

## "FLICK MY BIC"

by

Hugues G. Richard

**LEGER ROBIC RICHARD**, Lawyers

**ROBIC**, Patent & Trademark Agents

Centre CDP Capital

1001 Square-Victoria - Bloc E – 8<sup>th</sup> Floor

Montreal, Quebec, Canada H2Z 2B7

Tel.: (514) 987 6242 - Fax: (514) 845 7874

[www.robic.ca](http://www.robic.ca) - [info@robic.com](mailto:info@robic.com)

When a slogan or a trade mark becomes too famous, there might be some down sides to such success. This is at least what BIC Inc. must have felt after the Superior Court of the Province of Quebec, district of Montreal condemned it to pay a sum of approximately \$200,000.00 mainly because it authorized the use of its name by a group of none scrupulous promoters thereby transmitting to the public at large a message that the program in which it was co-operating was legitimate. According to the trial Judge, BIC's fault was one of omission in failing to check.

Fortunately for BIC the Court of Appeal of the Province of Quebec in a unanimous judgment given on April 21, 1989 (Court of Appeal No. 09-001492-859) disagreed with the Trial Judge and considered that BIC had no obligation to check. On appeal, it was considered common ground that the Respondents were the victims of a well orchestrated conspiracy to defraud. The fraud consisted of a scheme to convince members of the public to invest in the purchase of coin-operated vending machines. Advertisements were placed Canada wide. The ads promised a successful business opportunity, large profits, minimum labour, guaranteed locations,... in marketing cigarette lighters from coin-operated machines. Most of these promises never matured and the investors lost whatever money they had invested.

In 1980, one of the promoters had secured from BIC permission to use its name, its logotype (logo) and sales slogan "FLICK MY BIC" in advertisements, the text or "copy" for which was approved by BIC Inc. The promoters did not quail at using the BIC trade mark on many items and in many applications not approved by BIC Inc. These included, memos to purchasers, application forms, installation sheets, letterheads, blank business cards, office identification devices and others.

Neither the Appellant nor Respondents contested the finding of fact by the trial court that there was contractual obligation imposed on BIC as a result of its having "held out" to Respondents that the promoters were its mandataries.

The trial court based its condemnation of Appellant squarely on the fault of omission: "BIC's fault was one of omission in failing to check." The finding of a fault of "omission to check" is only tenable in the circumstances, if the fault committed by the promoters was foreseeable by BIC.

There was no indication at the time the approval was given for the use of the BIC logo and promotional material that the promoters were engaged in a fraudulent enterprise. There was no contractual obligation constraining BIC to examine the bona fides of the promoters vis-à-vis the sub distributors, and, there was no evidence that would require a reasonable person to come to a state of alert or vigilance because of the foreseeable possibility that a criminal fraud was to be perpetrated.

Even after approval was given for use of the BIC logo, there was no indication the promoters were having difficulty with the sub distributors they had obtained commitments from. The Court of Appeal concluded that in the absence of any ground to suspect criminal fraud providing grounds for vigilance and alertness, it was unable to conclude, as did the trial court, that BIC Inc. was liable for foreseeable damages due to its failure to act to prevent a criminal fraud they had no reason to suspect existed.

Before the Court of Appeal, Respondent preferred in arguments to overlook the finding of fault relied upon by the trial court and to base their claim on the theory that BIC authorized the promoters to use its trade mark which authorization constituted a licensed use. Respondents' reliance upon the trade mark entitled them to assume that the promoters scheme was within the norms of quality and reliability usually associated with BIC products, according to this argument. BIC's liability was said to arise from its failure, as owner of the trade mark, to ensure that this was so.

The theory proposed by Respondents is founded on a number of decisions based on texts of law and jurisprudence foreign to the law of Quebec, and foreign to Canadian patent and trade-mark law.

It is also founded on the suggestion that the promoters were licensed users of the BIC trade mark, which was manifestly not the case. In fact a proposal that a license agreement be entered into was never consummated, and reliance on the terms of the proposed draft license agreement is of no assistance here. No legal authority was cited that would allow one to conclude that the facts here constitute a de facto licensing agreement. In any event, such licensing agreement, according to the authorities, go to guarantee consumers legitimacy of the product as being the one it is represented to be.

The scheme of the Trade-Mark Act, invoked here is to provide protection to the owner and user of the trade mark and the penalty for its fraudulent use, is to lose that protection.

There is, furthermore, no evidence in the present case that Appellant did not retain control over the character and quality of the goods sold under the mark. The character and quality of the lighters sold by BIC are not put in question here.

The acceptance in this case that all Respondents knew they were dealing with the promoters, and not with BIC, that there was no "holding out" that the promoters were mandataries of BIC, and that Respondents were buying equipment and services not manufactured or provided by BIC eliminates the necessity of examining the application of trade mark laws directed to preventing confusion in the mind of the consumers, and, in some jurisdictions permitting awards for damages against franchisors and other exploiters of trade marks who allow that confusion to exist. The court of appeal saw no merit in the argument drawn from section 49 (today section 50) of the Trade-Marks Act. It is true that the use of the trade mark by a registered user, for all purposes of the Act, has the same effect as use by the registered owner. It is quite another thing and it involves a large and unwarranted extension of this principle to say that, because a registered user uses a mark, the owner of it is for purposes of the Act, engaged in supplying services.

Based on the above, the court allowed the appeal.

Published at (1989), 4 W.I.P.R. 212-213 under the title *Owner of Trade-Mark Not Liable For Promoters, Fraudulent Scheme*.

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