



WHEN THE TRADE-MARKS OPPOSITION BOARD EXCEEDS ITS JURISDICTION

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In an appeal from a decision of the Trade-marks Opposition Board (T.M.O.B.), in *Molson Canada 2005 v. Anheuser-Busch, Incorporated* [2010 FC 283], the Federal Court ruled that the T.M.O.B. exceeded its jurisdiction by limiting the scope of protection accorded to the Applicant's (Molson) trade-mark registration in its opposition against the registration of the trade-mark Budweiser & Design (the Budweiser Application) filed by the Respondent (Anheuser) for use in association with beer and various merchandising products.

1. The Factual Background and the Litigation History

Molson is the owner of the Standard Lager & Label Design trade-mark registered in 1926 in association with standard lager. Said registration also constitutes one of Molson's grounds of opposition before the T.M.O.B. Anheuser owns two Budweiser & Label Design trade-marks registered in 1970 in association with beer on the basis of use in Canada since at least as early as 1957 and 1903 respectively.

The present case is not the parties' first battle regarding these registered marks. One of the most important decisions in their history of litigation is the Court of Appeal's decision in 1986 [*Carling O'Keefe Breweries of Canada Ltd. v. Anheuser-Busch Inc.* (1986), 10 C.P.R. (3d) 433] ruling that the trade-marks at issue were confusingly similar but admitting Carling O'Keefe's (the then owner of the Standard Lager & Label Design trade-mark registration) equitable defence of laches and acquiescence. It is worth noting that such a defence was successful notwithstanding a certain "cloud" on Carling O'Keefe's registration considering the fact that said trade-mark, if not an actual copy, was inspired by and designed with the knowledge of the Budweiser & Label Design trade-mark. Consequently, both parties' registrations, although admittedly confusing, remained valid.

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2. The T.M.O.B. Decision Under Appeal

The T.M.O.B., rejecting Molson's opposition, divided its reasons into two parts based on the products involved: beer and merchandising products. In rejecting the opposition regarding the first category of products on the basis of a cloud on Molson's initial registration, and hence in deciding that it had jurisdiction to determine whether Molson should be allowed to rely on its Standard Lager & Label Design trade-mark, the T.M.O.B. relied heavily on the Court of Appeal's decision. Regarding the second category of products, the T.M.O.B. found that there was no reasonable likelihood of confusion between both parties' marks and rejected each of the grounds of opposition.

3. The Federal Court's Analysis

The Court is of the view that the 1986 Court of Appeal's decision does not apply to the opposition matter. The Budweiser Application is a new application for a unique trade-mark, although considered as an updated version. The issues previously addressed by the Court of Appeal are different from the issue standing before the T.M.O.B., namely the registrability of the Budweiser Application, based on proposed use, in light of the Standard Lager registered mark.

In addition, the T.M.O.B. committed an error by determining that it had jurisdiction to limit the scope of protection accorded to Molson's registered mark. In an opposition proceeding, the T.M.O.B. is limited to determining if a proposed trade-mark is or is not registrable and the opponent's registered trade-mark is not an issue. In its analysis, the Court also reminds that the Registrar is a creature of statute with no inherent jurisdiction, it does not have the jurisdiction to make tacit amendments to the register and its powers on opposition, provided by Section 38 of the *Trade-marks Act* (the Act), do not include any reference to equity or a duty to reach a fair or just result.

This said, the Court undertook a confusion analysis based on section 6 of the Act and concluded that, as far as "beer" is concerned, the Budweiser Application was confusing with Molson's Standard Lager registered mark. In addition to the factors listed in subsection 6(5) of the Act, the Court also considered "two heavily weighted surrounding circumstances: (1) the fact that the Federal Court of Appeal found two similar marks confusing and (2) that in their Memorandum of Fact and Law both the Applicant and Respondent stated that the Standard Lager mark and the [Budweiser Application] were confusing." (par. 86 of the decision). The appeal of the T.M.O.B. decision in relation to "beer" was therefore allowed.

With respect to the remaining products, namely the merchandising items, the Court determined on a balance of probabilities that there was not a reasonable likelihood of confusion between the Standard Lager trade-mark and the Budweiser Application, and hence dismissed this second part of the appeal.

Although the issue of jurisdiction is often a grey zone, this case clearly reminds that only the Federal Court has the jurisdiction to alter the register in the manner advocated by the Respondent, and that the T.M.O.B. and the parties involved should always be careful when relying on litigation history.

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