COURT EXTENDS NOTION OF TRADE MARK USE

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A unanimous decision of the Federal Court of Appeal has extended the notion of "use" of a trade mark to cover the situation where it is affixed on a promotional item (*Canadian Olympic Association - Association Olympique Canadienne v. Konica Canada Inc.*, No. A-279-90, November 22nd, 1991).

THE FACTS. On March 5, 1980, the Canadian Olympic Association ("the Association") gave public notice of its adoption and use of various official marks, OLYMPIC amongst others, in accordance with Section 9 of the *Trade Marks Act*, 1985 R.S.C. c. T-13. Such notice of adoption and use prohibits any other person from adopting in connection of its business, as a trade mark or otherwise, any mark consisting of, or so nearly resembling, as to be likely to be mistaken for the said official mark.

Konica Canada Inc. ("Konica"), sold films and cameras and was a sub-licensee of the Guinness company which has for many years published books of "records", including the "Guinness Book of Olympic Records". As a sub-licensee, Konica acquired the exclusive right to publish and distribute in Canada its own special edition of the "Guinness Book of Olympic Records" to be issued for the 1988 Olympics. This special edition consisted in the entire content of the "Guinness Book of Olympic Records" to which was added, at various key spots, indicia relating to Konica, such as the title on the front cover: "KONICA Guinness Book of OLYMPIC RECORDS". The book, published by Konica, to be issued as a premium or "give away", was in a "shrunk-wrapped" package which included three rolls of Konica color film.

THE TRIAL JUDGE'S DECISION. Konica's promotion never made it off the ground. In November 1987, the Association obtained an interlocutory injunction barring the distribution of the book in its "shrink-wrapped" package. When the matter was heard on the merit, well after the 1988 Olympics, the Trial Division of the Federal Court rejected the Association's action for a permanent injunction and damages. Amongst other things, the Trial Judge considered that Konica had not made use of the Association's official marks

as a trade mark (he did consider however that it had used the Association's marks "otherwise" in connection with a business, contrary to Sections 9 and 11 of the Act - Section 11 prohibiting use "in connection with a business" as a trade mark or otherwise" of any mark which is also an official mark. Finally, the Trial Judge considered that Konica itself had not "adopted" the Association's official marks as he considered that Guinness had done so and thus, had not violated the Association's rights.

THE COURT OF APPEAL AND THE QUESTION OF USE OF A TRADE MARK. The Court of Appeal reversed the Trial Judge's decision and concluded that it had not been Guinness that had adopted the trade mark that was exhibited, but rather Konica. Thus, a permanent injunction was issued.

The most interesting point raised in this decision is the finding of the Court that the Trial Judge was wrong in holding that Konica had not used the word "Olympic" as a trade mark. In reaching its decision, the Court of Appeal made reference to Section 2 of the Trade Marks Act which defines "trade mark" in the following manner:

> ""trade-mark" means
> (a) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufac-tured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others,
> (b) a certification mark,
> (c) a distinguishing guise, or
> (d) a proposed trade-mark;"

It was also noted that "distinguishing guise" was also defined at Section 2 of the Act:

> ""distinguishing guise" means
> (a) a shaping of wares or their containers, or
> (b) a mode of wrapping or packaging wares
> the appearance of which is used by a person for the purpose of distin-guishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others;"

The Court went on to consider the "shrunk-wrapped" package binding the book and the cartons of film together as a distinguishing guise. Further, in light of the larger size and gold coloring of the words "Olympic Records", it found it impossible to say "that the word "Olympic" is not a significant and essential

part of a distinguishing guise being used by the respondent (Konica) to distinguish its wares".

Furthermore, the Court of Appeal considered that the publication and distribution of the book constituted "use" of the word "OLYMPIC" as a trade mark within the meaning of the Act. The notion of use is explained at Sub-section 4.(1) of the Act, which reads:

> "4.(1) A trade-mark is deemed to be used in association with wares, if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred."

Referring to such notion, the Court wrote:

> "In so far as the wares distributed by the respondent are the books themselves, there can simply be no question that the word "Olympic" is used as a trade-mark within the meaning of subsection 4(1): it is marked on the wares themselves for the purpose of distinguishing them. Given, however, that the book is a promotional item and contains on its inside front cover and inside and outside back covers advertising for the respondent's films and cameras, and in so far as the latter are wares dealt in by the respondent, I think that the word "Olympic" is being used in association with those wares as well. (...) While not all use in advertising is use "in association with" wares "so as to distinguish" them, some such uses are. Here the association between the mark and the wares is so close and so clearly related to their sale (notably in the coupons offering discounts on the price of the wares) that I am satisfied that the mark is used by the respondent as a trade-mark in association with them."

Finally, the Court concluded that Konica had used the Association's official mark as a trade mark for its book. It is interesting to note that the Court referred to one case to support its affirmation that use in advertising can be considered use of a trade mark in accordance with the Act. However, that case, *Wembley Inc. v. Wembley Neckwear Co.,* (1948), 7 Fox P.C. 244 (Ont. C.A.), was decided before the adoption of the present *Trade Marks Act* in 1953. Of course, since that time, it has been considered that advertisement alone will not be sufficient to constitute use of a trade mark in association with wares.

Usually, in order to establish use of a trade mark in accordance to Sub-section 4.(1) of the Act, the mark used must be a trade mark as defined in Section 2, that is, used for the purpose of distinguishing wares; the mark must be associated with wares so that notice of an association is given; and finally, there must be transfer of property or possession of those wares, which must occur in the normal course of trade. The "normal course of trade" suggests monetary compensation. It is therefore interesting to note that the Court of Appeal considered that a trade mark can be used in association with a promotional item.

The Federal Court of Appeal's decision seems to signal that the expression "normal course of trade" is to be considered as a fluctuating notion. Innovations in marketing techniques involving trade marks, that would not have been considered as "use" of a trade mark, are now to be studied with a more nuanced approach.

Konica has requested leave to appeal this decision before the Supreme Court of Canada.

Not published (1992), 6 W.I.P.R. 000