



## WHISKY TRADE-MARK NO LONGER “ON THE ROCKS”: FEDERAL COURT OF APPEAL RULES GLEN BRETON IS REGISTRABLE

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In a very recent decision, the Federal Court of Appeal overturned a lower court ruling that held the trade-mark GLEN BRETON was not registrable in association with single-malt whisky made in Canada, as the word “glen” had become recognized in Canada as designating the place of origin of whisky (Scotland) [*Glenora Distillers International Ltd. v. The Scotch Whisky Association* FCA 16 (Docket A-194-08-06) January 22<sup>nd</sup>, 2009].

### ***The Facts***

In 1990, the Appellant Glenora Distillers International Ltd. (“Glenora”), situated in Cape Breton, Nova Scotia, began distilling a single malt whisky claiming it used a traditional Scottish method which gave its product the taste, character and aroma of a Scotch whisky. In so far as “Scotch whisky” is a protected geographical designation pursuant to Section 11.12 of the *Trade-marks Act* to be used only in association with whiskies produced in Scotland, Glenora is prohibited from naming its whisky “Scotch”. Canadian food and drug regulations also prohibit Glenora from referring to its product as “Canadian whisky” because it lacks the taste, character and aroma associated with Canadian whiskies. Consequently, Glenora refers to its product as a “single malt whisky”.

In 2000, Glenora applied for the registration of the trade-mark GLEN BRETON in association with its single malt whisky. The Scotch Whisky Association (“Association”) opposed the application claiming an association between the word “glen” and whiskies distilled in Scotland as a result of the use of “glen” prefixed marks in association with several well-known single malt Scotches such as Glenlivet, Glenmorangie and Glenfiddich (brands the Association represents). This alleged association premised the Association’s ground of opposition pursuant to Section 10 of the *Trade-marks Act*, a provision which prohibits traders from adopting as trade-

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marks, marks that have by ordinary and *bona fide* commercial usage become recognized in Canada as designating the kind, quality, quantity, destination, value, place of origin or date of production of any wares or services.

The Association was unsuccessful before the Trade-marks Opposition Board which ruled that the use of “glen” prefixed marks by Scotch whisky distillers was not widespread to the point where Canadian consumers would associate the word “glen” only with Scotch whiskies or whiskies originating in Scotland. As a result, the Board held that the term “glen” had not become recognized through “ordinary and bona fide commercial use” as designating the geographic origin of whisky and was therefore not a prohibited mark under Section 10 of the *Trade-marks Act*.

### ***Federal Court decision***

On appeal, both parties adduced additional evidence. The Association filed what the Federal Court considered to be significant new evidence on the issue of confusion in the Canadian marketplace.

Contrary to the Board’s findings, the Federal Court opined there was a more extensive reputation associated with “glen” prefixed Scotch whisky brands and took into consideration that said prefix had not been used in Canada in recent memory in association with a whisky that was not a Scotch whisky.

On the issue of actual marketplace confusion, the Federal Court found that some consumers were not aware that Glenora’s product was not a Scotch distilled in Scotland. Its finding was based on evidence which established that Glenora’s whisky had been listed in several bar and restaurant lists under the heading “Scotch” even if occasionally with a note attempting to clarify it was Canadian in origin. The Federal Court also considered evidence before it that similar mistakes had been made by a few independent critics and reviewers.

The Court rejected Glenora’s argument that such confusion was due to its product possessing many of the characteristics of a Scotch such as flavour and aroma. Instead, the Federal Court ruled that this confusion was due to the use of the “glen” prefixed marks and that the word “glen” had by ordinary and bona fide commercial use become recognized in Canada as designating Scotch whisky. The Court therefore directed the Registrar of Trade-marks to reject Glenora’s application for the registration of the mark GLEN BRETON.

### ***Federal Court of Appeal decision***

In its analysis, the Federal Court of Appeal (“FCA”) held that the Federal Court made an error of law because it had failed to consider whether the word “glen” as a part of

various other registered trade-marks was in fact a “mark” within the meaning of Section 10 of the *Trade-marks Act*. The FCA underlined there was no express finding that “glen” was a mark and no evidence had been adduced in support of such a conclusion. Instead, the evidence demonstrated that the word “glen” had been used as a prefix for many trade-marks associated with Scotch whisky as well as for other products and services unrelated to the liquor and beverage industry.

The FCA rejected the Association’s argument that the term “glen” can be considered on its own as a “mark” for the purposes of Section 10 of the *Trade-marks Act* by stating the Court was not made aware of any authority for the proposition that a segment of a trademark can stand alone as a mark; permitting such an argument would run contrary to numerous authorities stating that trade-marks should generally not be dissected.

Based on this guideline, the FCA ruled it would be improper to segment the previously registered marks to consider “glen” as a mark on its own as it would be affording stronger trade protection to this word that is due. The FCA also asserted that the Association’s success on appeal would jeopardize the trade-marks of its members who were already using their own “glen” prefixed marks in association with Scotch whiskies.

The FCA, having found in favour of Glenora, directed the Registrar to allow its application for the registration of the GLEN BRETON trade-mark.

### **Conclusion**

This case may be heralded as an important win for Canadian whisky distillers even if it turned on the Court’s finding that trade-marks should generally not be dissected but rather analysed as a whole, instead of a finding on the association between the term “glen” and Scotch whisky. The Court’s ruling has perhaps shed some light on the prohibition analysis under Section 10 of the *Trade-marks Act* or at the very least serves as a reminder that the totality of a trade-mark must be considered in the Section 10 analysis. As for the products at issue in this case, regardless of their origin, one can only speculate if the lawyers representing each party either celebrated or consoled themselves with a glass of whisky...



