

**COURT HOLDS THAT FAMILY OF TRADE-MARKS IS OF LIMITED VALUE OUTSIDE
OWNER'S SPECIFIC AREA OF MONOPOLY**

by
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On May 6, 1994, Mr. Justice McKeown of the Trial Division of the Federal Court of Canada rejected an appeal brought by McDonald's Corporation against the registration by Coffee Hut Stores Ltd. of a trade-mark MCBEANS for, among other things, tea, coffee and the operation of a business dealing with the sale of such items (*McDonald's Corporation et al. v. Coffee Hut Stores Ltd.*, F.C.T.D. No. T-1205-92, May 6th, 1994). In support of its position, McDonald's Corporation had relied on its so-called "family" of trade-marks; the Court indicated however that this was insufficient and that the assessment of confusion must not be done in a vacuum but rather by examining how the trade-marks are used in the course of business.

The facts of this appeal from a decision of the Trade-Marks Opposition Board are as follows: Coffee Hut Stores requested registration of the trade-mark MCBEANS for use in association with coffee makers and related products, coffee, tea and the operation of a business dealing in the sale of these wares. McDonald's Corporation filed a statement of opposition against this application alleging, inter alia, that the trade-mark MCBEANS was not registrable in view of a likelihood of confusion with McDonald's family of registered trade-marks featuring the prefix MC combined with the name of a food or a word descriptive of a food item such as MCMUFFIN, MCCHICKEN and MCRIB.

On March 24, 1992, Mr. David J. Martin, acting on behalf of the Opposition Board, rendered a split decision whereby he refused Coffee Hut Stores' application in relation to the sale of coffee and tea and to the operation of a business dealing in the sale of coffee and tea, but otherwise rejected McDonald's opposition.

McDonald's Corporation appealed the Opposition Board's decision while Coffee Hut Stores Ltd. filed a cross appeal. As one of its grounds of appeal, McDonald's Corporation pleaded that the Opposition Board erred in not

giving sufficient weight to the opponent's evidence of a family of trade-marks consisting of the prefix MC combined with the name of a food. Both parties filed additional evidence on appeal.

While evidence of sales in association with the trade-marks MCCHICKEN, MCRIB, CHICKEN MCNUGGETS, EGG MCMUFFIN, SAUSAGE MCMUFFIN, BACON'N EGG MCMUFFIN, BIG MAC (none of which concerned coffee or tea) was reviewed by the Court, it was noted that the only trade-mark used by McDonald's Corporation for tea and coffee was MCDONALD'S and that the sale of its hot-brewed coffee amounted to less than 4% of its total sales. The Court also wrote that MCBEANS is used in association with a store and caters to an adult audience with a selection of gourmet coffees while MCDONALD'S is used in association with a fast food restaurant catering to children and offers only one kind of generic coffee.

Additional evidence was introduced by McDonald's Corporation in the form of a survey based on telephone interviews with 200 people in Toronto and 200 people in Vancouver. The Court discounted the survey stating it is not the view of the "average person" which is relevant to determine confusion but rather the average consumer who would have visited a MCBEANS outlet.

McDonald's Corporation tried to rely on its family of trade-marks indicating that it is the only entity who has registered trade-marks in Canada having a prefix MC combined with a food item. Coffee Hut Stores conceded this point but pointed to evidence that there is widespread use of the prefix MC or MAC in association with food items; furthermore, it pleaded that McDonald's Corporation does not have a "family" of trade-marks.

In deciding the issue, the Court indicated that where a word is common to trade one cannot have a family of trade-marks. Recognizing the limited scope of McDonald's Corporation's "family" of trade-marks, the Court stated that its exclusivity is in the area of fast food restaurant rights and added that there is nothing inherently distinctive outside of that specific area. Finally, the Court concluded that there was no confusion between the trade-mark MCBEANS as applied to Coffee Hut Stores' wares and services and McDonald's Corporation's trade-marks; consequently, it rejected McDonald's appeal and allowed Coffee Hut Stores' cross appeal.

It is worth noting that the Court recognized the limited value of a family of trade-marks outside its specific area of monopoly, especially when the word or words relied upon as trade-marks are common to the trade. Thus, the owner of a well-known family of trade-marks is not dispensed from establishing the circumstances of concurrent use of the trade-marks in the course of business in order to enable the Court to conclude that a risk of confusion is likely to occur.

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