



McDONALD'S SUCCESSFULLY BLOCKS BID FOR MACDIMSUM TRADE-MARK

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In a case pitting fast-food giant McDonald's against a Toronto based individual named Tong. G. Cheah, the latter was thwarted in his attempt to register the trade-mark MACDIMSUM for food and drink products. The Federal Court of Canada dismissed Mr. Cheah's appeal and upheld the Opposition Board's decision that there is a likelihood of confusion between the trade-mark MACDIMSUM and McDonald's family of MC or MAC prefixed trade-marks combined with food related words. (*Cheah v. McDonald's Corporation*, 2013 FC 774, Hughes, J. July 10th, 2013).

The Trade-marks Opposition Board

On July 2, 2007, Mr. Tong G. Cheah applied to register the trade-mark MACDIMSUM in association with a large number of food and drink products, including "steamed BBQ pork buns, pork dumplings, spareribs in black bean sauce, beef short ribs in black pepper Sauce, deep fried chicken wings, assorted noodles namely, fried, braised, steamed, in soup, coffee, soymilk, bottled water, soft drinks, beer, wine, lemonade, and sake", on the basis of proposed use in Canada.

McDonald's Corporation and McDonald's Restaurants of Canada Limited ("McDonald's") opposed the MACDIMSUM application based primarily on the basis of its ownership and use of a family of registered trade-marks comprised of the element MC or MAC, in association with various foods and drinks as well as restaurant services. Most of these MC or MAC-formative trade-marks are followed by a food-related word such as MAC FRIES or MC CHICKEN.

McDonald's tendered evidence before the Trade-marks Opposition Board ("TMOB") that between 2003 and 2008, sales from its restaurants in Canada had exceeded 2 billion dollars. From 2003-2008, annual sales of its BIG MAC sandwiches in Canada had exceeded, on average, \$140,000,000 and those of its MC CHICKEN sandwiches had exceeded, on average, \$75,000,000. As for advertising, it was shown that McDonald's invests tens of millions of dollars on a yearly basis on

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advertising its goods and services, while each advertising campaign is designed to reach 75%-95% of Canadian households. In addition, McDonald's demonstrated that since at least as early as 1987, it has sold Asian-themed food products in Canada, including dipping sauces and chicken oriental salads.

McDonald's also opted to file survey evidence. In one survey, members of the Canadian public were shown a card bearing the word MACDIMSUM, and in the other, different people were shown a card bearing the word MAZDIMSUM. The survey expert reached several conclusions, including that 29% of those asked would identify McDonald's as the source of MACDIMSUM products. Noteworthy, the most common reason given for associating McDonald's was the presence of the element "MAC" in MACDIMSUM.

As for Mr. Cheah, he filed his own affidavit and appeared on his own behalf before the TMOB. His evidence consisted mainly of various Internet websites and copies of various third party publications. The TMOB concluded that much of Mr. Cheah's evidence was inadmissible hearsay and that in any event, it did not address in any meaningful way the issues raised by McDonald's in its opposition.

In its finding of confusion, the TMOB ruled numerous elements favoured McDonald's:

- The trade-mark MCDONALD'S is very well known, if not famous, in Canada in association with restaurant food and services
- MACDIMSUM is not a strong mark because it is dominated by the non-distinctive element "DIMSUM"
- The mark MACDIMSUM has not been used in Canada and therefore no reputation has been established at any material time
- Applicant's goods were similar and were to be sold in a restaurant environment
- McDonald's established extensive use of a family of trade-marks which include the prefixes MC and MAC for food products
- McDonald's continuously creates, uses, advertises and promotes trade-marks comprised of the prefix MC followed by the name of a food product
- McDonald's survey evidence supports its contention that a significant portion of the Canadian population would believe that Mr. Cheah's goods sold under the mark MACDIMSUM originate with McDonald's.

The Federal Court of Canada decision

Before the Federal Court, where new evidence filed is considered as substantial and significant, the standard of review is one of "correctness", otherwise the standard of review is one of "reasonableness".

Both parties filed additional evidence before the Federal Court. Mr. Cheah, who once again represented himself, filed another affidavit of his own comprised of a collection of newspaper articles and other materials, largely concerning the use of MAC in countries outside of Canada. His affidavit also included correspondence between

himself and the solicitors for McDonald's. The Federal Court concluded this additional evidence had no material bearing on the appeal.

Likewise, a further affidavit from McDonald's attesting to the continued use of the MC and MAC trade-marks by McDonald's in Canada for food items that some may consider Oriental was deemed to equally have no material effect on the decision under appeal. As such, the Federal Court held that the threshold to change the standard of review from "reasonableness" to "correctness" had not been met.

Word mark alone-an important consideration

The Federal Court underlined that Mr. Cheah filed an application for a word mark, not a word comprised of other words or design elements. As such, the TMOB and the Federal Court had to consider the fact that as a proposed use application, MACDIMSUM could potentially be used in any font style, in combination with any words or designs, and in any trade environment as may present itself from time to time. Undoubtedly, this factor did not weigh in Mr. Cheah's favour.

TMOB decision was reasonable

The Federal Court ruled that the TMOB's decision as to confusion was reasonable, despite noting that in other cases reaching the Federal Court of Appeal, McDonald's failed to preclude uses in respect of MAC for convenience stores or MCBEAN for coffee business (*McDonald's Corp v Silcorp Ltd* (1987), 24 CPR (3d) 207 (FC), 41 CPR (3d) 67 (FCA), and *McDonald's Corp v Coffee Hut Stores Ltd* (1996), 55 CPR 463 (FC), 68 CPR (3d) 168 (FCA)). However, these cases illustrated that evidence as to use or intended use was critical to any decision such as the one before the Court. Mr. Cheah presented very little in respect of probative evidence while McDonald's was considerable.

As for survey evidence, the Court noted the remarks made by the Supreme Court of Canada in *Masterpiece Inc. v. Alavida Lifestyles Inc.* (2011 SCC 27) that such evidence should be used with caution and not supplant the role of the judge. The Federal Court determined that the TMOB's reliance on survey evidence was appropriate insofar as it did not form the basis of its conclusions regarding confusion.

No merit to allegation of bullying

At the Hearing, Mr. Cheah asserted that he was being bullied by McDonald's. However, the Court found this allegation was unsubstantiated. To the contrary, the Court stated that McDonald's and its Counsel had conducted themselves in a proper and courteous manner before the Court. In dismissing allegations of bullying which

the Court held lacked merit, it referred to correspondence sent by Mr. Cheah to McDonald's lawyers in 2008 (filed on appeal by Mr. Cheah himself) which explored the possibility of MACDIMSUM becoming a global brand:

"...we can together perhaps explore the possibilities of a global MACDIMSUM partnership".

Conclusion

McDonald's has not always been successful in protecting its MC and MAC-formative trade-marks followed by food related words. However, as illustrated by McDonald's success in this decision, each case turns on its particular factual matrix. McDonald's victory in this case highlights the importance of not only relying on multiple trade-mark registrations having a common element but actually using such a family of marks, which usually leads to a broadening of the ambit of protection that would otherwise be afforded to individual trade-marks. In addition, despite that over the years, courts have been suspect as to the growing use and reliance upon survey evidence in trade-mark matters, this case illustrates that consumer surveys still remain relevant in the likelihood of confusion analysis, if used carefully and to good effect.



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