

HURRAY FOR “HARLEYWOOD”: HARLEY-DAVIDSON SUCCESSFUL IN PREVENTING REGISTRATION IN CANADA

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The Trial Division of the Federal Court of Canada granted the Applicant’s appeal pursuant to subsection 56(1) of Canada’s *Trade-marks Act*, (R.S.C. 1985, c. T-13) (“Act”) from a decision of the Registrar dismissing its opposition to the registration of the trade-mark HARLEYWOOD (*H-D Michigan, Inc. v. The MPH Group Inc*, T-1617-04, April 28, 2006, O’Keefe, J.).

The facts

On October 15th, 1997, the Respondent, The MPH Group Inc. (“MPH”) filed an application, based on proposed use, to register the trade-mark HARLEYWOOD in association with services of operating a night club and wares such as caps, sport shirts, sweat shirts, jackets, t-shirts and mugs.

On April 6th, 1999, the Applicant, H-D Michigan, Inc. (“HD”) filed a Statement of Opposition to MPH’s application. On June 1st, 2004, the Registrar rejected HD’s opposition to the registration of the trade-mark HARLEYWOOD.

Issues to be determined

(i) Standard of review

Both HD and MPH filed additional evidence on appeal. The Court held that both parties’ new evidence would have materially affected the Registrar’s decision. As such, the standard of review applied by the Court was the *standard of correctness*.

HD’s new evidence related to the HARLEY and HARLEY-DAVIDSON trade-

marks having been licensed and used in connection with a diner in Calgary, Alberta named Kane's Harley-Diner, in operation since sometime in 1999. It tendered further evidence concerning another diner in Delta, British Columbia named Jim's Harley-Diner. Although HD did not provide evidence that these restaurants were in operation at the date of filing of the HARLEYWOOD application (relevant date for assessing non-entitlement) or at the date of the opposition (relevant date for assessing distinctiveness), the Court held that this new evidence concerning the restaurants would not have materially affected the Registrar's findings of fact with respect to the grounds of opposition based on non-entitlement and non-distinctiveness. However, the Court went on to state that this new evidence was relevant as concerned the issue of confusion under paragraph 12(1)(d) of the *Act*, which is assessed at the date of the Registrar's decision (June 1, 2004). The Court considered this new information would have had a material effect on the Registrar's findings of fact.

The Court also stated that HD had submitted evidence which addressed the inadequacies in the original evidence regarding use of its trade-marks HARLEY and HARLEY-DAVIDSON with restaurant services in respect of a Harley Davidson Café in New York and Las Vegas through website articles referencing the Harley-Davidson Café and the mark HARLEYWOOD as well as via sales figures in Canada for the wares associated to its trade-marks.

As for the significant new evidence tendered by MPH, it established that on October 22, 2004, HD's trade-mark registration no. TMA 456,051 for the mark HARLEY for use in association with restaurant and bar services was expunged for failure to show use. The Court held that this evidence would have materially affected, the Registrar's assessment of confusion under paragraph 12(1)(d) of the *Act*.

(i) confusion under section 12 of the Act

Aside from the standard of review, the Court addressed the following question: Did the Registrar err in rejecting HD's opposition to the registration of the proposed mark by MPH ?

Expungement of the HARLEY trade-mark

In light of the Registrar's decision of October 22, 2004 to expunge HD's registration for the mark HARLEY (TMA 456,051) for restaurant and bar services, the Court held that this trade-mark could no longer be considered to be confusing with MPH's proposed mark in respect of the services of a night club, under paragraph 12(1)(d) of the *Act*. As such, the Court proceeded to assess

the risk of confusion between the proposed mark and HD's other registered trade-marks: HARLEY for motorcycles (TMA 294,796), HARLEY-DAVIDSON for motorcycles, motorcycle clothing and accessories (TMA 28,944) and HARLEY-DAVIDSON for restaurant and bar services (TMA 455,834) for which the Court was satisfied HD had established that it has used these trade-marks.

Factors relating to confusion

As for the inherent distinctiveness of HD's marks, the Court held that MPH did not tender any evidence that lead to the conclusion that the marks HARLEY and HARLEY DAVIDSON were being commonly used in either the restaurant/bar trade or the merchandise trade. The Court also highlighted that HD's marks had a significant amount of acquired distinctiveness, as they are well known because of their extensive and lengthy use in the market place.

As for the length of time the trade-marks or trade names have been in use, the evidence demonstrated that the first authorized HARLEY-DAVIDSON dealership opened in Canada in 1914, as opposed to the respondent's proposed mark which had not been used in Canada.

As for the nature of the wares and services they were quite similar to one another, namely clothing and restaurant and bar services to customers.

As concerns the degree of resemblance between the trade-marks or trade names in appearance or sound or in the ideas suggested by them, the Court decided it was noticeable :

- (i) both marks start with the word "HARLEY"
- (ii) MPH had taken HD's HARLEY mark in its entirety and appended the term "WOOD"
- (iii) the term "HARLEY" has a determinative influence on the public's perception of it

In light of the above, the Court held that the addition of the word "WOOD" to "HARLEY" did not dispel the risk of confusion.

Surrounding circumstances

One of the key elements in this decision appeared to be the Court's consideration of HD's use, since before the filing of MPH's application, of the trade-mark HARLEYWOOD in connection with the operation of the well-known Harley Davidson Café in New York City. Indeed, the evidence showed that there is a section of the Harley Davidson Café called "Harleywood" where

people can see and have their picture taken on a Harley Davidson motorcycle.

It is worth noting that the Opposition Board disregarded this evidence because prior use of the HARLEYWOOD mark had not been raised by HD as a ground of opposition. However, the Court held the Board erred as this evidence could be factored into the confusion analysis as a “surrounding circumstance”.

In granting the appeal, the Court resolved that the factors of confusion favoured HD and that MPH had not met its onus of establishing, on the balance of probabilities that there was no likelihood of confusion between its mark and HD’s marks.

Conclusion

It is trite law that in determining the likelihood of confusion, the criteria specifically enumerated in subsection 6(5) of the *Trade-marks Act* are non-exhaustive and the Registrar must consider all the surrounding circumstances. While these usually relate to state of register evidence or actual instances of confusion, this decision seemingly opens the door to taking into consideration evidence of a previously used trade-mark not alleged as a ground of opposition under the umbrella of a “surrounding circumstance”.



