



LINGAYEN TRADE-MARK HELD DESCRIPTIVE AND THEREFORE INVALID IN INFRINGEMENT CASE, RULES FEDERAL COURT

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In a decision that examines competing roadmaps to determine when a trade-mark is descriptive of a place of origin, Canada's Federal Court recently held that the trade-mark LINGAYEN for Filipino food products was invalid and ordered that its corresponding registration be expunged. At the same time, the Court dismissed Plaintiff's action for infringement that relied on such registration (*MC Imports Ltd. v. Afod Ltd.*, 2014 FC 1161 (F.C., Rennie J., December 2, 2014)).

The Plaintiff MC Imports Ltd. (the "Plaintiff" or "MC Imports") is a Canadian company located in Ontario that was incorporated in 2004. MC Imports is in the business of importing and distributing fish and seafood products including bagoong, a fish/shrimp sauce, much appreciated within the Filipino community. MC Imports has used the trade-mark LINGAYEN to distinguish its wares and services. On February 16, 2000, its predecessor filed an application to register the trade-mark LINGAYEN and this application matured to registration on August 27, 2003. A year later, MC Imports Ltd. was created and the trade-mark was thereafter assigned to it on October 21, 2011. The 2003 registration protects the trade-mark LINGAYEN in association with food products, for example fish sauce, fish paste, shrimp preserves, salted fish and salted shrimp.

For its part, the Defendant Afod Ltd (the "Defendant" or "Afod") is also a Canadian company that operates in British Columbia. It is an importer of food products (including bagoong) from the Philippines and other Asian countries, that it sells to grocery stores in Canada.

In May 2011, the Defendant imported from the Philippines several dozen cases of bagoong. These products were imported with the Defendant's trade-mark, namely *Napakasarap*. The Defendant's labels also included the expression "Lingayen Style" below its trade-mark.

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The Defendant's revenue from the sales of these cases of bagoong amounted to less than 3,500\$.

Plaintiff objected to the Defendant's use of the word "Lingayen" on its cases of bagoong products and thereafter commenced trade-mark infringement proceedings against the Defendant in 2011. In response, the Defendant challenged by counterclaim the validity of the LINGAYEN registration.

Since the amount at stake was not very high, this matter was decided by way of a motion for summary trial during which each party provided affidavit evidence to the Court.

The Plaintiff's evidence explained that Bagoong is a regional, specialized product that has a connection with the Lingayen municipality in the Philippines. However, the Plaintiff's evidence provided facts suggesting that the significance of the word Lingayen was generally not known to Canadians, nor was it a word in common use in the English language.

For its part, the Defendant confirmed that Lingayen is indeed a place in the Philippines. The Defendant's evidence went so far as to advise that Lingayen is a place in the Philippines known to Canadian consumers and that Lingayen is also known to Canadians for its bagoong products.

The main issue to be decided by the Court was whether the LINGAYEN trade-mark was clearly descriptive or deceptively misdescriptive of the place of origin of the wares and activities associated with the trade-mark, as prohibited under section 12(1)(b) of Canada's *Trade-marks Act*, R.S.C. 1985, c. T-13 (the "Act"), when a trade-mark is registered. Indeed, a trade-mark that is clearly descriptive or deceptively misdescriptive of the place of origin of its wares or services is invalid and should be struck from the register. This specific case was not, however, one where the trade-mark was deceptively misdescriptive since the evidence established that the goods at issue did originate from Lingayen in the Philippines.

While the parties apparently agreed that Lingayen was a place in the Philippines, they disagreed on the legal consequence of this fact concerning the issue of descriptiveness. For example, the Defendant supported the position that recognition of a name as a place of origin is irrelevant for a finding of clear descriptiveness under the statutory criteria provided by section 12(1)(b) of the Act. From the Plaintiff's point of view, for a trade-mark to contravene section 12(1)(b) of the Act, a mark must have a generally recognized connection to the wares or services at issue, in the mind of the consumer. In other words, even though a geographical place exists somewhere outside Canada, if that locality is not known to Canadian consumers, a trade-mark that uses such name will not be considered to be clearly descriptive. Moreover, if the second perspective is to be adopted, who is the relevant "ordinary consumer" that must be considered when determining if a trade-mark contravenes section 12(1)(b) of the Act?

In the end, the Court did not have to choose what roadmap to follow since they both indicated the same result, namely that the LINGAYEN registration was invalid because the trade-mark was clearly descriptive of the place of origin of the wares associated therewith, in a way that contravenes section 12(1)(b) of the Act.

The Court did review the authorities on the issue of clear descriptiveness of place of origin. For example, one line of authorities supports the proposition that the trade-mark must be examined from the point of view of ordinary consumers (*Atlantic Promotions Inc v Canada (Registrar of Trade Marks)* (1984), 2 CPR (3d) 183 (FCTD); *Consorzio del Prosciutto di Parma v Maple Leaf Meats Inc.*, [2001] 2 FC 536 (TD); affirmed, 2002 FCA 169).

In contrast, the Court in *Sociedad Agricola Santa Teresa Ltda v Vina Leyda Ltda*, 2007 FC 1301, held that clear description of a place of origin “is not dependent on the knowledge, or lack thereof, of the average Canadian consumer.” What is important is the existence of a region under a particular name and the connection between that region and particular goods or services. Under this approach, it is the connection between region and good which is decisive rather than the issue of perception by the Canadian consumer.

However, regardless of what legal reasoning mirrors most closely the words of section 12(1)(b), the Court was of the view that in this specific case, they both provided an inescapable conclusion, namely that the registration for the LINGAYEN trade-mark was invalid. Indeed, there existed an objective connection between the City of Lingayen and the goods originating therefrom. Moreover, even taking into account the perception of the Canadian consumer, the result would be the same because of the identity of the “ordinary consumer” of the wares at issue. This consumer is not *any* consumer but rather, the average Canadian consumer of the particular goods in question, in other words “those Canadians who are familiar with and typically purchase the ware in question” (paragraph 37 of the Court’s reasons). In this case, the evidence revealed that the main purchasers of bagoong in Canada are Canadians of Filipino or South-East Asian origin (paragraph 40 of the Court’s reasons). The Court therefore wrote (at paragraph 42): “In conclusion, given that the wares at issue do originate from Lingayen, and that Lingayen, as a region, has a generally recognized connection to fish sauce products from the perspective of the average Canadian consumer of the wares in question, it is clearly descriptive of those products’ place of origin. Regardless of which approach is taken to the question of geographic marks – the outcome is the same.”

Accordingly, the Court declared the Plaintiff’s registration invalid.

As a further finding, the Court noted that the Defendant was not even using the word “Lingayen” as a trade-mark but rather as a way to indicate a characteristic of the bagoong products.

This case is instructive for traders who sell in Canada imported products. While the mark they choose to register and link to their goods in Canada might not be a household name for a majority of Canadians, if it is known to that segment of the population that seek out the goods in question as the name of the place of origin of those goods, it is the perception of those consumers that will be relevant in case of a challenge to the validity of the registration of the mark that raises the issue of clear descriptiveness of the mark as it concerns place of origin.



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