



A POOR RETURN ON INVESTMENT: THE ONTARIO TEACHERS' PENSION FUND'S DESCRIPTIVE TRADE-MARK AND THE FEDERAL COURT OF APPEAL

A. SASHA MANDY^{*}
ROBIC, LLP
LAWYERS, PATENT & TRADEMARK AGENTS

When is a trade-mark clearly descriptive of the services associated with its use? When assessing the descriptiveness of a trade-mark, what consideration must be given to the “character or quality” of the service associated with its use? These were among some of the questions the Canadian Federal Court of Appeal had to grapple with in *Ontario Teachers Pension Plan Board v. Canada (Attorney General)* [2012 FCA 60], which was rendered on February 21, 2012.

This case does not revisit the test for descriptiveness of a mark in Canada, but may be of interest to those practitioners working in the field of trade-marks associated with financial services.

Facts

The Ontario Teachers' Pension Fund is a huge financial player in Canada. The Fund manages the pension benefits of the province of Ontario's 173,000 elementary and secondary school teachers and 11,000 pensioners. It does so very well, having net assets of \$107.5 billion and repeatedly beating benchmark returns, at least by its own reckoning. Its investments and positions are market makers in Canada and touch on a variety of economic sectors including government and commercial paper, real estate, and some iconic Canadian companies such as Maple Leaf Sports & Entertainment Ltd., owners of the Toronto Raptors and Toronto Maple Leafs [Although one of the most popular and financially successful franchises in the National Hockey League, the Toronto Maple Leafs have not won a Stanley Cup since 1967.]. An enterprise of this stature will certainly try to protect its IP assets.

On June 20, 2002 the Ontario Teachers' Pension Fund Board (or simply “the Board”) filed an application to register the trade-mark TEACHERS' used in association with the following services: “Administration of a pension plan, management and investment of a pension fund for teachers in Ontario.” An examiner's report issued citing the mark as “either clearly descriptive or deceptively misdescriptive of the

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ROBIC, LLP
www.robic.ca
info@robic.com

MONTREAL
1001 Square-Victoria - Bloc E - 8th Floor
Montreal, Quebec, Canada H2Z 2B7
Tel.: +1 514 987-6242 Fax: +1 514 845-7874

QUEBEC
2828 Laurier Boulevard, Tower 1, Suite 925
Quebec, Quebec, Canada G1V 0B9
Tel.: +1 418 653-1888 Fax.: +1 418 653-0006

character of the services in association with which it is intended to be used, since it clearly describes that it is a pension fund for teachers” and thus not registrable pursuant to s. 12(1)(b) of the *Trade-marks Act*.

The Board fought this decision over many years until the Federal Court of Canada ultimately sided with the Registrar of Trade-Marks and held the mark to be clearly descriptive and thus unregistrable. The Board, as the appellants, appealed the Federal Court’s decision which led to the present judgment.

Statutory Provisions

The relevant provision of the *Act* reads as follows:

12. (1) Subject to section 13, a trade-mark is registrable if it is not [...]
- (b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin;

Decisions of the Registrar and the Federal Court

The Registrar found that the trade-mark TEACHERS’ was clearly descriptive of the character or the services offered by the Board: “[T]he trade-mark was ‘an apt trade term for describing the intrinsic character of the administration, management and investment of a plan/fund for teachers and, as such, should be left available for others to use, since descriptive words are the property of all and cannot be appropriated by one person for their exclusive use’”.

Upon appeal by the Board, Justice Mandamin of the Federal Court largely agreed with the Registrar. The Board produced additional evidence before the Federal Court that was not before the Registrar. The Federal Court therefore decided to reconsider the question of descriptiveness anew in light of this new evidence, rather than to simply perform a judicial review of the Registrar’s decision.

Justice Mandamin then reviewed the applicable legal principles governing trade-mark descriptiveness. First, the trade-mark must be considered in the context of the wares and services associated with the trade-mark. In the present case, the context was defined as follows:

The applicant is the Ontario Teachers’ Pension Plan Board. Its staff is the financial managers who administer, manage and invest a very large pension fund, the pension fund of Ontario teachers. The Ontario teachers may be described as the possible end consumers of the financial services provided by the financial managers of the

Ontario Teachers' Pension Plan Board. The teachers of Ontario, working or retired, may also be described as the beneficial owners of the pension fund itself. In addition, the various enterprises which seek to have the pension funds invested in their ventures may also be described as possible consumers.

Justice Mandamin then stated that the mark was not clearly descriptive "of the conditions of or the persons employed in the production of the services or their place of origin." However, this did not preclude the mark from being clearly descriptive of the *character or quality* of the services associated with its use, as provided under s. 12(1)(b) of the Act. Justice Mandamin stated that the words "character or quality of the wares or service" were "meant to describe a distinguishing or prominent feature of the wares or services offered in association with the trade-mark." He then stated that a trade-mark which "clearly describes a prominent characteristic of the wares of [sic] services will come within the prohibition against registration in paragraph 12(1)(b)."

Justice Mandamin then assessed the initial impression given by the trade-mark in the mind of a reasonable person and in the context of the wares and services associated therewith. The impression of one who thinks of the term TEACHERS' in the context of the "administration of a pension plan, management and investment of a pension fund for teachers in Ontario", in the eyes of the Federal Court was as follows: "One would more readily think of whom the pension plan is for, in this case the teachers, rather than who the pension fund is administered by, the financial managers". Therefore, as the word TEACHERS' describes a prominent characteristic of the services provided – namely, who the services are for (i.e. teachers) - it is clearly descriptive.

In light of his finding, the Federal Court upheld the Registrar's decision, and dismissed the Board's appeal.

Judgement of the Federal Court of Appeal

On appeal before the Court of Appeal, the Board essentially contested the finding of descriptiveness and argued that Justice Mandamin was inconsistent because he found the mark to be clearly descriptive under s. 12(1)(b), even though he concluded that it did not clearly describe the specific services associated with the mark.

Justice Nadon, in writing for a unanimous majority of the Court of Appeal, did not agree. The Court of Appeal found no inconsistency in Justice Mandamin's reasons:

While it is true the Judge, at paragraph 41 of his Reasons, stated that he agreed with the appellant that the word TEACHERS' did not clearly describe the services offered by the appellant, it cannot be said, as the appellant suggests, that this should have led the Judge to allow its appeal. When the Judge's statement is read with the

paragraphs of his Reasons that follow, it becomes clear that he was not finding that the trade-mark was not “clearly descriptive” within the meaning of the Act.

[...]

Indeed, in the paragraphs following paragraph 41 of his Reasons, the Judge dealt with the question of whether the word TEACHERS’ was clearly descriptive of the character or quality of the services in association with which the trade-mark was used. In other words, his examination of the word TEACHERS’ related to the administration of a pension plan or pension fund led him to the conclusion that it clearly described the character of the services, i.e. a distinguishing or prominent feature of those services, thus preventing the trade-mark from becoming registrable.

Justice Nadon therefore confirmed the approach taken by the Federal Court and its application of the appropriate legal test.

Justice Nadon concluded that the impression made upon a reasonable person of the word TEACHERS’, in the context of the mark, would be that the Board “administers a pension plan for teachers and provides management and investment services for a pension fund for those teachers.” Thus the word TEACHERS’, when considered in association with the services provided by the Board, clearly describes a characteristic of these services, that is, that the services provided are for teachers. Consequently, the mark was held to be descriptive and the appeal was dismissed.

Conclusion

This decision of the Court of Appeal offers a useful summary of the proper legal test regarding descriptive trade-marks. Trade-mark practitioners should note the Federal Court’s conclusion that the expression “character or quality of the wares or service” in s. 12(1)(b) is “meant to describe a distinguishing or prominent feature of the wares or services offered in association with the trade-mark.” This test was confirmed by the Court of Appeal. In the financial sector, for example, this distinguishing or prominent feature of the services provided can include, as in the present case, the beneficiary of such services.



ROBIC, LLP
www.robic.ca
info@robic.com

MONTREAL
1001 Square-Victoria - Bloc E - 8th Floor
Montreal, Quebec, Canada H2Z 2B7
Tel.: +1 514 987-6242 Fax: +1 514 845-7874

QUEBEC
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Quebec, Quebec, Canada G1V 0B9
Tel.: +1 418 653-1888 Fax.: +1 418 653-0006