

**FEDERAL COURT REJECTS BID FOR EXPUNGMENT INITIATED BY ITALIAN PROSCIUTTO PRODUCERS AGAINST "PARMA" TRADE-MARK OWNED BY CANADIAN COMPANY**

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A recent decision of the Trial Division of the Federal Court of Canada has rejected a claim that a registered trade-mark, "PARMA", standing in the name of its Canadian owner, was deceptively misdescriptive of the place of origin of the various meat products which were registered in association with it (*Consorzio del Prosciutto di Parma v. Maple Leaf Meats Inc.*, T-2382-97, January 25, 2001, McKeown, J.).

The Consorzio del Prosciutto di Parma (the "Consorzio") was founded in 1963 by prosciutto producers located in Parma, Italy. The Consorzio owns the "ducal crown" mark for its members to display in association with their prosciutto products. This mark includes the word "PARMA" within a crown design.

In 1997, the Consorzio asked Canada's Federal Court to expunge the registration for the trade-mark "PARMA" in accordance with Section 57 of Canada's *Trade-marks Act*, R.S.C. 1985, c. T-13. This "PARMA" registration was secured on November 26, 1971 for use in association with various meat products, namely prosciutto, mortadella, salami, capicollo, pepper butts, pepperoni and dry sausage. The registration indicated a date of first use of September 18, 1958. The Respondent, Maple Leaf Meats Inc, a Canadian company, was the successor to the initial owner, Parma Food Products Limited, another Canadian company.

The Consorzio put forward the following grounds for expungment: 1) The trade-mark "PARMA" was deceptively misdescriptive (i.e., describing falsely and deceptively that the products originated from Parma, Italy) at the time when it was registered back in 1971; 2) At the time the proceedings were commenced in 1997, there was a measurable association amongst members of the Canadian public between the word "Parma" and both a region in Italy

and meat products, thus rendering the trade-mark invalid for lack of distinctiveness.

The Court noted that in 1978, the Consorzio was granted the responsibility by Italian law to regulate the production of Prosciutto di Parma and the use of the Prosciutto di Parma marks. Moreover, the Consorzio did not commence to conduct business in Canada until 1997.

The Court dealt with the issue of the ground of expungement based on deceptive misdescriptiveness by rejecting the proposition that, at the time of the registration of the "PARMA" mark in Canada, back in 1971, many Canadians were exposed to the idea that Parma was a village-city in Italy and that the city was a source of high quality prosciutto.

Referring to *Atlantic Promotions Inc. v. Registrar of Trade-marks* (1984), 2 C.P.R. (3d) 183 (F.C.T.D.) at 186, the Court could not conclude that in 1971, the general public in Canada was misled into the belief that the product with which the trade-mark was associated, in this case meat products, had its origin in the place of a geographical name in the trade-mark (i.e., PARMA).

To conduct this enquiry, the Court evaluated the test in the context of the year in which the trade-mark was registered, that is 1971. The Court noted that the evidence did not demonstrate that in 1971 the general public in Canada was likely to have been misled by the use of the mark in association with the registered wares into believing that those wares originally originated specifically from Parma, Italy. The Court accepted the Respondent's survey evidence that a majority of Canadians in the present day did not recognise that "Parma" is a region in Italy, nor did they associate the word "Parma" with meat products. In light of the figures for the current situation regarding the public's perception, the Court could only conclude that the figures for 1971 would not have been different. In any event, the Court mentioned that the Applicant had only shown evidence in support of its contention in relation to prosciutto while the Respondent's registration covered other meat products. In the Court's view, the Applicant had not satisfied its onus regarding those other meat products.

The Court also rejected the argument made by the Applicant as to the need for trade-marks to be regulated in order to protect consumers from deception as to the source and/or quality of wares available in the marketplace; the Court mentioned however that one must not lose sight of the need to protect the rightful owners of trade-marks from unfair competition, noting in passing that the Respondent and its predecessors had been using the "PARMA" mark for over 26 years when the expungement proceedings were initiated in 1997.

As to the issue of lack of distinctiveness, the Applicant argued that the increased recognition in the Canadian marketplace of the reputation and goodwill enjoyed by prosciutto from Parma, Italy rendered the "PARMA" trade-mark registered in the name of the Respondent, non-distinctive. Use by the Respondent of a "faux-Italian" get up on its packaging also allegedly contributed to this lack of distinctiveness. In presenting its case, the Applicant relied on evidence from people with a special knowledge of the Italian food industry, both in Canada and in Italy. This evidence was given little weight by the Court as it was not considered representative of the knowledge held by the typical Canadian consumer of average intelligence and education on the issue of the reputation concerning prosciutto from Parma, Italy.

What the Court considered important on the distinctiveness argument were the continuing sales made over the year by the Respondent and its predecessors of its meat products under the "PARMA" trade-mark. These sales were made in the context of continuous use of the trade-mark by the Respondent in Canada. As noted earlier, the Applicant only started doing business in Canada in 1997, at the time when it initiated the expungement proceedings. Thus, on the evidence, while there might have been an increased recognition over time of the reputation of prosciutto produced in Parma, Italy, this did not result in having the "PARMA" trade-mark in Canada lose its distinctiveness. The Court wrote that for the purpose of seeing whether a mark is distinctive, the Canadian market alone must be considered.

As to the argument of the "faux-Italian" packaging, it was rejected by the Court as being irrelevant to the question of distinctiveness, as said packaging was not part of the registration.

In this era where some locally or nationally known speciality products under a specific trade-mark are going "global", the issues such as those raised by the Consorzio and the Canadian "PARMA" owner can be seen as a taste of things to come. However, conflicting claims to the same trade-mark appear for now to be decided in favour of the *bona fide* owner and user in the Canadian market.

### **Communiqué :**

The following is an update to the article appearing in the March 2001 edition of the WIPR (Volume 15, Number 3) written by Stella Syrianos regarding the Federal Court of Appeal decision in *Unitel International Inc. vs. The Registrar of Trade-Marks*, A-83-99, September 28<sup>th</sup>, 2000, Rothstein, J.A.).

The author had mentioned that the Canadian Trade-Marks Office had taken the Federal Court of Appeal's ruling under advisement. However, since that article was published, the Trade-Marks Office has clarified its position regarding the *Unitel* decision. In a Notice first published in the *Canadian Trade-marks Journal* on March 7<sup>th</sup>, 2001 (Issue 48, Number 2419, p. 162), it was stated that the previous practice of the Trade-Marks Office concerning entitlement remains unchanged by the *Unitel* ruling:

The Trade-marks Office has reviewed the decision of the Federal Court of Appeal in *Unitel International Inc. v. Registrar of Trade-marks* (unreported, A-83-99) and has concluded that no changes are required to the current practice with respect to paragraph 37(1)(c) and section 16 of the Trade-marks Act.

Please refer to section III.8 of the Trade-marks Examination Manual for the existing office practice relating to section 16 of the Trade-marks Act and the issue of co-pending applications.

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