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BREAKING NEWS: SUPREME COURT OF CANADA on FAMOUS TRADEMARKS

Can Barbie swallow VEUVE CLICQUOT?

There is no mention of famous trademarks in Canada’s *Trade-marks Act*, and the case law has been slow to develop. The definitive word on the subject is contained in two judgments of the Supreme Court of Canada issued on 2 June 2006, viz *Veuve Clicquot Ponsardin v. Boutiques Cliquot* and *Mattel, Inc. v. 3894207 Canada Inc.* In summary, a famous trademark may be given a wider ambit of protection than would a lesser known mark, but its ambit of protection will not extend into areas of trade that consumers would not link to the areas of trade in which the famous mark has been used or would be likely to be used, based on the evidence.

In the *Veuve Clicquot* case, the Plaintiff Appellant owned the allegedly famous trademark VEUVE CLICQUOT used not only for its high-quality champagne, but also various promotional items, the latter not having been sold in Canada. The Court held that the mark is “undoubtedly a famous trade-mark that deserves wide protection not only from free-riders but from those who, without any intention of free-riding, nevertheless use in their own business distinguishing marks that create confusion or depreciate the value of the goodwill attaching to those of the appellant.” The Defendant Respondent operated six clothing stores in Ontario and Quebec, and had previously registered CLIQUOT and a composite mark including CLIQUOT for its clothing. The Appellant sought expungement of these marks and relief for trademark infringement and depreciation of goodwill. The International Trademark Association (INTA) intervened on behalf of the Appellant.

Affirming the decisions at trial and in the Federal Court of Appeal, the Supreme Court held that there was little risk of confusion, and upheld the dismissal of the Appellant’s action. Binnie J. for the Supreme Court said

“The VEUVE CLICQUOT trade-marks are distinctive. Clicquot, according to the evidence, is the founder’s family name. Yet over the years, particularly in association with *La Veuve*, it has acquired a strong secondary meaning among people who have even a passing acquaintance with champagne. It is a famous brand (particularly in association with its traditional scroll and display) and is well known in the respondents’ trade area.

“The respondents’ women’s wear boutiques are also known in the area in which both trade-marks are used, and serve to distinguish its services from its competitors. Their registered marks are not ‘famous’ marks.” However, noted his Lordship:

“Famous marks do not come in one size. Some trade-marks may be well known but have very specific associations (*Buckley’s* cough mixture is advertised as effective despite its terrible taste, not, one would think, a brand image desirable for restaurants). Other famous marks, like *Walt Disney*, may indeed have largely transcended product line differences.

“While the halo effect or aura of the VEUVE CLICQUOT mark is not necessarily restricted to champagne and related promotional items and *could* expand more broadly into the luxury goods market, no witness suggested the mark would be associated by ordinary consumers with mid-priced women's clothing. Thus, in considering all of the relevant circumstances, the trial judge was of the opinion ' . . . that the key factor is the significant difference between the plaintiff's wares and those of the defendants' and that '[t]he plaintiff's activities and those of the defendants are so different that there is no risk of confusion in consumers' minds”

The trial judge's finding, upheld on appeal, was that “...it is not likely that a consumer would think the plaintiff was affiliated with the defendants or that the plaintiff had granted a third party a licence to allow it to use the distinctive part of its mark in association with a women's clothing store”.

Canada's available action for depreciation of the goodwill of a trademark pursuant to §22 of the *Trade-marks Act* may be compared to anti-dilution causes of action in other jurisdictions. Commenting on the effect of fame of a trademark on this cause of action, Binnie J. said;

“While 'fame' is not a requirement of s. 22, a court required to determine the existence of goodwill capable of depreciation by a 'non-confusing' use (as here) will want to take that approach into consideration, as well as more general factors such as the degree of recognition of the mark within the relevant universe of consumers, the volume of sales and the depth of market penetration of products associated with the claimant's mark, the extent and duration of advertising and publicity accorded the claimant's mark, the geographic reach of the claimant's mark, its degree of inherent or acquired distinctiveness, whether products associated with the claimant's mark are confined to a narrow or specialized channel of trade, or move in multiple channels, and the extent to which the mark is identified with a particular quality.”

In the *Mattel* case, the Appellant Mattel opposed the Respondent's application to register BARBIE'S & Design in association with restaurant services, take-out services, catering and banquet services, based on Mattel's allegedly famous trademark BARBIE used for dolls and related goods. The Opposition Board found BARBIE's fame to be tied to dolls and doll accessories and that the Respondent's mark, used in connection with very different products and services, was not likely to be confusing with any of the Appellant's BARBIE marks. Both the Federal Court and the Federal Court of Appeal upheld the Board's decision, and the Supreme Court affirmed, again Binnie J. writing the judgment. His Lordship said:

“The relevant point about famous marks is that fame is capable of carrying the mark across product lines where lesser marks would be circumscribed to their traditional wares or services. The correct test is... [that] the totality of the circumstances will dictate how each consideration should be treated.

“Famousness alone does not protect a trade-mark absolutely. It is merely a factor that must be weighed in connection with all the rest of the factors. If the fame of a name could prevent any other use of it, the fundamental concept of a trade-mark being granted in relation to certain wares would be rendered meaningless.

“There is no evidence that adult consumers would consider a doll manufacturer to be a source of good food, still less that the BARBIE trade-mark would be understood to guarantee...'character and quality'. The appellant suggests that the BARBIE doll has become part of pop culture, and there is some truth to that, but the meaning is not necessarily a positive recommendation for all wares and services.

“At this stage, its fame is not enough to bootstrap a broad zone of exclusivity covering ‘most consumer wares and services’, [as argued by the Appellant]. The Board was not required to speculate about what might happen to the BARBIE trade-mark in the future. It was required to deal with the respondent’s application on the facts established in the evidence.

“Of course, nothing prevents the appellant from using its BARBIE trade-mark to boost (if it can) sales of everything from bicycles to cologne, or for that matter lawn mowers and funeral services, but the question is whether the appellant can call in aid trade-mark law to prevent other people from using a name as common as Barbie in relation to services (such as restaurants) remote to that extent from the products that gave rise to BARBIE’s fame.”

The Court was also critical of an overly broad question on Mattel’s consumer survey:

“The issue in these opposition proceedings is the likelihood of confusion. The survey question (“Do you believe that the company that makes Barbie dolls *might* have *anything* to do with this sign or logo?” (emphasis added)) addresses the wholly different issue of possibilities. If the survey is not responsive to the point at issue, it is irrelevant and should (as the Federal Court of Appeal held) be excluded on that ground alone.”



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