



## NO HORSEING AROUND: A CASE OF BEER IS A SERIOUS MATTER

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In a case pitting Canadian beer giant Molson against a Philippine based international brewer, the Federal Court of Canada ordered an opposition decision be set aside based on its finding that there is no likelihood of confusion between the mark BLACK HORSE and the mark RED HORSE & design. The Court commented that the potential for the use of equine jokes in this matter jumps out at one but that it would refrain from such frivolities because “this is a case about beer and a case of beer is a serious matter” (*San Miguel Brewing International Limited v. Molson Canada 2005*, 2013 FC 156, Phelan, J. February 14, 2013).

### The facts

On February 9, 2005, San Miguel Brewing International Limited, a corporation based in the Philippines, applied to register the trade RED HORSE MALT LIQUOR & Horse Head Design (reproduced below) in association with “beer, lager, ale, pilsen, stout, and bock”, on the basis of proposed use in Canada:



Molson Canada 2005 (“Molson”) opposed the trade-mark application on the basis of its ownership of a number of trade-marks that include the words BLACK HORSE. The oldest registration for the mark BLACK HORSE AND HORSE DESIGN (reproduced below) dates back to 1946 and that mark has been used continuously in Canada since 1922, where the primary market for Molson’s BLACK HORSE ale remains the Province of Newfoundland and Labrador.

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## The Trade-marks Opposition Board decision

Before the TMOB, the design marks were not in issue, only the words. The TMOB focused its decision on whether the RED HORSE & design mark was confusing with Molson's registered mark BLACK HORSE. In canvassing the criteria for confusion set out in section 6(5) of the *Trade-marks Act*, the TMOB ruled most of the elements favoured Molson:

- the BLACK HORSE mark, in use since 1922, was better known than the RED HORSE & design mark, in use since 2005
- the sales of RED HORSE & design branded beer in relation to those of BLACK HORSE were insignificant
- the nature of the goods and the nature of the trades overlapped
- the most striking portion of the mark was the element "HORSE" and although the design features in San Miguel's trade-mark were noteworthy, they did not outweigh the significance of the words that dominate the center of the mark RED HORSE and the unique word HORSE. The ideas suggested by the respective marks were therefore similar.

As for the surrounding circumstances, the TMOB commented that the word RED was not considered useful to the likelihood of confusion analysis because San Miguel was not the only entity using the word RED as a component of a trade-mark associated with beer.

The state of the register evidence regarding trade-marks comprised of the design of a horse was considered irrelevant because they were not similar to the BLACK HORSE mark. As for the state of the market place in relation to the words HORSE, BLACK HORSE and RED in association with beer at liquor control commissions and the Beer Store in Ontario, the TMOB did not accord much weight to evidence of four third party marks. Noteworthy, the TMOB held that in absence of evidence of actual confusion, no adverse inference could be drawn because the parties' goods were sold at opposite ends of the country: San Miguel's in Alberta and British Columbia and Molson's in Newfoundland and Labrador.

## **Additional evidence filed before the Federal Court of Canada**

San Miguel filed additional evidence that the Federal Court ruled was material new evidence that met the threshold to change the standard of review from “reasonableness” to “correctness”. In that regard, evidence was tendered to the effect that there are other alcoholic beverages sold in Canada which use the term “HORSE”: Iron Horse Beer in British Columbia and Alberta, Golden Horseshoe Premium Lager and Dark Horse Stout and Cheval Blanc.

## **Confusion test**

In reference to the well-established test set out in the Supreme Court of Canada decision *Masterpiece Inc. v. Alavida Lifestyles Inc.* 2011 SCC 27, the Court stated that confusion is to be assessed on a first impression basis, from the perspective of the average person and by using common sense in relation to a beer consumer. The average consumer is the “ordinary harried purchaser” rather than the “moron in a hurry”. In this case, the Court held that the ordinary consumers are the beer drinkers and not the “legal fiction of the non-beer drinking life partner who is asked to pick up a beer”.

In considering that the ordinary beer drinker is “sensitive to the names of beers and to what they know and like”, the Court considered the design features and opined that one look at the RED HORSE label (with just a horse’s head) and BLACK HORSE label (with a horse in profile) was sufficient “to dispel any notion of confusion” between RED HORSE and BLACK HORSE.

The fact that DARK HORSE branded beer was sold by a third party without evidence of actual confusion with the BLACK HORSE mark was pointed out by the Court who considered this undermined any notion that Molson had secured brand recognition in relation to the word “HORSE” in association with beer. This observation was further compounded by the presence of the CHEVAL BLANC brand on the Canadian market, which supported the Court’s view that there is no automatic association of a horse with the Molson product. In the absence of evidence of actual confusion and based on common sense, the Court held that it is unlikely that the ordinary beer drinker, on hearing the words RED HORSE, would think that RED HORSE beer is made by the same entity that makes BLACK HORSE beer.

In reversing the TMOB’s decision, the Court went on to state that the TMOB’s refusal to register San Miguel’s mark was tantamount to granting Molson a trade-mark monopoly over the word “HORSE” of any colour for beer and that the breadth of that monopoly was unreasonable.

## Conclusion

This decision illustrates the importance of marketplace evidence of third party use and its potential impact on the assessment of confusion by the courts. Perhaps more importantly, this case may also serve as a cautionary tale to trade-mark owners attempting to monopolise common English words based on the extent of their use in Canada. However, it is the Court's focus on a beer drinking consumer as opposed to the average consumer as the relevant universe that is worth noting.



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