



**COMMON PRESENCE OF THE WORD “LONDON” IN PARTIES’
TRADE-MARKS NOT LIKELY TO CAUSE CONFUSION,
CONFIRMS FEDERAL COURT IN APPEAL CASE**

BARRY GAMACHE^{*}
ROBIC, LLP
LAWYERS, PATENT & TRADEMARK AGENTS

A recent decision by Canada’s Federal Court has confirmed an earlier decision by the Trade-marks Opposition Board that the trade-mark SMITH & BARNES LONDON was unlikely to cause confusion with the trade-mark LONDON DRUGS since the common word LONDON is not inherently distinctive (*London Drugs Limited v. International Clothiers Inc.*, 2014 FC 223 (F.C.), de Montigny J., March 6, 2014).

London Drugs Limited (“London Drugs”) is a well-known Canadian drugstore and retailer of general merchandise in Western Canada. It is the owner of various registered trade-marks that include the word LONDON, such as LONDON DRUGS, THE MANY FACES OF LONDON DRUGS (& DESIGN), THE COSMETICS DEPARTMENT OF LONDON DRUGS and THE OPTICAL DEPARTMENT OF LONDON DRUGS, to name a few. The trade-mark LONDON DRUGS is registered in association with the operating of modern day drugstores featuring all of the services offered by such establishments with which the public is familiar. The trade-mark is also registered for a long list of wares that are usually sold in a drugstore, from shampoo and disposable diapers to toe nail clippers and pregnancy tests. One of the oldest registrations for the trade-mark LONDON DRUGS was secured on January 4, 1980.

On November 22, 2005, International Clothiers Inc. (“International Clothiers”) filed with the Canadian Trade-marks Office two applications to register the trade-mark SMITH & BARNES LONDON. One application was filed in association with “retail clothing store services” and “retail department store services” on the basis of proposed use of the trade-mark in Canada while the second application, also filed on the basis of proposed use, was for a list of wares that include clothing accessories for ladies, housewares, kitchen accessories, home furnishing and other similar goods.

Both applications were opposed by London Drugs which alleged that the trade-mark SMITH & BARNES LONDON was not registrable because it is confusing with London

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^{*} Lawyer with ROBIC, LLP, a multidisciplinary firm of lawyers, and patent and trade-mark agents. Published under the title *Canada Court Rules Common Word Used in Competing Trade-marks Not Likely to Confuse* (May 2014), 28:8 World Intellectual Property Report 6-7. Publication 142.294.

ROBIC, LLP
www.robic.ca
info@robic.com

MONTREAL
1001 Square-Victoria - Bloc E - 8th Floor
Montreal, Quebec, Canada H2Z 2B7
Tel.: +1 514 987-6242 Fax: +1 514 845-7874

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2828 Laurier Boulevard, Tower 1, Suite 925
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Tel.: +1 418 653-1888 Fax.: +1 418 653-0006

Drugs' trade-marks used with a wide range of wares and services as detailed in its many registrations, that all protect trade-marks having a "LONDON" component. Before the Opposition Board, London Drugs established that it is a leading Canadian drugstore and retailer of general merchandise that has been in operation since approximately 1946. It has been using the trade-mark LONDON DRUGS in association with the operation of its drugstores and department stores since approximately 1977. As of 2008, it operated 69 stores, most of them in Western Canada. Because of the fame associated with its trade-marks, London Drugs argued that confusion was likely with the trade-mark SMITH & BARNES LONDON.

For its part, International Clothiers filed evidence before the Opposition Board in support of its applications; it argued that this evidence showed that there were over 50 registered trade-marks, which included the word LONDON, for wares such as clothing and/or accessories, headwear, footwear, leather goods and other products. Some of these registrations protected trade-marks that were registered in association with store services and/or department store services. From International Clothiers' point of view, confusion was unlikely.

As suggested by Canada's Supreme Court in *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27, the Opposition Board first examined the degree of resemblance between the parties' respective trade-marks to decide whether confusion was likely. The Board found that there was no similarity between the SMITH and BARNES elements of the trade-mark SMITH & BARNES LONDON and the DRUGS element of the opponent's LONDON DRUGS trade-mark in either appearance or sound. In its reasons, the Board left aside the word LONDON because of its very low level of inherent distinctiveness in light of its geographical connotation. Apart from a reference to the word LONDON, the Board concluded that there was no similarity in the idea suggested by both trade-marks. The mere presence of the word LONDON was not sufficient to create any appreciable degree of resemblance between both trade-marks (paragraph 11 of the Court's reasons). In the end, the Board agreed with International Clothiers and concluded that, despite the fame associated with the trade-mark LONDON DRUGS, confusion as alleged by the opponent was unlikely in the circumstances.

London Drugs appealed the Opposition Board's decision and, as allowed by Canada's *Trade-marks Act*, R.S.C. 1985, c. T-13, both parties filed additional evidence before the Court. The purpose of this additional evidence was to modify the factual setting in order to convince the Court that, in London Drugs' view, the Opposition Board's decision should be overturned or, from International Clothiers' perspective, the Board's decision should be confirmed as its findings were supported even more strongly by International Clothiers' additional evidence.

The Court was not convinced that any of the parties' additional evidence would have changed in any significant manner the Opposition Board's decision. Accordingly, as required by principles of Canadian administrative law, it applied to examine the Board's decision on a standard of reasonableness; in other words, was the Board's

decision reasonable under the circumstances? Did it fall within a range of possible, acceptable outcomes that are defensible with respect to the facts and the law? (paragraph 41 of the Court's reasons).

The Court began its analysis by examining the inherent distinctiveness of the trade-mark LONDON DRUGS. According to the Court, the distinctiveness of a trade-mark has to do with its originality, uniqueness and inventiveness (paragraph 47 of the Court's reasons). Moreover, geographic designations, along with names, surnames, initials, and descriptive terms are not inherently distinctive and therefore should not be granted a high level of protection unless acquired distinctiveness is also a relevant factor (paragraph 49 of the Court's reasons). However, even if a trade-mark has achieved a reputation and can claim acquired distinctiveness through use, the issue of its lack of inherent distinctiveness does not become irrelevant (paragraph 53 of the Court's reasons).

On the issue of resemblance (or lack thereof) between the parties' trade-marks, the Court remarked that there is no single method or recipe to assess the degree of resemblance between two trade-marks; moreover, in many cases, the evaluation of resemblance between marks is at least in part intuitive (paragraphs 57 and 60 of the Court's reasons). London Drugs argued before the Court that the word LONDON was the most striking feature of its mark. The Court found this argument unpersuasive since there was no evidence establishing that an average consumer would be immediately drawn to the word LONDON when looking at the parties' respective marks. The Court was doubtful that this consumer would forget about the other words in each mark. This last point is important since LONDON is the first word in the opponent's mark while it is the last in the applicant's mark (paragraph 59 of the Court's reasons).

In the end, the Court agreed that the Opposition Board's decision was reasonable and should not be disturbed.

London Drugs also complained that the Board considered the issue of confusion by only comparing the applicant's mark with the opponent's trade-mark LONDON DRUGS. The Court found this complaint unfounded since the trade-mark LONDON DRUGS offered the opponent its best case scenario; if confusion was unlikely with this trade-mark, it was even less likely with other trade-marks that were even less similar to the applicant's mark (paragraph 72 of the Court's reasons).

The Court's decision confirms yet again the limited scope of protection that is granted to trade-marks that incorporate, like here, a word that corresponds to a geographical place or any other similarly descriptive word. Unless the trade-marks at issue are virtually identical, small differences will suffice to distinguish trade-marks that have a common element that is not inherently distinctive.

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MONTREAL
1001 Square-Victoria - Bloc E - 8th Floor
Montreal, Quebec, Canada H2Z 2B7
Tel.: +1 514 987-6242 Fax: +1 514 845-7874

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2828 Laurier Boulevard, Tower 1, Suite 925
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Montreal, Quebec, Canada H2Z 2B7
Tel.: +1 514 987-6242 Fax: +1 514 845-7874

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1001 Square-Victoria - Bloc E - 8th Floor
Montreal, Quebec, Canada H2Z 2B7
Tel.: +1 514 987-6242 Fax: +1 514 845-7874

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1001 Square-Victoria - Bloc E - 8th Floor
Montreal, Quebec, Canada H2Z 2B7
Tel.: +1 514 987-6242 Fax: +1 514 845-7874

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