BOSTON CHICKEN TRADE-MARK LACKED DISTINCTIVENESS, FEDERAL COURT OF APPEAL RULES

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A recent judgment of Canada's Federal Court of Appeal has partially overturned a Trial Division decision which had dismissed Boston Pizza International Inc.'s application to have Boston Chicken Inc.'s two trade-mark registrations expunged (*Boston Pizza International Inc.* v. *Boston Chicken Inc. et al*, 2003 F.C.A. 120 (March 7, 2003, Rothstein, Pelletier and Malone, JJ.A. (Note: The decision of the Trial Division of the Federal Court was reviewed at (2001) 15-12 *W.I.P.R.* 4-5)).

Boston Pizza International Inc. (hereafter: «BPI») had unsuccessfully applied to the Trial Division of the Federal Court to obtain the expungement of two trade-mark registrations standing in the name of Boston Chicken Inc. (hereafter: «BCI»). These registrations covered the word mark BOSTON CHICKEN and its design version which did not include any words. Nadon J. had concluded there was no likelihood of confusion between the parties' respective marks i.e. BOSTON CHICKEN and the design version on the one hand and BOSTON PIZZA on the other.

On appeal, BPI argued a ground for expungement raised before the Trial Division i.e. lack of distinctiveness of BCI's BOSTON CHICKEN trade-mark and relied on subsection 18(1)(b) of Canada's *Trade-marks Act* R.S.C. 1985 c. T-13 which provides that the registration of a trade-mark is invalid if the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced. BPI argued on appeal this ground for expungement in light of Nadon J.'s conclusion that BCI's BOSTON CHICKEN trade-mark lacked inherent distinctiveness, an assessment that was made when analyzing the issue of confusion between the parties' trade-marks. (No such finding of lack of inherent distinctiveness was made, however, regarding the design version of the BOSTON CHICKEN mark.) Additionally, the evidence had revealed that the BOSTON CHICKEN trade-mark had barely ever been used in Canada.

Nadon J. had also concluded that BPI's BOSTON PIZZA trade-mark was also not inherently distinctive; however, the mark had acquired distinctiveness through important use of the mark in Canada in association with restaurant services. This illustrated the point that a trade-mark lacking inherent distinctiveness could acquire distinctiveness through use in Canada.

BPI argued that since the BOSTON CHICKEN mark was not inherently distinctive and because the trade-mark had not been used in Canada – and could therefore not have acquired distinctiveness through use - the Trial Judge should have expunged the registration considering the clear language of subsection 18(1)(b) of the Act.

This argument was favorably received by the Court of Appeal where Pelletier J. wrote for the Court: "Nadon J.'s finding that the BOSTON CHICKEN mark lacked inherent distinctiveness amounts to a finding that the mark is not adapted to distinguish the respondent's services from those of other traders. Consequently, since the mark does not actually distinguish the respondent's services from those of other traders, and is not adapted to do so, its registration is invalid because of its lack of distinctiveness."

The Court of Appeal therefore allowed the appeal regarding BPI's attack on the BOSTON CHICKEN registration. However, as Nadon J. did not make a finding that the registration covering BCI's design mark lacked inherent distinctiveness, the appeal regarding the rejection of the request to expunge this other trade-mark was dismissed.

This judgment means that trade-mark owners who achieve registration of very weak trade-marks i.e. trade-marks who have hardly any or no inherent distinctive character should use their trade-marks as soon as possible. This decision sends a clear signal that registered marks who are not inherently distinctive and who have not acquired distinctiveness through use in Canada may be at risk in expungement proceedings for lack of distinctiveness.

The interesting aspect of this case is that the party moving for expungement and raising the issue of confusion had to establish a likelihood of confusion in light of all surrounding circumstances including those the *Trade-marks Act* specifically enumerates at subsection 6(5), namely: (a) the inherent distinctiveness of the trade-marks and the extent to which they have become known; (b) the length of time the trade-marks 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 in appearance or sound or in the ideas suggested by them. As to the ground of expungement based on lack of distinctiveness of a registered trade-mark, the Court appears to indicate that one way of succeeding here is to establish the lack

of inherent distinctiveness of the registered trade-mark (and the lack of use thereof), which are only part of the various circumstances to be assessed when analyzing confusion. According to this approach, reference to use by others is not necessarily needed to establish lack of distinctiveness.

A registered trade-mark may therefore be expunged despite no finding of confusion, on the sole basis of its lack of inherent distinctiveness, if such mark has not been used in Canada.

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