

**USE OF WORD IN DESCRIPTIVE CONTEXT DOES NOT CONSTITUTE TRADE-MARK  
USE, FEDERAL COURT RULES IN TRADE-MARK INFRINGEMENT CASE**

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A recent decision of the Trial Division of the Federal Court of Canada indicated that a registered trade-mark will not necessarily be deemed infringed if the same word which constitutes the trade-mark appears on another party's products, in a descriptive context (*Pepper King Ltd. vs Loblaws Inc. et al*, T-2351-93, September 7, 2000 (Federal Court, Trial Division, Dawson, J.)).

Plaintiff Pepper King Ltd. was the owner of the trade-mark VOLCANO used in Canada since August 1991 in association with a hot pepper sauce; it was a small corporation (operating out of Wilberforce, Ontario) which had been selling its hot pepper sauce at various flea markets; its sales were not considerable. Notwithstanding its modest activities, Plaintiff caused to be filed an application to register the trade-mark VOLCANO with the Canadian Trade-marks Office in August 1992. Registration of this trade-mark was secured on August 20, 1993 in association with a hot pepper sauce.

Defendant Loblaws Inc. and other Loblaws-related companies named by Plaintiff in its suit are part of Canada's largest food distributor. Loblaws Inc. also operates retail outlets specializing in the sale of food products. Since May 1992, Defendants promoted and sold salsa in jars with labels which presented the word "volcano". The salsa products which exhibited the word "volcano" were part of a line having different degrees of hotness or spiciness. These degrees were "extra mild", "mild", "hot" and "volcano".

Once registration of the trade-mark VOLCANO was secured, Plaintiff initiated its suit against Loblaws Inc. and the other Defendants in October 1993.

The following facts were put into evidence before the Court: Defendant Loblaws was the owner of the trade-marks LA ELECCION DEL PRESIDENTE, PRESIDENT'S CHOICE, PRESIDENT'S CHOICE & Design, PC and PC Script. These

trade-marks were recognized across Canada as of May 1992 and recognized by retail shoppers as being private label brands of Loblaws sold in its retail outlets. Loblaws' salsa exhibiting the word "volcano" had always been sold exclusively through Loblaws' normal wholesale retail distributing channels for resale to the general public. The salsa was also sold in association with the trade-mark LA ELECCION DEL PRESIDENTE along with the PC Script. Loblaws' salsa exhibiting the word "volcano" was displayed for sale on shelves in its retail stores, immediately adjacent to, or above, or below, the other Loblaws salsa products having other hotness levels (see par. 24 to 28).

In its action, Plaintiff relied in part on Subsection 20(1) of Canada's *Trade-mark Act* (R.S.C. 1985, c. T-13) which provides in part that "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...".

In response to Plaintiff's suit, Loblaws argued in its defence that use of the word "volcano" on its salsa product was not a trade-mark use and consequently not a use falling under the deeming provision of Subsection 20(1). The Court therefore had to decide whether Loblaws' use of the word "volcano" in the context described above qualified as use of a trade-mark.

To decide whether or not Loblaws had used the word "volcano" as a trade-mark, the Court discounted the apparent intent of Loblaws' employees who had caused a trade-mark search for the word "volcano" to be done in 1992 but rather examined the message given to the consuming public by the labels put out by Loblaws on its salsa. The Court wrote the following: "what is the message given by the use of the word "volcano" by Loblaws in the context of its salsa? Specifically, does the use of the word "volcano" distinguish the product as coming from a particular source? After a careful review of the whole of the evidence before me, I have concluded that the effect of the word "volcano" as used in Loblaws' salsa label is to distinguish the degree of spiciness of the product and not to identify the salsa as coming from any particular source." (at par. 56 and 57).

The following Loblaws' advertisement of June 1992 was illustrative of this point: "If you find the "Hot" version of our La Eleccion del Presidente Salsa Picante too tame, then the "Volcano" is the choice for you. Our *NEW* "VOLCANO" version of La Eleccion del Presidente Salsa Picante is hotter than "Hot". **CONSIDER YOURSELF WARNED!!** Fans of our popular "Hot" and "Mild" salsas need not fear – they remain unchanged. (Why change the two salsas that have made La Eleccion del Presidente the #1 – selling salsa in Canada?!) Instead, we've added **TWO NEW SALSAS** to our "fiery squad". Along with the

new "Volcano" salsa, we're introducing NEW EXTRA MILD, for gringos who haven't yet tried salsa because they fear it's too hot to handle." (at par. 61).

In the Court's view, the various advertising and labelling of the products would invite the public to view the word "volcano" as simply a degree on a scale of spiciness of Loblaws' salsa and not an indication as to the source of that product.

In addition, Loblaws' various salsa products were always identified by the use of Loblaws' trade-mark La Eleccion del Presidente with the PC Script design. Finally, the Court concluded that the word "volcano" was always used in association with other descriptive words such as "natural" and "chunky" on the labels. Again, these words were seen as simply descriptive of the product and not indicative of its source.

Based on these findings, the Court concluded that the Defendants had not infringed Plaintiff's VOLCANO trade-mark and dismissed Pepper King Ltd.'s suit.

The Court's decision appears to have cautionary aspects: when assessing the merits of a trade-mark infringement action against an entity who is apparently "using" a Registrant's word trade-mark on similar goods, the Court can examine in what context the word - which happens to be a registered trade-mark - is being used. Use of such word by another party on similar products but in a descriptive context might not lead to a finding of infringement.

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