FAMOUSNESS ALONE DOES NOT PROTECT A TRADE-MARK ABSOLUTELY, FEDERAL COURT OF APPEAL RULES IN 'LEXUS' CASE

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A recent decision of Canada's Federal Court of Appeal has indicated that notoriety of a mark is simply one factor - possibly decisive but not necessarily - that must be weighed in connection with all the rest when assessing the risk of confusion between trade-marks (*Lexus Foods Inc.* v. *Toyota Motor Corporation*, A-622-99, November 20, 2000, Strayer, Linden and Malone, JJ.A)

On April 27, 1992, Lexus Foods Inc. ("Lexus Foods") filed an application with the Registrar of Trade-marks 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.

Toyota Motor Corporation ("Toyota") filed a statement of opposition against this application alleging confusion with three trade-mark registrations it owned for the trade-mark LEXUS covering, among other things, "motor cars and parts and accessories thereof, repair services".

The Trade-marks Opposition Board dismissed Toyota's opposition in July 1997. Toyota appealed that decision before the Trial Division of the Federal Court of Canada. There, Toyota's appeal was allowed; the Trial Division found the trade-mark "LEXUS" to be a famous trade-mark and considered that Toyota had made its case that there was indeed confusion between the trade-mark LEXUS for cars and the same trade-mark as applied to canned food products. The Court directed the Registrar to refuse Lexus Foods' application for the trade-mark LEXUS (see case comment at *World Intellectual Property Report*, (1999) Volume 13, number 11, page 360).

Lexus Foods appealed the Trial Judge's decision before the Federal Court of Appeal. In reviewing the case, the Court noted that subsection 6(5) of Canada's *Trade-marks Act* governs the issue of confusion between trade-marks. Subsection 6(5) states that in determining whether trade-marks or

trade-names are confusing, the Court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including (a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known; (b) the length of time the trade-marks or trade-names have been in use; (c) the nature of the wares, services or business; (d) the nature of the trade; and (e) the degree of resemblance between the trade-marks and trade-names in appearance or sound or in the idea suggested by them.

The Federal Court of Appeal indicated that one of the key factors that was at play in this case was the striking differences in the wares of the parties, a fact which was given considerable weight by the Registrar. The Court noted the Trial Judge's comments that less weight should be accorded to the difference in the nature of the wares in light of the beginning of "famousness" which he recognized in Toyota's trade-mark.

The Federal Court of Appeal considered however that the type of goods being compared in order to determine whether or not there is confusion between trade-marks is relevant and, where they are as dramatically different as cars and canned food that factor specifically enumerated at subsection 6(5) must be given considerable weight, something which, in the Court's view, the Trial Judge failed to do. The Court referred to its decision in *United Artists* v. *Pink Panther Beauty Corp.* (1998) 3 F.C. 534 (F.C.A.) where it wrote: "where one mark refers to household products and the other to automotive products, and they are distributed in different types of shops, there is less likelihood that consumers will mistake one mark for the other".

The Court further noted that it would be hard to see that anyone about to purchase LEXUS canned fruit juice would even entertain the thought that the Japanese automobile manufacturer where LEXUS cars originate would be the source of this product.

In the Court's view, the evidence of a survey recognizing a degree of fame for the LEXUS trade-mark (a survey which was before the Trial Judge but not before the Registrar) must not be given undue weight in light of other significant factors to consider. "Famousness" is merely a factor that must be considered like all the other factors in any trade-mark dispute. Again, the Court referred to the *Pink Panther* case where it had previously wrote: "To find that such a connection (between beauty products and movies) was sufficient in this case would effectively extend protection to every field of endeavour imaginable. There would be no area that Hollywood's marketing machine would not control. Just because they are well-known, the whole world is not barred forever from using words found in the title of a Hollywood film to

market unrelated goods. (…) No matter how famous a mark is it cannot be used to create a connection that does not exist."

The Trial Judge had noted that Lexus Foods' vice-president admitted that the LEXUS name was chosen because it represented "a quality name". The Federal Court of Appeal indicated that such knowledge was irrelevant under the circumstances as there is no doctrine of *mens rea* in the field of trade-mark. In other words, the decision as to whether confusion exists between trade-marks cannot be based on whether someone knew about the existence of another trade-mark (however, this issue of prior knowledge might be a factor to consider in an infringement action, on the issue of damages).

In light of the clear differences between the parties' wares, a factor which in the Court's view had been given no weight at all by the Trial Judge, the Federal Court of Appeal allowed Lexus Foods' appeal and restored the Registrar's decision, allowing the registration of the trade-mark LEXUS in connection with appellant's canned foods.

The Federal Court of Appeal's decision is a reminder that when considering the issue of confusion between trade-marks one factor cannot be controlling of all others; the fame possibly associated with a trade-mark is one factor among others to consider when deciding the issue of confusion between trade-marks. What would then be the fate of MICROSOFT bubble gum, for example? In light of the Court's opinion, fame is one circumstance among others; it does not necessarily trump all others.

Published at (2001), 15-2 W.I.P.R. 6-7 under the title *Famousness Alone does not Protect a Trade-mark Absolutely, Court Rules 7*