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DISMISSAL OF INJUNCTION MAINTAINED ON APPEAL, BUT DIFFERENT REASONS OUTLINED

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In a judgment rendered on February 4, 2010 by the Court of Appeal of the province of Quebec in the case of *Octeau c. Kempter Marketing Inc.*, 2010 QCCA 171 (CanLII), the bench confirmed the ruling made by the Superior Court by concluding that it was improbable that a “casual consumer in somewhat of a hurry” purchasing medium-priced HÖRST DÜSSELDORF men’s clothing products in a retail outlet would consider them related to high-end HORST WATERPROOF cycling products in a high-end sporting good store.

Kempter Marketing Inc. (“KMI”) and Ango-Mode Inc. are both using the term “Hörst” (without the umlaut in the former case and with it in the latter) in their respective trademarks used in association with distinct products sold to distinct classes of retailers.

Ango-Mode sells a complete collection of menswear marketed under the trademark HÖRST DÜSSELDORF, and spends significant amounts in advertisement to promote it.

KMI specializes in the sale and distribution of products associated with skiing and cycling. Among these products are waterproof bags to attach to bicycles. These bags are sold in high-end sports shops under the trademark HORST WATERPROOF.

The Court noted that, after careful consideration of the statement found in the opinion of the Supreme Court of Canada to the effect that “[l]uxury champagne and mid-priced women's wear are as different as chalk and cheese”, the trial judge indicated that there was no likelihood of confusion between the trademarks of KMI and Ango-Mode.

The appellants attempted to convince the Court of Appeal of an erroneous appreciation by the trial judge of the distinctive character of the HÖRST DÜSSELDORF trademark and that no account of three of the criteria that must be

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examined in subsection 6(5) was taken, namely (i) the duration of use of the trademarks, (ii) the nature of the trade and (iii) the degree of resemblance in appearance between their marks and those of KMI.

The Court of Appeal acknowledged that the trial judge has not pondered all of the relevant circumstances that must be examined, including factors enumerated in subsection 6(5) of the Act, and then proceeded with its own analysis of the circumstances:

- In respect of the inherent distinctiveness of the trademarks and the extent to which they have become known, the Court found that the trademark HÖRST DÜSSELDORF was not distinctive enough when KMI's began to use its Horst Waterproof trademark so as to justify the injunctive protection sought.
- In respect of the length of time of the trademark use, the Court was of the view that since the HÖRST DÜSSELDORF trademark of Ango-mode had only been recently marketed, such use was not sufficient to confer a distinctive character to it.
- In respect of the nature of the wares, services or business, the Court concluded that the likelihood of confusion based on this criterion was at best rather slight and more probably non-existent, especially given their respective products were not currently in the same general category of wares.
- In respect of the nature of the trade, given the differences between the parties in the means of distribution of their respective wares, the Court said that the likelihood of confusion was not enhanced by these circumstances.
- In respect of the degree of resemblance between the trademarks in appearance or sound or in the ideas suggested by them, the Court's view was that it was insufficient to give rise to a likelihood of confusion, notably in light of the fact that the second word in HORST WATERPROOF is intended to be descriptive, which is not the case for the second word in HÖRST DÜSSELDORF.
- In respect of any other relevant surrounding circumstances, the Court stated that no valid conclusion could be drawn from KMI's abandonment of its application to register its HORST WATERPROOF trademark when confronted with Ango-Mode's opposition to the registration, especially given that the position taken by the Trademark Office as to the existence of confusion was not based on anything more than an examination of KMI's application, without any evidentiary hearing or legal argument.

In light of its analysis, the Court of Appeal agreed with the dismissal of the case by the trial judge and rejected the appeal with costs.

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