

## FAMOUS TRADE-MARK CAN CLAIM WIDE AMBIT OF PROTECTION, FEDERAL COURT RULES IN 'LEXUS' CASE

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A recent decision of the Federal Court of Canada confirmed that when assessing the risk of confusion between trade-marks, the nature of the wares, services or business of the parties and the nature of their trade are not particularly determinative when one mark is found to be a "famous" trade-mark, (*Toyota Motor Corporation vs Lexus Foods Inc.*, T-2064-97, August 31<sup>st</sup>, 1999, Blais, J.).

On April 27, 1992, Lexus Foods Inc. ("Lexus Foods") filed an application with the Registrar in order to secure registration of the trade-mark LEXUS in association with "canned fruits, canned vegetables, fruit juices and vegetable juices" on the basis of proposed use of the trade-mark in Canada.

Lexus Foods' application was advertised for opposition purposes and Toyota Motor Corporation ("Toyota") filed a statement of opposition alleging confusion with three trade-mark registrations it owned for the trade-mark LEXUS covering "motor cars and parts and accessories thereof, repair services" and a wide variety of consumer goods.

On July 22, 1997, the Trade-marks Opposition Board dismissed Toyota's opposition, indicating that the opponent had failed to provide evidence confirming that its trade-mark LEXUS was a famous mark. The registrar's decision was also based on the fact that there appeared to be no association between the parties' respective businesses.

Toyota appealed the registrar's decision before the Trial Division of the Federal Court and submitted additional evidence which was not available before the Registrar. Mr. Justice Blais had to answer the following questions: In light of the additional evidence forwarded on appeal, was Toyota's LEXUS mark a famous trade-mark in Canada? Was there confusion between the parties' trade-marks?

In reviewing all of the relevant facts, the Court examined the results of a survey conducted on behalf of Toyota to ascertain the public perception of the word "LEXUS". The results of the survey showed that as of September 1997, when the survey was conducted, a clear majority (58%) of the Canadian public associated the trade-mark LEXUS with a vehicle. In putting forward these results, Toyota argued that LEXUS is a famous trade-mark in Canada.

Lexus Foods argued for its part that Toyota's LEXUS mark had only been used in Canada since 1990, that is only two years before it filed its own application for the trade-mark LEXUS. Basically, Lexus Foods' submission was that Toyota's mark should not be granted the status of a famous trade-mark as it had not been in use long enough in Canada.

In rendering its decision, the Court wrote that to be considered a famous trade-mark in Canada, that trade-mark must be generally recognized throughout Canada as well as by most, if not all, segments of the population (*Jaguar Cars Ltd. vs Manufacture des Montres Jaguar S.A.* (1997), 78 C.P.R. (3d) 548 at 555 (T.M.O.B.)). In the Court's view, the survey evidence filed by Toyota was crucial. The results of this survey indicated that nearly 6 out of 10 Canadian adults recognized the term LEXUS as indicative of a car. In the Court's view, the result of the survey was sufficient to classify Toyota's trade-mark as "famous or very well known within the parameters of the law".

In assessing the risk of confusion between the trade-marks (in addition to the fact that Toyota's trade-mark could be considered as a famous trade-mark), the Court noted that the word LEXUS is a coined word, entitled to a greater ambit of protection. Additionally, Lexus Foods Inc. adopted the entirety of Toyota's mark without adding any further distinctive portion which could have distinguished it from Toyota's mark.

Finally, the Court noted that Lexus Foods' Vice-President admitted he knew about Toyota's LEXUS mark at the time when the same mark was adopted by his company; he also admitted that the name was chosen because it represented "a quality name".

In assessing the risk of confusion between trade-marks, the Court referred to the statements made by the Federal Court of Appeal in *Miss Universe Inc. vs Bohna* (1995) 1 F.C. 614 where the Court found that "It was the duty of the respondent to select a name with care so as to avoid any confusion – as is required under the definition of "proposed trade-mark" in section 2 of the Act – and so as to avoid the appearance that he intended to jump on the bandwagon of an already famous mark".

In light of its findings, the Court concluded that there was indeed confusion between both parties' trade-marks and it directed the Registrar to refuse Lexus Foods' application for the trade-mark LEXUS.

The Court's decision is in line with the principle that the broader scope of protection granted to certain trade-marks comes from an application of section 6 of Canada's *Trade-marks Act* (R.S.C. 1985, c. T-13) which recognizes that the extent to which a trade-mark has become known is one of the circumstances to take into consideration when evaluating whether two trade-marks are confusing, whether or not the wares or services of the parties are of the same general class.

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