DOCTRINE OF ISSUE ESTOPPEL HAS NO EFFECT IN 'FANTASYLAND HOTEL' TRADE-MARK OPPOSITION CASE, FEDERAL COURT RULES

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In a recent decision, the Trial Division of the Federal Court of Canada had to determine what was the effect of previous decisions of the Alberta Court of Appeal concerning passing-off proceedings between Disney Enterprises Inc. ("Disney") and Fantasyland Holdings Inc. on the latter's application to register the trade-mark FANTASYLAND HOTEL (*Disney Enterprises Inc. vs Fantasyland Holdings Inc.*, T-1674-97, November 19, 1998 (Campbell J., F.C.T.D.)).

In the early 1990's, Disney had sued for passing-off regarding the use of the name FANTASYLAND for the closed-in amusement park in the West Edmonton Mall, in the province of Alberta. In a decision reported at *Walt Disney Productions vs Triple Five Corporation et al.* (1992), 43 C.P.R. (3d) 321 (Alta. Q.B.) Dea J. concluded that confusion had occurred as that amusement park called FANTASYLAND in the West Edmonton Mall bore the same name as the amusement park called FANTASYLAND operated at Disneyland. Dea J. issued an injunction ordering that use of the name FANTASYLAND be discontinued at the West Edmonton Mall. This order was confirmed by the Alberta Court of Appeal ((1994) 53 C.P.R. (3d) 129 (Alta. C.A.)).

A second passing-off action was initiated by Disney in order to preclude the use of the unregistered trade-mark FANTASYLAND HOTEL at the West Edmonton Mall ((1994), 56 C.P.R. (3d) 129 (Alta. Q.B.)). In that case, however, Rooke J. determined that Disney had failed to establish the necessary elements to sustain a passing-off action in relation to the name FANTASYLAND HOTEL. That decision entitled the defendant to continue the use of the words "Fantasyland Hotel" in signage on the exterior of its hotel but enjoined it from using FANTASYLAND in association with the West Edmonton Mall amusement park. The Alberta Court of Appeal also confirmed this decision ((1996), 67 C.P.R. (3d) 444 (Alta. C.A.)).

Fantasyland Holdings Inc. had filed its application to register the trade-mark FANTASYLAND HOTEL on February 13, 1987. Its application covered various wares and services including hotel, restaurant and hospitality services (but not the operation of an amusement park). Disney opposed the registration of the trade-mark FANTASYLAND HOTEL alleging that the trade-mark was not registrable as it was confusing with the trade-mark FANTASYLAND that had been made known in Canada by Disney; Disney also alleged that the applicant was precluded from seeking registration of the trade-mark FANTASYLAND HOTEL by reason of the decision of Mr. Justice Dea.

Before the Opposition Board, Disney filed the judgement of Mr. Justice Dea and pleaded that the Board was bound by that decision in determining the outcome of the opposition. The Opposition Board was of a different opinion and did not consider itself bound by that decision (and any other decision on the matter) and it went on to reject Disney's opposition to the registration of the FANTASYLAND HOTEL trade-mark.

On appeal, the Trial Division of the Federal Court had to decide whether the doctrine of issue estoppel could find application in opposition proceedings. The Court referred to the case of *Angle v. Minister of National Revenue*, (1975) 2 S.C.R. 248 in which the Supreme Court of Canada stated: "the second species of estoppel *per rem judicatam* is known as "issue estoppel", a phrase coined by Higgins J. of the High Court of Australia in *Hoystead v. Federal Commissioner of Taxation*, (1921), 29 C.L.R. 537 at p. 561:" I fully recognize the distinction between the doctrine of *res judicata* where another action is brought for the same cause of action as has been the subject of previous adjudication, and the doctrine of estoppel where, the cause of action being different, some point or issue of fact has already been decided (I may call it "issue estoppel")." Lord Guest in *Carl Zeiss Stiftung v. Rayner & Keeler Ltd.* (No. 2), (1967) 1 A.C. 853 at p. 935, defined the requirements of issue estoppel as: "…(1) that the same question has been decided; (2) that the judicial decision which is said to create the estoppel was final; and, (3) that the parties to the judicial decision or their privies were the same persons as the parties to the proceedings in which the estoppel is raised or their privies…"."

Applying the principles outlined in *Angle*, the Court concluded that confusion (as defined under Canada's *Trade-marks Act* (R.S.C. 1985 c.T-13) was an essential element for both the common law action of passing-off and the statutory opposition proceeding. Additionally, the Court found "that the "test" for confusion in opposition proceedings and in a passing-off action is substantially similar such that it can be said that the "same question" is put forth in both cases". The Court went on to state that there is therefore nothing which precludes the application of the doctrine of issue estoppel in a case involving a passing-off action and a subsequent opposition proceeding. Of

course, it can be applied only if the "same question has been decided" (to quote *Angle*) i.e. if the goods and services at issue in the passing-off action are the same as those at issue in the opposition proceeding.

The Court considered that the only way in which the doctrine of issue estoppel could have any effect in the case before it was if the Alberta Courts' findings of confusion relating to amusement parks were also applicable to the registration of FANTASYLAND HOTEL in association with the wares and services listed in Fantasyland Holdings Inc.'s application. However, the application did not cover the operation of an amusement park. Accordingly, the Court found that the doctrine of issue estoppel had no effect in the case, as the same question was not to be decided in the opposition proceedings as had been in the passing-off action.

Finally, the Court concluded that the doctrine of issue estoppel does indeed apply to opposition proceedings (a finding in law different from that of the Registrar); however, in this case, the doctrine could not be applied since the question to be decided was different. The Court expressed its agreement with the Opposition Board decision on its merits and dismissed the appeal. This decision reminds practitioners that passing-off proceedings and opposition proceedings can lead to different results if the question to be decided in both instances is not the same (for example, if the "services" at issue in both cases are different). For a plaintiff or opponent, this means that it cannot simply rely on previous favorable decisions in subsequent litigation where the issue to be decided is not entirely the same.

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