

## DISPLAY OF EMPLOYER'S MARK DURING UNION DRIVE DOES NOT CONSTITUTE 'USE' OF TRADE-MARK

by  
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A recent decision of the Federal Court of Canada has reviewed what constitutes "use" of a trade-mark under Canada's *Trade-marks Act* (R.S.C. 1985, c. T-13); it also discussed copyright infringement and various constitutional issues involving freedom of expression under the *Canadian Charter of Rights and Freedoms* (*Compagnie Générale des Établissements Michelin - Michelin & Cie* ("Michelin") v. *National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW - Canada)* ("CAW-Canada") *and al.*, T-825-94, December 19, 1996, yet unreported (Teitelbaum, J.)). In the first of a series of articles, we will review the parties' attempts to introduce novel interpretations in Canadian IP Law and the Court's ultimate decision to follow long established precedents.

Following CAW-Canada's 1994 attempt to unionize the Canadian employees of Plaintiff Michelin, the latter, a French corporation involved in the manufacture and sale of tires and automotive accessories, brought an action for infringement of its trade-marks and copyrights. Defendant CAW-Canada responded by raising, *inter alia*, the defence of freedom of expression.

During its campaign to unionize Plaintiff's employees, CAW-Canada had distributed leaflets and displayed posters that used Michelin's corporate logo, the Michelin Tire Man or "Bibendum" design, a drawing of a beaming marshmallow-like rotund figure composed of tires. In the early 1980's, Michelin had registered trade-marks and had secured copyright registrations in the "Bibendum" design. Of course, CAW-Canada had not obtained Michelin's permission before using Plaintiff's intellectual property during its union drive. Michelin therefore sought damages pleading that its IP rights were violated; it also requested a permanent injunction to restrain CAW-Canada from using its trade-marks and copyrights in the future.

One of CAW-Canada's initiatives which prompted Michelin's lawsuit was its distribution at three of Michelin's Canadian plants of leaflets depicting a

broadly smiling "Bibendum", arms crossed, with his foot raised, seemingly ready to crush underfoot an unsuspecting Michelin worker; underneath this figure, one could read the plea "don't wait until its too late! Because the job you save may be your own. Sign today for a better tomorrow".

In its action, Michelin sought relief under Canada's *Trade-marks Act* and argued that it did not have to prove that the Defendant had "used" its registered trade-marks covering the "Bibendum" character as that term had generally been understood and interpreted in Canadian jurisprudence over the years. Put on trial by the Plaintiff was also the current status and validity of a decision rendered nearly 30 years ago which analysed the meaning of the term "use" under the *Trade-marks Act* and has been followed ever since (*Clairol International Corporation v. Thomas Supply Equipment Co. Ltd., et al.* (1968), 38 Fox Pat. C. 176).

In its action, Michelin relied on Section 20 of the *Trade-marks Act* which reads, inter alia: "The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade-mark or trade-name ...". Section 22 was also relied upon: "No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto ..."

In the 1968 *Clairol* case, Mr. Justice Thurlow had held that a party who alleges infringement of an exclusive right (as the one conferred by registration) has to first prove that the infringer has "used" the "trade-mark" as the term "trade-mark" and the verb "use" are defined under the *Trade-marks Act*: under the *Act*, a trade-mark is defined as a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services, manufactured or performed by a specific party from those manufactured or performed by others.

The concept of "use" is also defined in a specific manner: "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 ... (it) is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services".

Mr. Justice Teitelbaum decided that the classic *Clairol* analysis of use under Section 20 was still good law and in order to establish trade-mark infringement the Plaintiff had to satisfy a two-part test: (1) did the Defendant associate its services with the Plaintiff's trade-marks? In other words, was there use in association with services? (2) did the Defendant use the mark as a trade-mark

for the *purpose* of distinguishing or identifying the Defendant's services in connection with the Plaintiff's wares or services?

Plaintiff Michelin argued against this test put forward by *Clairol* by submitting that Section 20 made no explicit reference to the infringer's "use" of a registered trade-mark. According to Michelin, Section 20 created a presumption that the registered owner's exclusive right is infringed in instances where the selling, distributing or advertising of wares or services in association with a confusing trade-mark has occurred; Michelin further argued that, ultimately, Section 20 did not require proof of use. In other words, Plaintiff Michelin denied Mr. Justice Thurlow's *Clairol* ruling that there is an implicit and preliminary requirement under Section 20 to first prove "use" by the defendant of a plaintiff's trade-mark. Reviewing the reasoning behind Mr. Justice Thurlow's 1968 two-part test, and the necessary inclusion of the concept of "use" as defined under the *Trade-marks Act*, Mr. Justice Teitelbaum concluded that requirement of "use" under Section 20 is designed so that not all users of trade-marks belonging to another person are caught within the threads of these infringement provisions.

As another argument, Michelin pleaded that the explicit reference to "use" in Section 22 should be expanded beyond Mr. Justice Thurlow's conclusion in *Clairol*. In *Clairol*, Mr. Justice Thurlow had held that Section 22 only (but surely) required proof of "use in association with wares or services" (under Section 22, it had been decided that there is no need to prove the additional element of use of the mark as a trade-mark for purposes of distinguishing wares or services (as required under Section 20)).

To be successful under Sections 20 and 22 of the *Trade-marks Act*, the "use in association" test must be met in both cases which lead Mr. Justice Teitelbaum to study the nature of the Defendant's organizing activities and its apparent non-commercial status. In the Judge's opinion, the test was not met: "The fact that the union organizing activities might have reaped financial rewards does not alter my crucial determination that the trade-marks were not "used" in association with wares or services under the Section 4 criteria for "use". There can be no use in association with "wares" because the definition of wares under Section 4(1) requires association during the ordinary course of trade. Handing out leaflets and pamphlets to recruit members into a trade union does not qualify under that test as commercial activity... I find that the Defendants' distribution of leaflets and pamphlets does not qualify as "advertising". Once again, advertising carries a commercial connotation that is not borne out by the facts of this case. The Defendants were not advertising services to reap revenues although as I stated above, new members also represented significant amounts of money in the form of union dues. Dues, however, are not profits."

Mr. Justice Teitelbaum concluded that the Defendant had not "used" the Plaintiff's trade-marks in association with its wares or services; it followed consequently that there could not be a finding of infringement, either under Sections 20 or 22 of the *Trade-marks Act*. However, in its action, Plaintiff raised copyright issues and these will be dealt with in our next contribution along with Defendant's reliance on Canada's *Canadian Charter of Rights and Freedoms*.

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