

SUPREME COURT OF CANADA TO HEAR TWO LANDMARK TRADE-MARK CASES IN 2005

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Intellectual property issues are not often found on the docket at the Supreme Court of Canada. More particularly, it has been several years since a case involving a trade-mark dispute has been heard at the Supreme Court level. However, by the end of the year in 2005, the Supreme Court will probably have heard oral arguments in two separate cases in which practitioners in the field of trade-mark law will avidly await the Court's findings. The first case relates to the debate on whether a functional feature could properly be the subject-matter of trade-mark protection, while the second case considers the scope of protection that should be accorded to famous and well-known marks.

Trade-marks and functionality – the Lego Case

Oral arguments in the case between Kirkbi AG et al. and Ritvik Holdings Inc. were recently presented to the Supreme Court on March 16, 2005. Kirkbi is a member of the Lego Group of companies which manufactures the popular Lego building blocks for children. Ritvik Holdings (now known as Mega Bloks) markets a substantially identical block with cylindrical coupling studs on the upper surface block which enables attachment with other similar blocks. Kirkbi therefore instituted proceedings against Mega Bloks alleging infringement of its unregistered trade-mark rights.

Relying upon section 7(b) of the *Trade-Marks Act*, which prevents a party from directing public attention to its wares in such a way as to cause confusion with the wares of another, Kirkbi argued that Mega Bloks was passing-off its blocks for those produced by Lego. Mega Bloks replied that Kirkbi's trade-mark rights could not extend to the building blocks with coupling studs in

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general since the coupling studs have a primarily functional role in relation to the product. Both federal trial and appeal courts agreed with Mega Bloks position.

Two major issues were debated at the Supreme Court. Firstly, there is a question whether the doctrine of functionality used by the lower courts in their analysis applies to unregistered trade-marks since such marks do not grant a monopoly to their owners. Secondly, Mega Bloks has attacked the constitutionality of section 7(b) of the Trade-Marks Act by submitting that it intrudes upon provincial jurisdiction. The Supreme Court's eventual opinion on these two issues will be eagerly awaited.

Protection of Famous Trade-Marks – the VEUVE CLICQUOT case

Later this year, the Supreme Court is currently planning to hear an appeal of a case between Veuve Clicquot Ponsardin and Les Boutiques Cliquot Ltée. Veuve Clicquot is well-known in Canada and around the world for its manufacturing, selling and distribution of champagne products, for which it had registered trade-marks incorporating the word CLICQUOT as early as 1909 in Canada for use since at least 1899. Les Boutiques Cliquot is the owner and operator of six retail stores associated with the names CLIQUOT and LES BOUTIQUES CLIQUOT, for which it obtained registration of two trade-marks comprising the word CLIQUOT as early as 1997. Veuve Clicquot brought an action against Les Boutiques Cliquot for infringement of its registered mark, unfair competition and passing off.

Both the Federal Court Trial Division and Court of Appeal dismissed Veuve Clicquot's claims by determining that the Veuve Clicquot's activities and those of Les Boutiques Cliquot were so different that there was no likelihood of confusion between the two in consumers' minds. However, a number of elements could be used to support Veuve Clicquot's position. The VEUVE CLICQUOT mark has been associated not only with champagne but also with promotional items such as fashion articles. Veuve Clicquot had also advertised its products in fashion magazines, and has supported fashion events. Courts had even determined that there was a great amount of resemblance between the marks of the two parties. Veuve Clicquot in its arguments relied on a 1998 Federal Court of Appeal decision in *Pink Panther Beauty Corp. v. United Artists Corp.* ((1998) 3 F.C. 534), to attempt to establish that there was a sufficient connection between its wares and the clothing stores of the defendant. In the *Pink Panther* case, the Court determined that there was no sufficient link and therefore no likelihood of confusion between the famous PINK PANTHER movies and PINK PANTHER beauty products and services. While the lower courts did not find that there was a sufficient

connection between Veuve Clicquot and Les Boutiques Cliquot, the Supreme Court is being asked whether the *Pink Panther* test was incorrectly applied in this case.

With respect to both the Lego and the Veuve Clicquot cases , the Canadian intellectual property community will be eagerly awaiting for direction from the Supreme Court this year and next, since pronouncements by the Court on such issues of trade-mark law are few and far between.

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