on packaging = use) **or**
* **Otherwise associated with the goods that notice of the association is given to the person to whom the goods are transferred**

*“At the time of transfer of the goods”*

* From *Syntex*, we know that the 2nd half of s4(1) is not to be read in isolation from the 1st—thus, we’re only looking at what occurred *at the time of transfer* regardless of whether the TM was marked on the goods/packages or otherwise associated with them
	+ *Syntex* (Stone J): Distributing flyers juxtaposing a competitor’s TM vs. the company’s own TM doesn’t constitute “use”, as the competitor’s TM wasn’t used in association w/the goods *at the time of the transfer* (≠ infringement)
		- However, inserting materials with the offending TM into the goods’ packaging could constitute “use” within the 2nd part of s4(1) (i.e. even if the TM wasn’t on the goods or their packages)
	+ *Clairol*: The placement of a competitor’s TM in a comparison chart in brochures didn’t constitute “use” within the meaning of s4(1)—at the time of the property transfer, the TM wasn’t associated with the goods
* **Policy reasons** for not including a flyer or brochure within the meaning of s4(1) (from Thurlow J in *Clairol*):
	+ *Consumer rights*—we want to allow consumers to make fully informed decisions and have access to information
	+ *Free market*—need to recognize the importance of free competition in any industry
	+ To do otherwise would have a significant impact on *comparative advertising*, which has value

*“In the normal course of trade”*

* From *CBM*, we know that the **normal course of trade** begins with the manufacturer, includes wholesalers and retailers as intermediaries, and ends with the consumer—if any part of this chain takes place in Canada, that constitutes “use” within the meaning of s4(1)
	+ *CBM*: The argument that the design TM wasn’t “used in the normal course of trade” as the watches were only sold as “samples” failed—thus, the applicant wasn’t entitled to register the design as its own TM
* The **normal course of trade** requires some form of consideration—thus, a TM isn’t “used” in situations where the goods are given away for free or donated (*Distrimedic*; *Gowling*)
* Barter and consignment *might* amount to “use” within the normal course of trade (*Gowling*)

**SERVICES** [4(2)] 🡪 A TM is deemed to be *used* in association with services if it’s used or displayed in the performance or advertising of those services (*Gesco*)

* **Ancillary services:** From *Gesco*, we know that the term “services” should be liberally construed so as to include services that are incidental/ancillary to the sale of goods, with each case being decided on its own facts
	+ Gesco registered “stainshield” in association with “services of stain resistant treatment for application to carpets”—the Registrar initially held that to qualify as a TM in association with services, the services must be rendered directly to the public and not to a product before it’s sold to the public (*Gesco*)
* **Online services:** While *TSA* suggests that online services must simply be of benefit to Canadians to meet the threshold of “use” under s4(2), *UNICAST* restricts the meaning of “use” to include only services that are effectively offered to Canadians or performed in Canada
	+ TSA’s “Help Me Choose Gear” service provided info and guidance about products, and the “Shoe Finder” service allowed Canadians to locate a nearby store in the US—Simpson J held that these ***services*** were of benefit to Canadians and, since the TMs appeared in connection with these services, there was evidence of “use” in Canada (they were akin to visiting a bricks and mortar store and benefitting from the services there) (*TSA*)
	+ UNICAST sought to expunge a TM held by a Canadian company, claiming that the mere appearance of a TM on a computer screen via the internet was sufficient to establish “use in Canada” within the meaning of s4(1)—Noël J rejected this argument, claiming that it wasn’t Parliament’s intention to allow any TM holder to expunge a *bona fide* Canadian TM based on previous use through the web even if the foreign TM owner had nothing to do with Canada (this would put Canadian TM owners at great risk) (*UNICAST*)

**PRELIMINARY ISSUE: GOODS vs. WARES** 🡪 *Specialty Software* exhibits that **wares don’t necessarily have to be in tangible form**

* **Facts:** Specialty registered a TM (“Medinet”) in relation to computer software programs (***wares***), then appealed the mark’s expungement decision 11yrs later with fresh evidence of use in relation to ***services***—while clients used to purchase software in a tangible form (disks), they now obtained access to the software via the internet
* **Issue:** *Does the sale of software over the internet constitute “use” in relation to* ***wares****?* **YES**—even though Specialty used to sell its software on disks (obvious wares), it was always really selling a ***licence*** to use the software: an intangible good
* **O’Reilly J:**
	+ The disks merely represented the **means** by which the transfer of goods occurred—the real good was the **licence**
	+ Evidence that the mark had been *used in a manner showing an association between the mark and the goods* (s4(1)):
		- The software had been sold to health care workers on an annual subscription basis
		- The software was situated on Medinet’s server—purchasers obtained access via web browsers on their own PCs
		- Post-sale, purchasers received invoices showing the Medinet mark, then licence agreements via email
		- If the purchaser chose not to renew his subscription, the licence was cancelled
	+ Overall, the evidence showed that the mark was used in a manner that gave notice to purchasers of an association between the goods and the registered mark = the requirements for “use” under s4(1) were satisfied

## HOW to REGISTER & OBTAIN a TRADE-MARK

Registering one’s TM—rather than applying on the common-law tort of passing-off—is highly advantageous.

* Registration **eliminates the requirement to provide goodwill/reputation**—just have to show that the TM has either been used or has been proposed to be used
* Registration provides **national recognition** of the TM, which is broader than just the ambit of your goodwill
* A TM is **presumed to be valid** once registered
* Registration comes with the **statutorily mandated rights** set out in ss7, 19, 20, and 22, which provide much broader protection that provide through passing-off
1. **Research**
* Research the marketplace—especially competitors—to ensure that the chosen mark isn’t confusing with an existing TM
* Include a review of the CIPO’s TM database, and conduct a search of existing trade names
1. **Confirm there’s a legal basis for the registration**
* s16: Any applicant who has filed an application in accordance w/s30 for a TM that is registrable and that he has used or made known in Canada in association with goods/services is entitled (subject to s38) to secure its registration **unless** at the date it was first used or made known it was confusing with:
	+ - * 1. a TM that had been **previously used or made known** in Canada
				2. a TM in respect of which an **application had previously been filed** in Canada
				3. a **trade name** that had previously been used in Canada
	+ **Remember** the “use” requirements defined in s4, which differ for goods vs. services
	+ **Remember** the basic s12(1) requirements (primarily merely a name; clearly/ deceptively (mis)descriptive etc.)
	+ **Remember** the “prohibited” marks set out in s9 (those used by *public authorities*)
* “***Made known***”is defined in s5: A TM is deemed to be made known in Canada if it’s used by a person in a country of the Union (other than Canada) in association with goods/services **and**
1. the goods are distributed in association with the TM in Canada, **or**
2. the goods/services are advertised in association with
3. any printed publication circulated in Canada in the ordinary course of commerce among potential dealers in or users of the goods/services, or
4. radio broadcasts ordinarily received in Canada by potential dealers in or users of the goods/services
5. **Apply**
* s30 sets out the requisite contents for an application for TM registration, which include:
	+ A statement in ordinary commercial terms of the specific goods/services in association with which the mark has been or is proposed to be used [30(a)]
	+ The date of first use in Canada [30(b)] or the date at which the mark was first made known in Canada [30(c)]
	+ **Essentially:** Establish that you have used the mark, you have proposed to use the mark, you have made it known, or that it’s registered abroad and has been used in that capacity
* Submit the application and fee ($300 or $250 online)
1. **Initial review by registrar**
* As per s37, the Registrar will refuse an application for TM registration if he’s satisfied that:
1. The application doesn’t conform to the s30 requirements,
2. The TM isn’t registrable, or
3. The applicant isn’t entitled to register the TM because it’s confusing with another TM that’s pending registration
* If none of the above problems are encountered, the Registrar will advertise the application
1. **Opposition?**
* s38(1): Within 2mo of advertising the TM application, any person may file a statement of opposition ($750 fee)
* The statement of opposition may be based on one of the grounds listed in s38(2):
1. The application doesn’t conform to the s30 requirements,
2. The TM isn’t registrable,
3. The applicant isn’t entitled to register the TM
* *Timothy’s*: **The opponent must establish its own prior use of the mark and that it had not abandoned the mark** (here, the opponent was unable to meet the burden of establishing prior use of the mark)
1. The TM isn’t distinctive
* *Timothy’s*: **The opponent must show that its own use of the mark has become sufficiently known—even if not *well-*known—so as to negate distinctiveness** (here, the opponent failed to establish that its use of “Christmas Blend” had acquired a reputation in Canada at the relevant date)
* Unless the opposition doesn’t raise a *substantial issue* [38(4)], the Registrar will hold an *opposition hearing* [38(5–7)]
* At the opposition hearing, the **onus is on the applicant** to show on a **BoP** that the mark should be registered; the opposition must adduce evidence upon to base its grounds for opposition (*Timothy’s*)
1. **Registration**
* Once the Registrar allows for the registration of the TM, a certificate of registration is issue ($200 fee) [40(1)]
* The certificate is only issued after the Registrar has received a declaration that the TM has actually been used [40(2)]
* 40(3): An application for the registration of a **proposed TM** is deemed to be abandoned if the Registrar doesn’t receive a declaration before the later of (a) 6mo after Registrar gave notice that the application was allowed, or (b) 3yrs after the date of filing the application in Canada [40(3)(b)]
1. **Renewal**
* As per s46, a TM may be renewed every 15yrs from the day of the registration or last renewal (fee: $400 or $350 online)

## OWNERSHIP, TRANSFER, & LICENSING

s48(1) sets out that both registered and unregistered TMs are transferable—however, s48(2) provides that transfers may result in a loss of distinctiveness where multiple people obtain and exercise the rights to the use of confusing TMs.

s50(1) sets out two requirements which, if satisfied, allow a TM owner to permit another person to use the mark without impairing its distinctiveness: **(1)** the existence of a licence, and **(2)** the existence of direct or indirect controls over the goods’ character and quality.

**INDIRECT CONTROL** (Beaudry J in *Tommy Hilfiger*) 🡪 Even if the quality control req’d by s50(1) is executed by a subsidiary of the TM owner, this doesn’t necessarily lead to the conclusion that a lack of quality control exists (= no loss of distinctiveness)

## EXPUNGEMENT

There are two avenues through which one can expunge an existing, registered TM: either on the basis of non-use (s45), or on the basis that the mark doesn’t accurately express/define the existing rights of its owner (s57).

### via s45

s45(1) allows an individual to initiate **expungement proceedings** on the basis that the mark hasn’t been “in use” in association with the named goods/services at any time for the past **three years** (preceding the date of the notice of expungement).

* If there has been any use 🡪 the expungement attack will fail
* If there hasn’t been use 🡪 the expungement may only be refuted by a finding of “special circumstances” (as per s45(3))

While the wording of s45(3) contains a defence contingent a finding of **special circumstances for non-use**, *Gowling* indicates that this is a narrow exception to the general rule that TMs not in use should be expunged.

**TEST for the EXISTENCE of SPECIAL CIRCUMSTANCES to EXCUSE NON-USE** 🡪 *Gowling* provides 3 factors for the court to consider:

1. **Length of time of non-use** (when the date of last use hasn’t been provided, look to the date of registration)
* *Gowling*: 4.5yrs of non-use (and insufficient evidence that the mark was ever used in Canada)
1. **Whether the reasons for non-use were due to circumstances beyond the registered owner’s control**
* *Gowling*: The threat of litigation (if it existed) couldn’t in itself excuse non-use for a period of almost 5yrs
1. **Whether there was a serious intention to shortly resume use**
* This factor alone is insufficient—plans for future use don’t explain or excuse the period of non-use (*Scott Paper*)
* *Gowling*: Despite the owner’s ongoing efforts to arrange for the marketing, manufacturing, and distribution of the goods, these ongoing circumstances provided no indication that the mark would be used any time soon

### via s57

s57(1) asserts that the FC has exclusive Jx to strike out or amend a TM on the basis that it doesn’t accurately express or define the existing rights of its apparent owner. This provision is read in conjunction with s18(1), which provides the ways by which a registered TM can be defeated:

1. If the TM **wasn’t registrable** at the date of registration

s9 🡪 Prohibited marks, including official marks (s9(1)(n)(iii))

s10 🡪 Where a mark has by ordinary and *bona fide* usage become recognized in Canada as designating the kind, quality, place of origin, etc. of any goods/services, no person shall adopt it in a way likely to mislead

s12 🡪 TMs isn’t registrable if it’s primarily merely a name, clearly/deceptively (mis)descriptive, name of goods/services in any language, etc.

s13 🡪 Distinguishing guises are only registrable if they’ve acquired distinctiveness through use

1. If the TM **isn’t distinctive**
* Consider whether the TM has become ***generic***
* Look to ss48–50 re: transfer, ownership, and licensing
1. If the TM has been **abandoned**
* As per s45, the Registrar may request evidence showing that the TM was in use at any time during the past three years (and, if not, the date it was last in use and the reasons for the absence of use since that date)
* *Promafil* provides a **test for abandonment**—in order to establish abandonment under s18(1)(c), one must show: **(1)** that the registered TM is no longer in use in Canada, and **(2)** the *intention* to abandon the mark
	+ **Amendment:** An amendment will constitute *use* if it’s not substantially different from the registered TM—ask: *are the marks so similar that an unaware purchaser would think the goods have the same origin?* (*Promafil*)
		- **Rule:** You can amend the mark provided that the amendment doesn’t materially alter its character
		- **Rule:** You can have ***variations*** of the same mark, provided that there’s a ***maintenance of recognisability*** to avoid the confusion of unaware purchasers
	+ **Facts:** Munsingwear successfully argued that the amendment of its mark (skinny to fat penguin) constituted *use*, so the mark hadn’t been abandoned
	+ **Result:** The visual impact of the two designs was insufficient to warrant abandonment—the differences were only *petty*, and the *dominant features* were common to both
* **Variation:** At some point, a variation in a mark may be significant enough to constitute a new mark (ask: *has the mark varied so much as to confuse the consumer as to the source of the ware?*)
	+ Ongoing use of a new mark could constitute abandonment of the old mark
	+ Take technology into account, as a potential reason for the improvement of a mark
1. If (subject to s17) the **applicant wasn’t entitled to register** the TM
* s16 provides the legal basis for registration: it must have been *used* or *made known* in Canada
	+ s16(1) precludes the registration of a TM if, at the date the TM was first used, it was confusing with a TM that had previously been used or made known in Canada
	+ s4 provides the “use” analysis (*was the unregistered TM being used?*)
	+ ss6(2&5) provide the “confusion” analysis
* **Limitation:** s17(2) imposes a **5yr limit** on expunging, amending, or holding invalid on the ground of previous use unless it’s established that the person who adopted the registered TM did so with knowledge of that previous use

## DOCTRINE of CONFUSION

**Application:** Confusion is particularly important in the context of **registrability** (ss12, 16) and **infringement actions** (s20).

Whereas distinctiveness speaks to whether a mark signifies a single source of goods/services, confusion goes to the uncertainty created in the mind of the purchaser as to their origin. s6(2) describes that **confusion arises where the use of both TMs in the same area would be likely to lead to the inference that the goods/services associated with them are manufactured, sold, leased, hired, or performed by the same person**, whether or not they’re in the same general class.

**RATIONALE** 🡪 As Rothstein J articulated in *Masterpiece*, confusion impairs the objective of providing companies with a reliable indication of the expected source of the goods/services

**TEST PERSON** 🡪 In *Mattel*, the SCC rejected both the “moron in a hurry” and the “overly careful person” as the test person for the purpose of the confusion analysis in favour of the ordinary, hurried purchaser—an average person with normal intelligence and recollection acting with ordinary caution (*also: functionally bilingual*)

* If this person is likely to be deceived, then the statutory test for confusion is met

**TEST for CONFUSION** 🡪 Ask: *would the use of the TM lead to the inference that the goods/services are being manufactured by the same person or are coming from the same source?* (*Veuve*: The question of whether confusion exists is largely a question of **fact**)

* **Onus:** In assessing confusion, the onus is on ∆ to show that there is no reasonable likelihood of confusion between the marks
* **Factors:** Under s6(5), there are five main factors to consider in determining whether TMs are confusing:
1. The **inherent distinctiveness** of the TMs and the **extent to which they’ve become known**
* Distinctiveness
	+ If the word has another meaning = 🡫inherent distinctiveness (*Possum*)
	+ *Possum*: Both marks (“Possum Lodge(s)”) were inherently distinctive, but the applicant’s was less so because the 2nd word (Lodges) was actually *descriptive* of what the business offered: lodging
	+ *Mattel*: “Barbie” was a relatively common name—courts shouldn’t protect things like names or allow for the appropriation of words of a general nature = 🡫distinctive
	+ *Veuve*: “Clicquot” was the founder’s family name = 🡩distinctive
* Extent to which the mark is known
	+ *Possum*: No evidence of knowledge of the applicant’s mark, but extensive evidence of knowledge of “Possum Lodge” from the Red Green Show
	+ *Veuve*: TM had evolved into a famous brand = 🡩distinctive
1. The **length of time** the TMs have been in use
* A mark that has been in use for a long time will be heavily favoured over one that is not yet in use (*Possum*)
* *Mattel*: The mark that had been in use since the 1960s (vs. 1992) had *deeper roots*
* *Veuve*: The mark was originally registered in 1899 (vs. 1995) and thus had >100yrs to acquire the ability to identify and distinguish the company’s wine and champagne in the Canadian market
1. The **nature of the goods/services/business**
* This test is one of ***first impression***—even if careful research would later remedy confusion, it doesn’t mean that confusion never existed in the minds of customers in the first place
* While s6(5)(c) specifically identifies the relevance of the nature of the goods/services, the tail end of s6(2) makes it clear that this factor is not controlling (“*whether or not the goods/services are of the same general class*”) (*Mattel*)
* 🡩relative strength of mark = 🡩likelihood of finding confusion despite a lack of connection between the goods (*Mattel*: you don’t need to establish a connection b/w the goods/services for a finding of confusion to be made out)
* *Possum*: There was no overlap between the uses, but a connection: the applicant’s business involved recreational accommodation whereas the Red Green Show satirized outdoorsmen
* *Veuve*: Famous marks come in all sizes—Buckley’sis product-specific, whereas Disney transcends product lines
1. The **nature of the trade**
* In *Mattel*, the marks were used in association with wares vs. services = no intermingling = 🡫likelihood of confusion
1. The **degree of resemblance** between the TMs in appearance, in sound, or in the ideas suggested by them
* *Masterpiece*: This factor is likely to have the greatest effect on the analysis where there’s a proposed use vs. an existing unregistered TM
	+ **Registered TMs:** Focus on the full scope of *possible* uses (e.g. applicant could alter font to emphasize 1 word)
	+ **Unregistered TMs:** Only focus on the *actual* uses (significant reduction in rights for unregistered marks)
* *Possum*: “Possum Lodge(s)” = essentially identical = highest degree of resemblance = 🡩likelihood of confusion
* *Mattel*: Similarly sounding names (aside from design) = complete resemblance = 🡩likelihood of confusion
* *Masterpiece*: *Striking similarities* b/w the marks suggested a strong resemblance = 🡩likelihood of confusion
* *Veuve*: Ordinary consumers were unlikely to make any mental link b/w the marks and their respective wares/services (high-end champagne vs. mid-priced women’s clothing store) = 🡫likelihood of confusion
* **Cases:**
	+ ***Possum*:** The company “Possum Lodges” filed a TM application in relation to the sale & rental of recreational lodging and restaurants; the opponent claimed that the TM wasn’t registrable specifically on the basis that it was confusing with “Possum Lodge” from the Red Green Show. **Result:** Likelihood of confusion
	+ ***Mattel*:** The applicant sought to register TMs with Barbies Restaurants, but Mattel argued that this would create confusion with its toys (Barbies). **Result:** Notwithstanding Mattel’s fame, there was no likelihood of confusion
	+ ***Masterpiece*:** Both companies operated in the retirement housing industry. AB company owned several TMs including “Masterpiece”; the applicant (ON company) sought to register “Masterpiece Living”. **Result:** Likelihood of confusion

**OTHER CONSIDERATIONS**

* **Evidence of actual confusion:** Another (non-determinative) factor that may be of assistance (*Mattel*)
* **Fame:** Some TMs are so well-known that use in connection with any goods/services would generate confusion (*Mattel*)
	+ **E.g.** Virgin is a brand that isn’t product-specific = 🡩likelihood of confusion
* **Consumer surveys:** This evidence can be valuable, but should be applied w/caution (*Masterpiece*: the survey was an issue because the AB company had yet to establish a presence in the community in which it operated)
* **Expert evidence:** Judge should question the relevance and necessity of this evidence before admitting it; they should use their own common sense to determine whether the casual consumer would likely be confused
* **Proposed use TM vs. existing registered TM:** Since registration itself doesn’t confer priority of title to a TM, conduct separate analyses wrt each TM rather than a single composite analysis—under s16(3), even one confusingly similar TM will invalidate the applicant’s registration (*Masterpiece*)
* **Geography isn’t relevant in performing a confusion analysis:** The statutory test is based on the hypothetical assumption that both businesses are located in the same market, irrespective of whether this is actually the case (*Masterpiece*)

# TRADEMARK INFRINGEMENT

There are four provisions in the *TA* that address infringement:

* s7 provides protection against passing-off to both registered and unregistered marks
* s19 governs the use of precise TMs registered for the same goods/services
* s20 deals with confusing uses of TMs
* s22 governs uses that depreciate the value of goodwill

## s19: USE of SAME TRADE-MARK for the SAME GOODS/SERVICES

As per s19, the valid registration of a TM gives its owner **the exclusive right to use the TM throughout Canada in respect of the goods or services for which it’s registered**. In essence, this provision is invoked where someone uses ***exactly the same mark for those exact goods/services for which the mark is registered***.

This right provided by s19 is subject to ss21 and 32:

* s21 🡪 **Allows for honest, concurrent use of the mark:** If another party uses a confusing mark in good faith, and its use isn’t contrary to the public interest, then the court may **carve out** space for the party’s continuing use of mark as long as there’s an adequate specified distinction from the registered TM (*compromise provision*)
* s32 🡪 The Registrar can restrict an applicant’s registration to the goods/services in association with which the TM is shown to have been used as to have become distinctive (and the respective defined territorial area in which it’s distinctive)

 **s19 INFRINGEMENT TEST**

1. The mark must have been **used**—any “use” that by ss2 and 4 is deemed to be a use in association with goods/services)
* *Clairol*: The TM’s presence on boxes at the time of the transfer of possession established “use” under s4(1)
1. The mark must have been used **as a TM**—for the purpose of distinguishing goods/services; as an indicator of source
* *Clairol*: Use “as a TM” couldn’t be established because Revlon clearly wasn’t trying to pretend its product was produced by Clairol—it was simply showing the relevant comparable purchase
1. The mark must have been used **in association with the goods/services for which it’s registered**—

## s20: CONFUSING USES of TRADE-MARKS

s20 encompasses two types of situations:

* Where a ***similar but not identical TM*** is used (*Veuve* and *Mattel* would’ve fallen into this category, but the πs argued that their brands’ fame transcended the limit of registered goods/services)
* Where the ***identical TM is used, but wrt different goods/services*** than those for which the original TM is registered

**s20 INFRINGEMENT TEST**

1. **Doctrine of use** (ss2, 4) 🡪 Different depending on whether *goods* or *services* are at issue
2. **Doctrine of confusion** (ss6(2), 6(5)) 🡪 Onus on ∆ to show that there’s no reasonable likelihood of confusion b/w the marks

## s22: USES of TRADE-MARKS that DEPRECIATE the VALUE of GOODWILL

s22 governs uses that depreciate the value of goodwill and essentially functions as a “super-weapon” in making out infringement claims. It doesn’t seek stop legitimate comparisons, but recognizes that companies invest significant time and money in creating their brand, and legislatures should protect this investment (*Clairol*). *Clairol* narrowed the application of this provision so as to keep it in check, and *Veuve* provides a four-step inquiry for these infringement claims in which confusion need not be established.

* **Comparative advertising:** The court in *Future Shop* recognized that the public has an interest in comparative advertising as it helps consumers make better choices

**Emphasizing similarities** 🡪 contrary to s22 = infringement

**Emphasizing differences** 🡪 permitted under s22 ≠ infringement

**s22 INFRINGEMENT TEST**

1. **Use requirement:** *Was π’s registered TM “used” (as defined by ss 2 & 4) in connection with ∆’s goods/services in a way that gives notice of the association?*
* First go to ss2 and 4, which distinguish between *goods* and *services*—establish “use” there
* Consider whether the casual observer would recognize the mark used by ∆ as the mark of π (*Veuve*)
* A minor difference in spelling doesn’t serve as a defence (e.g. Cliquot vs. Clicquot; Kleenex v Klenex: *Veuve*)
* *Veuve*: A consumer who saw the word “Cliquot” used in ∆’s stores wouldn’t make any link or connection to π’s mark = not established
1. **Goodwill requirement:** *Is π’s registered TM sufficiently well-known to have significant goodwill attached to it?*
* Goodwill = (+)ve association that attracts customers towards its owner’s goods/services
* While ***fame*** isn’t req’d, the court should consider factors such as (*Veuve*):
	+ The mark’s degree of recognition within the relevant universe of consumers
	+ The volume of sales
	+ The depth of market penetration of products associated with π’s mark
	+ The extent and duration of advertising and publicity accorded π’s mark
	+ The geographic reach of π’s mark
	+ The mark’s degree of inherent or acquired distinctiveness
	+ Whether products associated with the mark are confined to a narrow or specialized channel of trade
	+ The extent to which the mark is identified with a particular quality
* *Veuve*: The court found there to clearly be considerable goodwill attaching to π’s mark, extending beyond wine and champagne = established
1. **Effect on goodwill:** *Is π’s mark used in a manner likely to have an effect on that goodwill?*
* π must prove a connection or linkage made by consumers b/w π’s goodwill and ∆’s use of the mark
* If the somewhat-hurried consumer doesn’t associate the mark displayed by ∆ with π’s mark, there can be no impact on goodwill
* *Veuve*: While the halo effect/auraof VC *could* have expanded more broadly into the luxury goods market, no witness suggested that the mark would be associated by ordinary consumers w/mid-priced women’s clothing = not established
1. **Damage:** *Is the likely effect to depreciate the value of the goodwill?*
* Depreciate = lower the value of; disparage, belittle, underrate (although these definitions are non-exhaustive)
	+ Lower value = loss of distinctiveness; dilution (blurring of brand image)
	+ Disparage = tarnish; create negative associations of
* *Veuve*: The appellants needed only to prove a *likelihood* of depreciation, but there was nothing in the evidentiary record from which such a likelihood could be inferred = not established
* *Tiffany v Boston Club*: In dealing with the case of a local restaurant called “Tiffany”, the court noted the risk of erosion of the public’s identification of the mark *uniquely* with π’s jewellery and luxury business, thus diminishing its distinctiveness, uniqueness, effectiveness, and **prestigious connotations**
* *Clairol*: The court noted the fact that, of all companies in the hair colour trade, ∆ only used π’s marks on its packages

*Veuve*: Veuve Clicquot (a high-end alcohol distributor) claimed that Boutiques Cliquot (mid-range women’s clothing stores) was diminishing its goodwill, and asserted that people would think the clothes and champagne originated from the same source. VC brought claims both under ss20 and 22—both of which failed.

## DEFENCES to TRADE-MARK INFRINGEMENT

1. Challenge the validity of π’s TM via s18, which says that a TM registration is invalid if (see: expungement via s57):
2. The TM wasn’t registrable at the date of registration
3. The TM isn’t distinctive
4. The TM has been abandoned, or
5. The applicant wasn’t the person entitled to register the TM
6. Rely on s21 and argue that ∆ was using a confusing mark in good faith in a way that wasn’t contrary to the public interest, and ask the court to carve out space for ∆’s continuing use of the mark (there must be an *adequate specified distinction* from the registered TM) (see: infringement under s19)
7. Argue that the mark should be cancelled on the basis of non-use (see: expungement via s45)
8. Rely on s20(1.1), and argue that ∆ was:
* Making *bona fide* use of his own personal name as a trade-name [20(1.1)(a)]
* Making *bona fide* use of the geographical name of his business (but not as a TM) [20(1.1)(a)]
* Making *bona fide* use of any accurate description of the character/quality of his goods/services [20(1.1)(b)]

## REMEDIES

Under s53.2(1), the court may make any order it considers appropriate if it’s satisfied, on the application of any **interested person**, that any act has been done contrary to the *TA*. Potential orders include those providing for relief by way of:

* ***inJx***
	+ *Interlocutory* 🡪 may be sought prior to trial in order to prevent activities that would cause irreparable harm to π
	+ *Permanent* 🡪 can be ordered at the close of a trial (e.g. order ∆ to cease activities found to be infringing)
* ***Damages*** (compensation for lost sales, depreciation of goodwill, loss of control of reputation—difficult to quantify)
	+ *Punitive* 🡪 only available in certain circumstances, usually based on ∆’s conduct
* ***Accounting of profits*** (alternative to damages)
* ***Destruction or other disposition of offending materials***
* ***Removal of offending mark from wares***
* ***Concealment of mark on wares***

s2 defines an “**interested person**” as someone who is affected or reasonably apprehends that he may be affected by any entry in the register, or by any act/omission contrary to the *TA*.

From s55, we know that the **Federal Court** has the Jx for any proceeding, including remedies.

s56 allows someone to **appeal** any decision of the Registrar within 2mo of receiving notice—the court has discretion here.