

U.S. LAW ASSISTS COURT IN FINDING THAT REGISTERED TRADE-MARK, USED IN A VARIANT FORM, WAS NOT DEEMED ABANDONED

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A recent decision of Canada's Federal Court of Appeal has provided further guidelines in determining whether use of a design mark which varies from the form under which it is registered under Canada's *Trade-Mark Act*, 1985 R.C.S. c. T-13 will constitute use of the registered trade-mark. The Court concluded that use of a variant mark will be assimilated to use of the registered mark, provided that the continuing commercial impression remains the same. (*Munsingwear Inc. v. Promafil Canada Ltée* No. A-235-90, July 8, 1992).

Applicant Promafil Canada Ltée ("Promafil") applied for the expungement of Munsingwear Inc.'s ("Munsingwear") design trade-mark under Section 18(1) of the *Trade-Marks Act*, on the ground, inter alia, of abandonment. The Trial Judge who heard Promafil's application held for expungement (reported at (1990) 29 C.P.R. (3d) 391).

On appeal, the Court reviewed the facts and issues raised by the case: in 1977, Munsingwear's licensee, Stanfield's Limited, applied to register under the *Trade-Marks Act* a mark which consisted in the representation of a penguin for use with sport shirts and walking shorts. This application matured to registration in 1981, under number TMA 261,104, following which, it was assigned from Stanfield's Limited to Munsingwear while Stanfield's Limited was recorded as a registered user.

Over the years, Munsingwear's licensee diversified its clothing products sold under the aforementioned trade-mark to cover sweaters in 1978 and socks in 1982. However, during the early 1980's, apparently because it realized that the trade-mark it was using on its wares slightly differed from the mark under its registered form, Munsingwear applied on June 28, 1985 to register the altered version of its trade-mark, which was still pending when the Court of Appeal rendered its decision on July 8, 1992.

The two versions of the trade-mark were referred to by the Trial Judge as the "slim penguin" mark and the "corpulent penguin" mark. The representation of

the slim penguin was found not to have been used since 1982. Consequently, in order to determine if the trade-mark registered under No. TMA 261,104 (the "slim penguin") was indeed abandoned by Munsingwear in 1982, the Court would have to decide if use of the corpulent penguin trade-mark could be assimilated to the use of the slim penguin trade-mark. Determination of this issue would resolve the question of abandonment of the trade-mark registered under No. TMA 261,104.

The Trial Judge, Mrs. Justice Reed, had concluded for abandonment when she wrote: "In my view, the visual impact of the two designs are sufficiently different that I could not conclude that one is merely a variant of the other or that an unaware purchaser would conclude they denoted the same origin... Since I do not find that the corpulent penguin is a mere variant of the registered penguin design (the slim penguin), the applicant has proven that the mark is no longer in use in Canada".

However, the Federal Court of Appeal, under the pen of Mr. Justice MacGuigan, took a different view. In doing so, it reviewed the similarities and dissimilarities of the slim penguin trade-mark and the corpulent penguin trade-mark: "The respondent alleged that the reproductions are sufficiently different to constitute different trademarks because of the following differences: (1) the head is round in the earlier representation, oval in the later; (2) the beak in the former is a single line of equal thickness throughout, and linked to the eye whereas the latter is lightly hooked; (3) the later penguin is wearing a bow tie, while the earlier one is not; (4) the older penguin seems to be wearing a jacket, the newer one a shirt front held in place by two buttons; (5) the limbs of the corpulent penguin are more realistic, whereas those of the slim penguin rather suggest the sleeves of a too-large jacket; and (6) the right foot of the first design seems to be webbed, the left foot not, and conversely in the other design."

"In my opinion these differences do exist. The question is whether they are sufficient to make the two trademarks substantially different."

"The appellant contended that the dominant features of the registered mark have been preserved by its more corpulent depiction: (1) both forms show the outline of a penguin; (2) both forms show front-elevational views of a penguin; (3) both penguins are standing; (4) both are looking to the left; (5) both have their arms and legs outstretched; and (6) both are wearing a tuxedo. In short, both forms show a fanciful line-drawing of a spread-eagled penguin wearing a formal vest. This analysis also appears to be accurate. Which, then, should prevail?"

The Court referred to Section 7(e) of the *Lanham Act*, 15 U.S.C. § 1057(e) which permits amendments to registration, provided they do not alter

materially the character of the mark. Quoting from Gilson, *Trademark Protection and Practice* vol. I (1991), at 4-62 to 4-64 and *Dreyfus Fund Incorporation v. The Royal Bank of Canada*, 525 F. Supp. 1108 (1981), the Court concluded that U.S. law requires "the maintenance of the same continuing commercial impression" for permitted amendment.

After review of the marks at issue, the Court of Appeal set aside the decision of the Trial Judge and concluded that the trade-mark registered under TMA 261,104 was still in use: "Looking at the facts of this case in the light of the Canadian law, which emphasizes the maintenance of identity and recognizability and the preservation of dominant features, I can respectfully conclude only that the Trial Judge committed a palpable and overriding error in finding that the visual impact of the two designs is substantially different. My conclusion would not be weakened if I were to take account of the American standard of "the same, continuing commercial impression"."

"The two designs are different, admittedly, but in my opinion they differ only in petty details. The dominant impression created by the dominant features in both designs is that of a spread-eagled, formally dressed penguin, with head, beak and limbs turned similarly."

This decision is interesting in that it referred to the specific provisions for amendment of a trade-mark registration, which exist in the U.S. Although Canadian law may accept variants of a mark from its registered form, as it did in this case (in the absence of any amendment process), the practice does seem more dangerous north of the border since, as the Court indicated, with every variation the owner of a trade-mark is playing with fire.

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