NOT JUST ABOUT FAMOUS TRADE-MARKS: A REVIEW OF OTHER ISSUES RAISED BY THE SUPREME COURT OF CANADA IN THE VEUVE CLICQUOT PONSARDIN AND MATTEL DECISIONS

BARRY GAMACHE
LEGER ROBIC RICHARD, LLP
LAWYERS, PATENT & TRADE-MARK AGENTS

Abstract

On June 2, 2006, the Supreme Court handed down its two much anticipated companion decisions in Mattel, Inc. v. 3894207 Canada Inc., [2006] 1 S.C.R. 772 and Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée, [2006] 1 S.C.R. 824 on the protection of famous trade-marks in Canada. On the issue of likelihood of confusion involving a famous trade-mark, the Supreme Court seems to have crafted a new test – at least when dealing with the situation of a famous trade-mark being carried over by a newcomer into a different field of trade – namely, will the famous mark be associated by ordinary consumers with the newcomer’s area of trade? The Supreme Court’s decisions also addressed other issues: For example, registration was described as a shield against damage claims; a stringent test has now been detailed for s. 22 claims under the Trade-marks Act; finally, important points applicable to opposition proceedings were outlined, most notably the onus applicable therein.

Résumé


© CIPS, 2008

Barry Gamache is a member of LEGER ROBIC RICHARD, L.L.P., a multidisciplinary firm of lawyers, patent and trade-mark agents; he was one of the lawyers appearing for Veuve Clicquot Ponsardin, maison fondée en 1772 before the Federal Court, Trial Division (now the Federal Court of Canada), the Federal Court of Appeal and the Supreme Court of Canada. As he was involved in the prosecution of Veuve Clicquot Ponsardin’s claims, reference will be made more specifically in this paper to the factual circumstances of the Veuve Clicquot Ponsardin case. Paper presented to the 80th Annual Meeting of the Intellectual Property Institute of Canada, September 27-30, 2006, St. Andrews-by-the-Sea, New-Brunswick. Publication 380.

LEGER ROBIC RICHARD, L.L.P.
1001 Square-Victoria - Bloc E - 8th floor
Montreal (Quebec) Canada H2Z 2B7
Tel.: (514) 987-6242 Fax: (514) 845-7874
www.robic.ca info@robic.ca
l’occurrence, la marque célèbre serait-elle associée par les consommateurs ordinaires au domaine d’activité du nouveau venu ? Les décisions de la Cour suprême ont également abordé d’autres points : par exemple, l’enregistrement d’une marque pourrait maintenant être considéré comme une défense à l’encontre d’une réclamation pour dommages ; un test rigoureux a été détaillé pour les réclamations en vertu de l’article 22 de la Loi sur les marques de commerce ; finalement, des indications ont été données relativement au fardeau applicable lors de procédures d’opposition.

1.0 INTRODUCTION

On June 2, 2006, the Supreme Court of Canada handed down its much anticipated decisions in Mattel, Inc. v. 3894207 Canada Inc.\(^1\) and in Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée.\(^2\) A unanimous Court affirmed the lower courts’ rejection of Mattel, Inc.’s opposition to the registration of the trade-mark BARBIE’S (& Design) for restaurant services; it also confirmed the dismissal of Veuve Clicquot Ponsardin’s various claims (including its request for injunctive relief) under Canada’s Trade-marks Act\(^3\) (the “Act”) against a chain of women’s retail clothing stores using the service mark CLIQUOT. At the heart of each trade-mark case was the scope of protection to be granted to famous trade-marks and in these particular instances, to both the famous and long standing BARBIE and VEUVE CLICQUOT marks, owned respectively by the American toy manufacturer and the French Champagne house. Although the Court confirmed the lower courts’ findings that both BARBIE and VEUVE CLICQUOT were famous marks, it concluded that the evidence in each case did not support a finding of likelihood of confusion, where one newcomer had applied to register a BARBIE’S type trade-mark for restaurant services, while the other had adopted the mark CLIQUOT for its women’s retail clothing stores.

In both sets of reasons, however, the Court agreed with appellants that the case law\(^4\) which had been relied upon by the lower courts had put too much emphasis on the similarities and dissimilarities in the nature of the wares, services or business when analysing likelihood of confusion involving a famous trade-mark. One may say that the Court’s decisions in both cases have clarified the likelihood of confusion test regarding famous trade-marks, first reviewed in 1998 by the Federal Court of Appeal in Pink Panther Beauty Corp. v. United Artists Corp.\(^5\) and further described in 2000

---

\(^1\) Mattel, Inc. v. 3894207 Canada Inc., [2006] 1 S.C.R. 772; 2006 SCC 22.  
by the same appellate court in *Toyota Jidosha Kabushiki Kaisha v. Lexus Foods Inc.*\(^6\) The Supreme Court’s clarification of the *Pink Panther Beauty Corp.* test – which will be analyzed – is part of the *Mattel* and *Veuve Clicquot Ponsardin* legacy.

However, in both decisions, the Court did raise other issues of interest to trade-mark practitioners, such as the extent of the rights conferred by registration, the interpretation of s. 22 of the Act and the characterization of the onus in opposition proceedings. Yet all these points appeared to have been overshadowed by the debate on the extent of the protection granted to famous trade-marks. This paper will attempt to address these other important, if less discussed issues and their treatment by case law since the Supreme Court’s companion decisions.

### 2.0 HOW LIKELIHOOD OF CONFUSION IS TO BE MEASURED: THE CASE INVOLVING FAMOUS TRADE-MARK VEUVE CLICQUOT

#### 2.1 Background

“Among those with champagne tastes, the brand of Veuve Clicquot Ponsardin is considered among the very best.”\(^7\) With these kind words, Binnie J. of the Supreme Court of Canada introduces the plaintiff Champagne house and its much appreciated sparkling drink. Tracing its origins to the last years of France’s *ancien régime*, plaintiff Veuve Clicquot Ponsardin owes its well-deserved reputation partly to the impressive achievements of Nicole Clicquot Ponsardin (1777-1866) who, as a young *veuve*, in 1805, succeeded her late husband at the head of a then small Champagne house. Madame Clicquot was key in the development of her champagne’s much appreciated qualities. To her, we owe the *pupitre de remuage* (or riddling rack) whose innovative use in the early 1800s allows us today to enjoy translucent champagne – as compared to its less aesthetically pleasing late 18\(^{th}\) century predecessor, which presented a somewhat cloudy appearance. VEUVE CLICQUOT champagne was first distributed in Canada during the last days of the 1890s. It has found fame and acclaim in circles of connoisseurs and in larger ones of occasional users. Veuve Clicquot Ponsardin registered its first trade-mark – one of its labels – in Canada in 1909, while a more recent application for the word mark VEUVE CLICQUOT matured to registration in 1980 for champagne wines with a claim of use of the mark in Canada since at least 1899.

Defendants Boutiques Clicquot Ltée, Mademoiselle Charmante Inc. and 3017320 Canada Inc. are much younger, “New World”, corporate entities who operate in the provinces of Quebec and Ontario a chain of mid-priced women’s retail clothing stores under various trade names such as Mademoiselle Charmante, Colette, Cadance


\(^{7}\) *Supra*, note 2, at para. 1.
Petite and Charmante Petite. In 1995, defendants chose two new trade-marks, CLIQUOT and CLIQUOT “UN MONDE À PART” for six of their boutiques. On August 20, 1996, defendant Mademoiselle Charmante Inc. applied to register the trade-marks CLIQUOT and CLIQUOT “UN MONDE À PART” (the “CLIQUOT marks” or “CLIQUOT registrations”), both for the operation of retail clothing stores with respect of ladies’ wear and accessories on the basis of use of each trade-mark in Canada since as early as March 1995. Both applications were published for opposition purposes on March 5, 1997 and, in the absence of any objection, proceeded to registration on August 1, 1997.

On November 5, 1998, after learning of the existence of the CLIQUOT boutiques through its Canadian agent, plaintiff Veuve Clicquot Ponsardin initiated legal proceedings before the Federal Court of Canada against the three aforementioned defendants. Plaintiff sought an injunction to end the use of the marks CLIQUOT and CLIQUOT “UN MONDE À PART”; additionally, it requested that both of the 1997 registrations of these marks be struck out.

Plaintiff’s action before the Federal Court was based, inter alia, on s. 20 of the Act, which sets out the right of the owner of a registered trade-mark to stop the use of any confusing trade-mark. As will be fully outlined later, the grounds for expungement were also founded on alleged confusion. Finally, plaintiff’s request for an injunction was further based on s. 22 of the Act, which states that no person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attached thereto.

The trial in this matter was held from November 18 to November 21, 2002. On January 30, 2003, Tremblay-Lamer J. of the Federal Court dismissed all of plaintiff’s claims. On April 22, 2004, plaintiff’s appeal before the Federal Court of Appeal was also dismissed.

The allegation of likelihood of confusion, which was brought forward by Veuve Clicquot Ponsardin – and which formed part of its basis for an injunction and was crucial to its claim for expungement – was dismissed by the lower courts in large part due to the rules governing the protection of famous trade-marks in Canada, described by the Federal Court of Appeal in March 1998 in Pink Panther Beauty

---

9 Ibid., at paras. 4 and 60.
10 Ibid., at para. 39.
11 Ibid., at para. 12.
12 Ibid., at paras. 80, 87, 97 and 107.
2.2 The Search for a Connection

On March 30, 1998, the Federal Court of Appeal handed down its much debated decision in *Pink Panther Beauty Corp. v. United Artists Corp.*, an opposition case which had originated from the Trade-Marks Opposition Board where United Artists Corporation, owner of the famous trade-mark THE PINK PANTHER (associated to the comedy films with Peter Sellers as Inspector Clouseau), was unsuccessful in its opposition against the registration of the trade-mark PINK PANTHER for hair care and beauty product supplies and the operation of a business dealing in their distribution. A divided Federal Court of Appeal tackled the issue as to the scope of protection to be granted to famous trade-marks in Canada when applying the test of likelihood of confusion under s. 6 of the Act.

The reasons of Linden J., who wrote for the majority, were seen as requiring a “connection” between the parties’ areas of trade if likelihood of confusion is to be found between a senior user’s famous trade-mark and a newcomer’s similar mark. Absent such a connection, a senior user would face an uphill battle in challenging a newcomer who had carried over its famous mark into a new field of trade. This apparent search for a “connection” was underlined more than once by Linden J.:

[44]

... The wide scope of protection afforded by the fame of the appellant’s mark only becomes relevant when applying it to a connection between the applicant’s and the opponent’s trade and services. No matter how famous a mark is, it cannot be used to create a connection that does not exist.

[46]

A number of other cases have come to my attention involving famous trade-marks such as “Coca-Cola”, “Cartier” and “Wedgwood”. In each of these cases the famous mark prevailed, but in each case a connection or similarity in the products or services was found. Where no such connection is established, it is very difficult to justify the extension of property rights into areas of commerce that do not
remotely affect the trade-mark holder. Only in exceptional circumstances, if ever, should this be the case.\footnote{Ibid., at para. 46 –endnotes omitted.}...

\[51\]

\ldots What the Trial Judge did not give sufficient weight to is that, not only were the wares in each case completely disparate, but there is no connection whatsoever between them. As I stated earlier, where no such connection exists a finding of confusion will be rare.\footnote{Ibid., at para. 51.}

The importance of a “connection” was again highlighted by a unanimous bench of the Federal Court of Appeal on November 20, 2000, in the subsequent case of \textit{Toyota Jidosha Kabushiki Kaisha v. Lexus Foods Inc.},\footnote{\textit{Supra}, note 6.} another opposition case where the Japanese car manufacturer unsuccessfully opposed registration of the trade-mark LEXUS for, \textit{inter alia}, canned fruits and vegetables. Writing again for the Court, Linden J. emphasized:

\[7\] \ldots The use of the phrase "whether or not the wares or services are of the same general class" as used in subsections 6(2), 6(3) and 6(4) does not mean that the nature of the wares is irrelevant in determining confusion; they suggest only that confusion may be generated with goods that are not in the "same general class", but still have some resemblance or linkage to the wares in question.\footnote{Ibid., at para. 7.} \ldots [emphasis in original text.]

In light of this emphasis by the Federal Court of Appeal upon a search for a connection between areas of trade before a finding of likelihood of confusion is to be made, the need for a “connection” between a champagne manufacturer’s business and the world of fashion was very much a concern for both plaintiff Veuve Clicquot Ponsardin and the trial judge when the latter heard the case in November 2002. Veuve Clicquot Ponsardin introduced evidence which purported to establish such a connection, \textit{i.e.}, the advertising of plaintiff’s products in fashion magazines directed at women and the sponsorship of fashion shows, along with the ever important presence in plaintiff’s promotional activities of references to Madame Clicquot, a pioneer in her own right as a businessperson, at a time when few women exercised such responsibilities - which explains why plaintiff aims to sell its product to women.

After reviewing the evidence, the trial judge made several findings favourable to plaintiff. She wrote that while plaintiff’s registered trade-mark was VEUVE
CLICQUOT, its distinctive part was CLICQUOT, which she also described as one of plaintiff’s marks; she concluded that plaintiff’s VEUVE CLICQUOT and CLICQUOT marks had significant inherent distinctiveness and deserved extensive protection; she also found that there was no other similar mark on the market in Canada. She recognized the great degree of resemblance between the parties’ marks as their dominant features were respectively CLICQUOT (for plaintiff) and CLIQUOT (for defendants). She noted that the length of time during which the parties’ trade-marks had been in use in Canada favoured plaintiff as the trade-mark VEUVE CLICQUOT had been used in Canada since at least 1899. Finally, she made the crucial finding that plaintiff’s mark was famous.

However, on the facts before her, the trial judge was not convinced that Veuve Clicquot Ponsardin’s advertising in women’s magazines and its involvement in fashion shows were sufficient to establish a bridge between Veuve Clicquot Ponsardin’s principal activity and that of the defendants. In her view, the evidence established that women were but one market targeted by plaintiff as consumers of its champagne. In dismissing plaintiff’s allegation of likelihood of confusion, the trial judge referred specifically to the principles of Pink Panther Beauty Corp. and wrote in her reasons about findings made in that case: “The Court found no connection between the parties’ products and services, and consequently held that there was no risk of confusion”. In the trial judge’s view, the absence of a connection between the parties’ areas of trade in Pink Panther Beauty Corp. consequently lead to a finding of absence of likelihood of confusion in that case. Accordingly, a “connection” or bridge between champagne and women’s fashion appeared to be a precondition for any finding of likelihood of confusion; in the absence of such connection, plaintiff’s claim was dismissed. This decision was confirmed by the Federal Court of Appeal.

2.3 What the Supreme Court decided

Writing for the Court in Veuve Clicquot Ponsardin, Binnie J. affirmed the trial judge’s finding that VEUVE CLICQUOT is a “famous” mark. This circumstance is important because fame presupposes that the mark transcends at least to some extent the

---

22 VEUVE CLICQUOT was one of several registered trade-marks relied upon by plaintiff; it was however the most relevant as being the one having the greatest degree of resemblance with defendants’ marks.
23 Supra, note 8, at paras. 8, 44, 58 and 63.
24 Ibid., at para. 58.
25 Ibid., at paras. 44 and 62 to 66.
26 Ibid., at para. 60.
27 Ibid., at para 75 (in the original French version of her reasons, the trial judge used the word “célèbre” to describe plaintiff’s mark).
28 Ibid., at para. 69.
29 Ibid., at para. 78.
30 Supra, note 13.
wares with which it is normally associated. In this case, the evidence revealed that VEUVE CLICQUOT evoked a broad association with luxury goods. However, on the facts of this case, was there a requirement to look for a “connection” between plaintiff’s products and women’s fashion?

On this issue, Binnie J. agreed that the search for a connection outlined in Pink Panther Beauty Corp. put too much emphasis on the similarities and dissimilarities in “the nature of the wares, services or business” – i.e. these circumstances described in para. 6(5)(c) of the Act – and to that extent strayed from the statutory “all the surrounding circumstances” test. In the companion Mattel case, Binnie J. wrote that the “exceptional circumstances... if ever” test outlined at para. 46 of the majority’s reasons in Pink Panther Beauty Corp., quoted supra, puts the bar too high and may be seen as an attempt to impose rigidity where none exists. Therefore, if the result of the use of a new trade-mark would be to introduce confusion in the marketplace, this should not be allowed “whether or not the wares or services are of the same general class”, pursuant to ss. 6(2). However, according to the Supreme Court, the correct test was stated by the majority elsewhere in Pink Panther Beauty Corp., when it wrote at para. 33: “the totality of the circumstances will dictate how each consideration should be treated”; finally, the portion of the reasons in Pink Panther Beauty Corp. requiring a “connection” or “resemblance” between areas of trade in order to establish likelihood of confusion were only dicta and should therefore not be followed.

Clarification of the Pink Panther Beauty Corp. test did not, however, help plaintiff Veuve Clicquot Ponsardin in its own case; the Supreme Court affirmed the trial judge’s overall assessment of the situation and Binnie J. concluded that, in the circumstances of the case before her, she correctly weighed all the competing factors when she wrote that despite the fame associated with “CLICQUOT”, a unique mark deserving extensive protection, there was no likelihood of confusion between the parties’ respective trade-marks because of the great difference in the parties’ areas of trade. According to the Supreme Court, it was not the search for a connection that determined the outcome of this case; rather, it was the assessment of the totality of the circumstances which was correctly carried out, in this case, by the trial judge. Although the Supreme Court disagreed with the view that a search for a “connection” between champagne and women’s fashion was required – and despite plaintiff’s evidence which purported to establish such connection i.e. the advertising of plaintiff’s products in fashion magazines directed at women and the sponsorship of fashion events – it nonetheless stated that the evidence did not reveal that the VEUVE CLICQUOT mark would be associated by ordinary consumers with mid-priced women’s clothing. With this key finding, the Court dismissed plaintiff’s appeal.

32 Ibid., at para. 27.
33 Supra, note 1, at para. 63.
34 Ibid., at paras. 63, 67 and 71.
35 Supra, note 8, at paras. 78 and 80.
A similar result was achieved in the *Mattel* case where the Court affirmed the rejection of Mattel, Inc.’s opposition to the registration of the trade-mark BARBIE’S (& Design) for restaurant services; there, applying the reasonableness standard of review, the Court confirmed that the “all of the surrounding circumstances” test had also appropriately been taken into consideration by the Opposition Board (whose decision was reasonable) and that in cases such as the one involving Mattel, Inc.’s opposition, some circumstances (such as the difference in wares) will carry greater weight than others.

While having set aside the requirement for a “connection” or “resemblance” between areas of trade when applying the likelihood of confusion test, the Supreme Court seems to have crafted a new test – at least when dealing with the situation of a famous trade-mark being carried over by a newcomer into a different field of trade – namely, will the famous mark be associated by ordinary consumers with the newcomer’s area of trade?

Examination of the senior user’s mark and its aura appears to be a departure from the traditional approach regarding the assessment of likelihood of confusion where attention is usually directed to the impression left by the newcomer’s mark. For example, in *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.* which was referred to by Binnie J. in his reasons, the newcomer had used for its pornographic film “costumes” that reproduced the trade-mark indicia owned by the senior user’s cheerleading squad. There, the United States Court of Appeal, Second Circuit, measured confusion by examining what the newcomer’s mark suggested, not by requiring that the senior user’s mark be known in the newcomer’s field:

> The public’s belief that the mark’s owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement. In the instant case, the uniform depicted in “Debbie Does Dallas” unquestionably brings to mind the Dallas Cowboys Cheerleaders. Indeed, it is hard to believe that anyone who had seen defendants’ sexually depraved film could ever thereafter disassociate it from plaintiff’s cheerleaders.

It was not suggested by the United States Court of Appeal that the test for confusion should be whether the Dallas Cowboys Cheerleaders’ trade-mark indicia would be associated by consumers with pornographic films.

This said, a likely rationale for the special attention that must be given to a senior user’s famous trade-mark when examining the issue of likelihood of confusion may be the Supreme Court’s acknowledgement of the varying degrees of fame which

---

36 *Supra*, note 1, at para. 40.
different individual trade-marks may claim and the difficulty in crafting a “one size fits all” test for famous trade-marks. Some trade-marks may be famous for a wide range of products to virtually all members of the consuming public; others may be famous only within a circle of connoisseurs in a particular field; others are universally famous but only in association with a specific product. Binnie J. described the situation in the following terms:

32... Famous marks do not come in one size. Some trade-marks may be well known but have very specific associations (Buckley’s cough mixture is advertised as effective despite its terrible taste, not, one would think, a brand image desirable for restaurants). Other famous marks, like Walt Disney, may indeed have largely transcended product line differences.⁴⁰

It is now clear that there is no longer a requirement to look for a “connection” – which may prove elusive in many circumstances – between areas of trade in the protection of famous trade-marks. However, owners of famous trade-marks and their attorneys should be mindful that evidence concerning a famous trade-mark’s specific aura – and its association to the newcomer’s field of trade – should now be contemplated in order to meet what seems to be the new criteria for the protection of famous trade-marks as set out by the Supreme Court of Canada in Veuve Clicquot Ponsardin.

3.0 THE EXTENT OF THE RIGHTS CONFERRED BY REGISTRATION

While concerned with the protection of famous trade-marks, the case of Veuve Clicquot Ponsardin also touches upon the issue of the rights conferred by registration under the Act. Indeed, defendant Mademoiselle Charmante Inc. had secured registration of its trade-marks CLIQUOT and CLIQUOT “UN MONDE À PART” on August 1, 1997 (more than a year before plaintiff launched its suit for injunctive relief) and therefore had exclusive rights under s. 19 of the Act. The grounds of each remedy sought by plaintiff are important as defendants argued before the Federal Court that plaintiff must first overcome a preliminary hurdle and obtain the expungement of the CLIQUOT marks – and the setting aside of the rights conferred by registration under the Act – before it can argue that it is entitled to obtain injunctive relief against them (before the Supreme Court, defendants pushed this argument further and argued that the August 1, 1997 registration of the CLIQUOT marks was a complete answer to plaintiff’s claims). In order to determine whether expungement must precede injunctive relief, consideration will be given to the various grounds of action raised by plaintiff.

3.1 Plaintiff’s various claims

⁴⁰ Supra, note 2, at para. 32.
As owner of many registered trade-marks – including the trade-mark VEUVE CLICQUOT – plaintiff’s request for injunctive relief was founded, *inter alia*, on s. 20 of the Act which provides in part:

20. (1) The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade-mark or trade-name...

Plaintiff’s claim that defendants were using a “confusing trade-mark” under s. 20 obviously required consideration of part of s. 6 of the Act, which merited much attention in Binnie J.’s discussion on famous trade-marks:

6. ...

(2) The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

...

(5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

(a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;

(b) the length of time the trade-marks or trade-names have been in use;

(c) the nature of the wares, services or business;

(d) the nature of the trade; and

(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

Plaintiff’s claim for an injunction was also founded on s. 22 of the Act, which prohibits, in its relevant part, the use of a registered trade-mark (here, VEUVE CLICQUOT, among others) in a manner that is likely to have the effect of depreciating the value of its goodwill:

22. (1) No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.

Plaintiff’s grounds for expungement (founded on s. 18 of the Act) were more numerous but narrower in scope inasmuch as they all raised the issue of “confusion”
or the related issue of lack of distinctiveness of the CLIQUOT marks, albeit all at different dates.

Plaintiff argued that the CLIQUOT marks were invalid because at the date of their registration (here, August 1, 1997), they created confusion with plaintiff’s registered marks (including VEUVE CLICQUOT), on the basis of paras. 12(1)(d) and 18(1)(a) of the Act which provide in part:

18. (1) The registration of a trade-mark is invalid if
(a) the trade-mark was not registrable at the date of registration...
12. (1) Subject to section 13, a trade-mark is registrable if it is not ...
(d) confusing with a registered trade-mark...

According to plaintiff, defendants’ marks were also invalid as they were not distinctive of the defendants’ services at the time proceedings bringing the validity of the registrations into question were commenced (here, November 5, 1998), on the basis of para. 18(1)(b) and s. 2 of the Act:

18. (1) The registration of a trade-mark is invalid if
(b) the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced, or ...
2. ... “distinctive”, in relation to a trade-mark, means a trade-mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares or services of others or is adapted so to distinguish them...

Finally, plaintiff alleged that defendant Mademoiselle Charmante Inc. was not the person entitled to registration of the CLIQUOT marks because at the time these marks were allegedly used for the first time (here, March 1995), they were confusing with plaintiff’s previously used trade-marks in Canada, on the basis of paras. 18(1) in fine and 16(1)(a) of the Act:

18. (1) The registration of a trade-mark...
is invalid if the applicant for registration was not the person entitled to secure the registration.
16. (1) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that he or his predecessor in title has used in Canada or made known in Canada in association with wares or services is entitled, subject to section 38, to secure its registration in respect of those wares or services, unless at the date on which he or his predecessor in title first so used it or made it known it was confusing with (a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;
...
The grounds for expungement did not mirror those for injunctive relief, as likelihood of depreciation is not a ground for expungement under s. 18, a legal point confirmed by the 2007 Federal Court of Appeal decision in Remo Imports Ltd. v. Jaguar Cars Ltd. This difference in scope of the various grounds for each remedy is important. Indeed, if in law, expungement must first be sought and obtained before any claim for injunctive relief against the use protected (up till then) by registration is to be considered, then any evidence of likelihood of depreciation of plaintiff’s registered mark caused by defendants would not allow plaintiff to obtain an injunction to stop any use allowed by registration if Mademoiselle Charmante Inc.’s marks are still on the register. Therefore, if the CLIQUOT marks remain on the register –and this decision by the trial judge was ultimately confirmed by the Supreme Court – then their owner will retain the right to their use and defeat claims for an injunction to stop such use. These are among the important – but implicit – rulings made by the Supreme Court.

3.2 Rights conferred by Section 19

On August 1, 1997, defendant Mademoiselle Charmante Inc. secured registration for its two CLIQUOT marks. As such, from that date, it was granted the rights conferred by s. 19 of the Act:

19. Subject to sections 21, 32 and 67, the registration of a trade-mark in respect of any wares or services, unless shown to be invalid, gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark in respect of those wares or services.

None of Mademoiselle Charmante Inc.’s rights were limited in any way by ss. 21, 32 and 67, which provide exceptions to the monopolistic rights conferred by s. 19 of the Act. Section 21 concerns the right of a trade-mark owner to the use of its mark in a defined territorial area concurrently with the use by another party of a registered trade-mark protected under ss. 17(2) of the Act if such owner had in good faith used its mark in Canada before the date of filing of the application of the registered mark; under s. 21, the Federal Court may set the terms for such concurrent use. Section 32 outlines the Registrar’s jurisdiction to restrict a registration to a defined territorial area in Canada within which an otherwise unregistrable trade-mark – under certain conditions – is shown to have become distinctive. Finally, s. 67 affirms, within the

---

41 Remo Imports Ltd. v. Jaguar Cars Ltd., [2008] 2 F.C.R. 132 (F.C.A.); on behalf of the Court, Létourneau J. indicated the following at para. 56:

[56] Subsection 22(1) provides a remedy, even when there is no evidence of confusion, by which the respondents in this case may seek relief from the appellant’s use of a mark sufficiently similar to theirs “to evoke in a relevant universe of consumers a mental association of the two marks that is likely to depreciate the value of the goodwill attaching to the [respondents’] mark”: see Veuve Clicquot Ponsardin, at paragraph 38. That remedy is not a ground of invalidity of the registration of the appellant’s trade-mark contrary to what the Judge found at paragraph 331 of his reasons for judgment.
province of Newfoundland, the full effect of trade-marks registered under the Laws of Newfoundland prior to April 1, 1949.

Registration of a trade-mark can be used as the proverbial sword to counter any unauthorized use of such mark anywhere in Canada. For example, in 1969, Gibson J. of the Exchequer Court wrote in *Old Dutch Foods Ltd. v. W.H. Malkin Ltd.* that “… registration of a trade-mark by reason of section 19… gives to such owner an absolute right to stop others from using that trade-mark…” An owner’s exclusive right to the use throughout Canada of its registered trade-mark was also underlined more recently, in 2003, by Martineau J. of the Federal Court in *Bacardi & Co. v. Havana Club Holding S.A.* Finally, in 2005, in *Kirkbi AG v. Ritvik Holdings Inc.*, the Supreme Court described the rights of a holder of a registered trade-mark:

> 30... The primary difference between registered and unregistered trade-marks under the Act is that the rights of a holder of a registered trade-mark are more extensive:

> ...

Registration of a trade-mark gives the registrant the exclusive right to the use throughout Canada of the trade-mark and a right of action to remedy any infringement of that right: ss. 19-20.

Writing for the Court, LeBel J. also emphasized that registration grants more effective rights against third parties:

> 58... Registration does not change the nature of the mark; it grants more effective rights against third parties. Nevertheless, registered or not, marks share common legal attributes. They grant exclusive rights to the use of a distinctive designation or guise (*Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120, at p. 134; Gill and Jolliffe, at pp. 4-13 and 4-14). Indeed, the *Trade-marks Act*, by allowing for the assignment of unregistered trade-marks, recognizes the existence of goodwill created by these marks as well as the property interests in them. Registration just facilitates proof of title. …

In *Kirkbi AG*, LeBel J. was concerned with the extent of exclusive rights granted to unregistered trade-marks; however, it is clear that registration grants a registrant “the exclusive right to the use” of its mark throughout Canada.

Although registration can be used as a sword, can it also be used as a shield, protecting its owner against any claim involving the use of the trade-mark as long as

---

it is on the register, as defendants argued in *Veuve Clicquot Ponsardin* on the basis of their CLIQUOT registrations?

Before turning to the Supreme Court’s comments on the rights conferred by s. 19 of the Act, it is worth remembering that the monopoly-granting provision of the Act does not provide absolute protection in all circumstances, for all types of use; for example, in penal proceedings, when the use of a registered trade-mark is found to violate the prohibitions of another statute, its owner cannot shield itself behind the rights granted by s. 19. Such was the case in 1976, in *R. v. Discount Broadloom Centre Ltd.*, where Houston J. of the County Court of Ontario (District of York) found that the enabling provisions of the Act and the restrictive provisions of the then—*Combines Investigation Act* did not operate to create, between them, an irreconcilable conflict; the Court consequently found that the registered trade-mark FACTORY CARPET OUTLET was misleading under the provisions of the *Combines Investigation Act*—as the accused did not operate any factory—and its owner was convicted accordingly. However, it can be argued that s. 19 rights were not at issue in such a case but rather the manner in which a given use was carried out. For example, had the owner of the registered trade-mark FACTORY CARPET OUTLET operated a factory, he would not have been visited by a conviction under a penal statute. The issue in this type of scenario is not the rights conferred by s. 19 but rather the specific manner in which use of those rights is carried out.

With this caveat in mind, can registration under s. 19 be used as a shield? A cautious “yes” seems to be the answer provided by the Supreme Court which wrote: “Under s. 19 of the Act, the respondents’ marks are presumptively valid, and *entitles them to use the marks as described above*. Both registrations for Mademoiselle Charmante Inc.’s CLIQUOT and CLIQUOT “UN MONDE À PART” marks covered services described as the operation of retail clothing stores in respect of ladies’ wear and accessories. The use to which these two registrations entitled defendants was earlier alluded to by Binnie J. in the following terms: “The word Cliquot appears on the exterior sign at each of these [six] locations [in Quebec and

48 *R. v. Discount Broadloom Centre Ltd.* (1976), 31 C.P.R. (2d) 110 (Ont. Co. Ct.).
50 In fact, the Trade-marks Office cautions any applicant that the trade-mark registration it will eventually secure does not imply conformity with another statute: “The *Trade-marks Act* provides a system for registration of trade-marks. It is important to note that the registration of a mark under the *Trade-marks Act* does not imply that its use will comply with the requirements of other statutes, or that such use will not constitute a contravention of other statutes” (from a filing notice dated July 6, 2005). On the other hand, the allegation—and even the proof—of an activity in Canada by the owner of a trade-mark infringing the provisions of some other legislation than the *Trade-marks Act* does not cause the owner of that mark to lose his or her rights to it: *Creamette Co. v. Famous Foods Ltd.*, [1933] Ex. C.R. 200, at p. 204; *S.A. Jetstream v. R.D. International Style Collections Ltd.* (1993), 49 C.P.R. (3d) 336 (F.C.T.D.) at p. 341.
51 *Supra*, note 2, at para. 5.
Ottawa], on bags and wrappings as well as on business cards and invoices, but not on the clothing itself”.  

Binnie J.’s assessment of the scope of defendants’ rights granted by registration did not specifically address the issue of the exclusive rights conferred by registration but touched rather upon the right to use a registered mark. This matter was also mentioned in the companion Mattel case where Binnie J. specifically underlined that securing a registration authorizes a party to use its trade-mark in association with those specific wares and/or services described therein:

53 The appellant argued that the courts below erred in looking at the respondent’s actual operations rather than at the terms set out in its application for the proposed trade-mark. It is quite true that the proper focus is the terms of the application, because what is at issue is what the registration would authorize the respondent to do, not what the respondent happens to be doing at the moment. … The terms of the respondent’s application (“restaurant services, take-out services, catering and banquet services”) were referred to by both the Board and the applications judge, and reading their respective reasons as a whole, I do not think they misapprehended the question before them.  

The above passage appears to be a restatement (albeit without reference to any exclusivity) of the often quoted comments of Thurlow C.J. of the Federal Court of Appeal in the 1987 Mr. Submarine Ltd. v. Amandista Investments Ltd. case regarding a registered trade-mark owner’s wide entitlement to the use of its mark:

Before addressing these considerations it should be noted that the appellant’s right to the exclusive use of “Mr. Submarine” is not confined to those parts of Canada in which the appellant and its licensees have carried on business but extends throughout Canada. The appellant is thus entitled to its exclusive use in any additional outlets for its sandwiches that it may see fit to establish. Nor is the appellant’s exclusive right confined to the sale of sandwiches by the methods it now employs or has employed in the past. Nothing restricts the appellant from changing the colour of its signs or the style of lettering of “Mr. Submarine” or from engaging in a telephone and delivery system such as that followed by the respondent or any other suitable system for the sale of its sandwiches. Were it to make any of these changes its exclusive right to the use of “Mr. Submarine” would apply just as it applies to its use in the appellant’s business as presently carried on.

52 Ibid.
53 Supra, note 1, at para. 53.
55 Ibid, at p.102.
Both in *Veuve Clicquot Ponsardin* and in *Mattel*, the Supreme Court seemed to endorse the view that registration under s. 19 of the Act is not only a sword which can be used against third parties but also a shield which enables a registered trade-mark owner to carry out its activities in association with the wares and/or services specified in the registration, unless the latter is shown to be invalid. At para. 16 of his reasons in *Veuve Clicquot Ponsardin*, Binnie J. wrote that registration of Mademoiselle Charmante Inc.’s marks was not a complete answer to plaintiff’s claim as the validity of those registered marks was challenged. This would appear to mean that if plaintiff is unable to obtain the expungement of defendants’ marks (as was the case here), its claim for injunctive relief under s. 22 would fail because this preliminary hurdle was not overcome since the registration remained valid.

However, this general principle should slightly be nuanced, as hinted above. Although registration entitles its owner to the use of the trade-mark so registered, the manner in which such use is carried out may be sanctioned by other provisions of the Act or by another statute if the circumstances in which the use is carried out violate these other provisions or third party rights (albeit in specific circumstances, detailed hereafter). This is clearly what Linden, J. had in mind when he offered the following words of caution to the successful party in *Pink Panther Beauty Corp. v. United Artists Corp.*:

> However, the appellant should keep in mind that the Trade-marks Act can be a tough task-master. Having obtained the registration of its trade-mark, it must use that mark as indicated in its application. Any deviation from this proposed use may jeopardize its rights. Linking the words to a movie theme, to drawings or music, or even to Hollywood in general may provoke infringement or expungement proceedings. In *Registrar of Trade Marks v. Compagnie Internationale pour l'Informatique CII Honeywell Bull* the use by the respondent of "CII Honeywell Bull" was held not to constitute use for the mark "Bull", and the mark was expunged from the register. As well, the appellant should not ignore the existence of the other trade-marks registered by the respondent involving the cartoon drawings which may come into play when it develops its marketing strategy for the beauty products. In other words, victory in this case, does not give the appellant carte blanche to exploit all of the trade-marks of the respondent in selling all products in any way it chooses. It is still subject to restrictions of the Trade-marks Act and the common law.

As pointed out by Linden J., registration obviously cannot be a response to a s. 45 expungement proceeding as the latter has been enacted to verify the use behind the

---

56 *Supra*, note 2, at para. 16.
57 *Supra*, note 5.
58 Ibid., at para. 55 - endnote omitted.

**LEGER ROBIC, L.L.P.**
1001 Square-Victoria - Bloc E - 8th floor
Montreal (Quebec) Canada H2Z 2B7
Tel.: (514) 987-6242  Fax: (514) 845-7874
www.robic.ca  info@robic.ca
registration; more importantly, manner of use which creates likelihood of confusion – such as, to restate the example given by Linden J., linking the mark registered by Pink Panther Beauty Corp. to the theme song for PINK PANTHER movies – cannot be beyond a court’s reach because of s. 19. More accurately, however, it can be stated that rights under s. 19 are not at issue in this type of scenario; rather, it is a registrant’s abuse of circumstances not contemplated by the rights conferred by registration that would entitle a court to intervene against such abuse, not against the specific rights conferred by registration. In other words, should the circumstances not contemplated by the rights conferred by registration cease, following a court order or otherwise, a registrant would still be entitled to use its registered trade-mark in association with the wares and/or services specified in the registration. In some cases, this could occur further to a claim under s.22 if what is being contested is a manner of use (referred to in s. 22) and not use per se.

It is worth noting that in Veuve Clicquot Ponsardin, the trial judge rejected all of plaintiff’s claims without raising the issue whether expungement was a prerequisite for a claim for injunctive relief. In fact, the trial judge rejected plaintiff’s claim for expungement after she rejected its claims for an injunction. However, as all claims were rejected, she probably considered that this issue need not be decided. In dismissing plaintiff’s appeal, the Federal Court of Appeal adopted the same approach.

While Binnie J. affirmed the lower courts’ dismissal of plaintiff’s claims, it also rejected defendants’ position that Mademoiselle Charmante Inc.’s 1997 registration of its trade-marks was a complete answer to plaintiff’s claim because, here, the validity of those registrations was challenged by plaintiff in its quest to obtain an injunction; he also provided an interesting characterization of a trade-mark registration as a “shield” during its lifetime:

16 The respondents say that the 1997 registration of their trade-mark Clicquot and Clicquot « Un monde à part » is a complete answer to the appellant’s claim. I do not agree. The appellant has put the validity of the registrations in issue and seeks expungement. Were the appellant to succeed in obtaining expungement, no doubt the respondents could argue that they ought not to be liable to pay compensation attributable to the period during which their own registrations were in effect. However, as the appellant has not succeeded on this appeal, the scope of compensation is not an issue that arises for determination in this case.59

The Supreme Court’s finding that registration cannot be a complete answer to a plaintiff’s claim when the validity of the registration is put in issue seems to be an endorsement of the position expressed in 2002 by the Ontario Court of Appeal in

59 Supra, note 2, at para. 16.
Molson Canada v. Oland Breweries Ltd.\(^60\) where it was held that the owner of a registered trade-mark has the exclusive right to its use throughout Canada until such time as the mark is shown to be invalid.\(^61\) Thus, if a competitor takes exception to that use, its sole recourse is to attack the validity of the registration,\(^62\) which was done here (albeit un successfully) by plaintiff Veuve Clicquot Ponsardin.

Of course, the rights conferred by registration under s. 19 protect an owner’s exclusive right to use the trade-mark *as registered*. Different panels of the Federal Court of Appeal, for example, in Mr. Submarine Ltd. v. Amandista Investments Ltd.\(^63\) and more recently in Tradition Fine Foods Ltd. v. The Oshawa Group Limited\(^64\) have emphasized the point. In the 2005 Tradition Fine Foods case, Malone J. wrote: “A breach of section 19 only occurs when the alleged infringer uses the identical trade-mark for the identical wares or services as registered.”\(^65\) Thus, the use of a trade-mark in a form which deviates from its registration would not put its owner beyond a claim for injunctive relief as Hugessen J. of the Federal Court decided in 2003 in Jonathan, Boutique Pour Hommes Inc. v. Jay-Gur International Inc.\(^66\) when he dismissed defendant’s motion for summary judgment in a case where plaintiff was challenging defendant’s specific use of a trade-mark in a form which differed from the one covered by defendant’s design registration. Equally, an owner’s use of its registered trade-mark and unregistered trade dress does not protect it against injunctive relief to stop the use of its unregistered trade dress which is not protected by s. 19 as Gascon J. of the Quebec Superior Court determined in 2003 in Agropur Cooperative v. Saputo Inc.\(^67\)

Additionally, in the specific context of an *interlocutory* injunction, it has been held that the Act should not be read as preventing the Federal Court from enjoining the use of a registered trade-mark when the validity of the mark is under attack\(^68\) and that issue has yet to be adjudicated. Although he stated he was not definitely deciding the issue, O’Reilly J. of the Federal Court concluded in 2005 in Advantage Car & Truck Rentals v. 1611864 Ontario Inc.\(^69\) that to hold that registered trade-mark owners are immune from injunction because the Act protects their rights until the mark has been definitely declared invalid constricts the Court’s power to issue injunctions too greatly and broadens the protection provided by the Act too far. When considering whether


\(^{61}\) Ibid., at para. 12.

\(^{62}\) Ibid., at para. 16.

\(^{63}\) Supra, note 54, at p. 98.

\(^{64}\) Tradition Fine Foods Ltd. v. The Oshawa Group Limited (2005), 44 C.P.R. (4th) 81 (F.C.A.) [application for leave to appeal to the Supreme Court of Canada dismissed on March 23, 2006 in file 31261].

\(^{65}\) Ibid., p. 86.


\(^{69}\) Ibid., at para. 9.
to grant an interlocutory injunction, it is worth remembering that courts will usually be reluctant to make any finding as to the validity of any contested registration.\(^\text{70}\)

Although the Supreme Court did not specifically state that expungement must be obtained if an injunction is to issue against the owner of such registered trade-mark to stop the use permitted by registration, this conclusion appears irresistible. Indeed, a challenge to the validity of a registration, which is dismissed, would not lead to an injunction being issued against the owner of the registration to stop the use permitted by registration, if such owner retains its exclusive rights granted by s. 19 for a valid registration and is still entitled to use its mark (barring, of course, any circumstances of use not contemplated by the mark specifically registered or by the wares and/or services outlined in the registration (\textit{i.e.} if the defendant is using a different mark or different wares and/or services than specified in the registration or carrying out any activity not contemplated by registration)). Moreover, registration does not dispense a registrant from respecting other statutes. Finally, if what is being contested is a \textit{manner} of trade-mark use (and not use \textit{per se}), an injunction could issue to stop only such \textit{manner} of use; s. 22 does refer to a \textit{manner} of use and could form the basis for an injunction to stop such \textit{manner} of use without affecting the right to use a registered mark. In \textit{Veuve Clicquot Ponsardin}, this was not the case as plaintiff’s claim was to end all uses of the CLIQUOT marks.

One other interesting aspect concerning the rights conferred by registration and mentioned as an \textit{obiter} by Binnie J. in para. 16 of his reasons in \textit{Veuve Clicquot Ponsardin} is his allusion to the fact that a registration, during its lifetime, would protect a registrant from any monetary claim for the period during which the registration was in effect. On the other hand, it could be argued that if a trade-mark registration is invalid, then s. 19 gives its owner no protection once this invalidity has been declared since protection applies only to registration of trade-marks “unless shown to be invalid”, not “until” shown to be invalid.\(^\text{71}\) The latter view was adopted by Jackett J. in 1968 in \textit{Gattuso v. Gattuso Corporation Limited}\(^\text{72}\) where he wrote in a footnote:

By written notes filed since these reasons were prepared, counsel for the plaintiffs argues that there can be no claim under section 7(b) as long as the registered trade mark is registered in the individual plaintiff’s name. This argument seems to be based on a view of section 19 that it confers an exclusive right on the owner of the registered mark \textit{until} the Court delivers a judgment declaring it invalid. It seems clear that this view is fallacious. What section 19 says is that the registration of a trade mark gives the exclusive right


\(^{71}\) This point was argued in \textit{PVR Co. Ltd. v. Decosol (Canada) Ltd.} (1972), 10 C.P.R. (2d) 203 (F.C.T.D.) at pp. 212-213.

of user to the owner “unless shown to be invalid”. If the registration is “invalid”, it, of course, confers no rights.\(^{73}\)

In the 1972 case of *PVR Co. Ltd. v. Decosol (Canada) Ltd.*,\(^{74}\) Walsh J. of the Federal Court considered (but did not decide) the issue of the possible retroactive effect of an order expunging a registration and the related issue of the starting point in time for the determination of damages:

In particular there is a substantial issue for determination on the merits in this Court as to whether the mark DECOSOL REGD, the property of defendant in the present proceedings, should or should not be expunged from the register of trade marks. If it is so expunged following final judgment on the merits it will remain to be determined whether plaintiff PVR is entitled to damages or an accounting for profits

(a) from the time defendant Decosol first commenced selling this product under the mark DECOSOL REGD;

(b) from the time Decosol was formally warned to desist from using the mark DECOSOL REGD by letter of PVR’s attorney dated April 14, 1971;

(c) from the date of institution of the present proceedings on October 29, 1971; or

(d) only from the date of final judgment expunging the trade mark DECOSOL REGD.\(^{75}\)

Binnie J.’s comments in para. 16 of his reasons do not appear to make any distinction between the various grounds of expungement and their possible affect on any protection a registrant might claim during the lifetime of the registration. For example, it could be argued that an expunged trade-mark which should never have been registered in the first place (for example, if it was not registrable at the date of registration under para. 18(1)(a)) and a validly registered trade-mark which becomes invalid many years after its registration (for example, for lack of distinctiveness under para. 18(1)(b)) might each require a different treatment when considering the issue of protection during the lifetime of the registration. As plaintiff Veuve Clicquot Ponsardin

\(^{73}\) *Ibid.*, at p. 618.


had alleged that defendant Mademoiselle Charmante Inc.’s registrations should not have been registered at the date of registration and should no longer be maintained on the register at a later date, Binnie J.’s comments seem to be an endorsement of the position which considers registration as a shield during its lifetime, whatever the grounds for successful expungement.

Binnie J.’s obiter regarding compensation was referred to by the Federal Court of Appeal in its 2007 decision in Remo Imports Ltd. v. Jaguar Cars Ltd. In effect, this obiter provided a shield for an appellant (whose October 30, 1981 JAGUAR registration for bags was expunged on January 16, 2006 on the basis of “likelihood of confusion at the time of the proceedings in 1991”) against a claim for damages brought by the respondent car manufacturer for the use carried out by the appellant during the period protected by registration (1981 – 2006). On behalf of the Court, Létourneau J. wrote in his reasons:

[110] In the case at bar, the appellant had a valid registration until found invalid and expunged by the Judge in 2006. There were no misrepresentations made by the appellant at the time of registration. There is no finding by the Judge that the appellant was acting in bad faith at that time although no satisfactory explanation was given as to why the appellant changed the names “Beau Sac” and “Sacsibo” of its bags and moved to register its trade-mark “Jaguar” in 1981. The Judge concluded that there was evidence of likelihood of confusion at the time of the proceedings in 1991 and that this likelihood of confusion would remain if the appellant’s trade-mark were allowed to stay on the registry. I think that, in the circumstances, the appellant is entitled to the benefit of section 19 of the Act …

[111] The case law stands for the proposition “that the use of a registered trade-mark is an absolute defence to an action in passing off” where there is no significant difference between the mark as registered and the mark as used: see Jonathan, Boutiques Pour Hommes Inc. v. Jay-Gur International Inc. (2003), 23 C.P.R. (4th) 492 (F.C.T.D.), at paragraphs 4 and 6.

[112] A similar conclusion was reached by the British Columbia Court of Appeal in Chemicals Inc. and Overseas Commodities Ltd. v. Shanahan’s Ltd. (1951), 15 C.P.R. 1, at page 13 and by the Ontario Court of Appeal in Molson Canada v. Oland Breweries Ltd. (2002), 9 O.R. (3d) 607…

[113] This legal conclusion also finds support in the following obiter from Binnie J., at paragraph 16 of his reasons for judgment in the Veuve Clicquot Ponsardin case:
The respondents say that the 1997 registration of their trade-mark Cliquot and Cliquot “Un Monde à part” is a complete answer to the appellant’s claim. I do not agree. The appellant has put the validity of the registrations in issue and seeks expungement. Were the appellant to succeed in obtaining expungement, no doubt the respondents could argue that they ought not to be liable to pay compensation attributable to the period during which their own registrations were in effect. However, as the appellant has not succeeded on this appeal, the scope of compensation is not an issue that arises for determination in this case. [Emphasis added.]

[114] In my respectful view, the respondents are entitled to damages or profits for infringement, but only as of January 16, 2006 which is the date of the judgment of the Judge. 78

Despite a finding by the trial judge of “likelihood of confusion at the time of the proceedings in 1991”, a party’s registration was able to defeat a claim for damages for the time it was in force, i.e. October 30, 1981 - January 16, 2006. In that case, registration was considered a shield during its whole lifetime, irrespective of the grounds raised for expungement (and the relevant dates associated therewith); however, Létourneau J. appears to have considered that the appellant’s good faith was relevant to this question, a circumstance not mentioned by Binnie J. in paragraph 16 of his reasons; in fact, in Veuve Clicquot Ponsardin, although the trial judge did not comment on the defendant’s intent, she made a finding that the advertisement that inspired the defendant’s choice for its CLIQUOT mark could not have been any other than the Champagne house’s. 79 Yet, Binnie J. did not mention in his obiter at paragraph 16 of his reasons any qualifying statement when considering a defendant’s actions. Despite the trial judge’s finding, the CLIQUOT stores could still have argued that they ought not to be liable to pay compensation attributable to the period during which their own registrations were in effect, should Veuve Clicquot Ponsardin have succeeded in obtaining their expungement.

4.0 PLAINTIFF’S CLAIM FOR LIKELIHOOD OF DEPRECIATION

Despite the fact that Veuve Clicquot Ponsardin was unsuccessful in establishing likelihood of confusion and its related claim for expungement – leaving Mademoiselle Charmante Inc. with valid registrations which entitled defendants to use the CLIQUOT marks in association with women’s retail clothing stores – plaintiff’s claim for likelihood of depreciation under s. 22 was thoroughly analyzed by the Supreme Court.

78 Ibid., at paras. 110, 111, 112, 113 and 114.
79 Supra, note 2, at paras. 7 and 10; see also supra note 8, at paras. 37 and 43.
4.1 Section 22 as a remedy against dilution

Section 22 reads in part:

22. (1) No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.

Section 22 has been in effect since the coming into force of the current Act on July 1, 1954. Over the years, it has attracted much less judicial attention than its sought after rich cousin, likelihood of confusion. In 1968, Thurlow J. of the Exchequer Court made comments to that effect in *Clairol International Corporation v. Thomas Supply & Equipment Co. Ltd.* In the decades since 1968, this lack of precedents regarding s. 22 has not changed much, a fact which Binnie J. took care to note in para. 46 of his reasons.

In *Clairol*, Thurlow J. wrote about the scope of application of s. 22 in the following terms:

Section 22 is a new section in the 1952-53 statute and thus far, so far as I am aware, there have been no decided cases in which it has been applied. Nor am I aware of any similar provisions having been enacted in any other country. There would be I think no difficulty in concluding that the section would find application in cases of the use of a well known trade mark by someone other than its registered owner but in a non-competing field of trade or in association with wares or services in respect of which it is not registered. It may be observed of this type of case that the use of the trade mark might, though it would not necessarily, be deceptive. Deception, however, is not the test prescribed by section 22, rather the test is the likelihood of depreciating the value of the goodwill attaching to the trade mark, a result which would not necessarily flow from deception and which might result without deception being present.

... Then what is meant by “depreciate the value” of such goodwill. To my mind this means simply to reduce in some way the advantage of the reputation and connection to which I have just referred, to take away the whole or some portion of the custom otherwise to be expected and to make it less extensive and thus less advantageous. As I see it goodwill has value only to the extent of the advantage of the reputation and connection which its owner enjoys and whatever reduces that advantage reduces the value of it. Depreciation of that

---

81 *Supra*, note 2, at para. 46.
value in my opinion occurs whether it arises through reduction of the esteem in which the mark itself is held or through the direct persuasion and enticing of customers who could otherwise be expected to buy or continue to buy goods bearing the trade mark. It does not, however, as I see it, arise, as submitted by Mr. Henderson, from danger of loss of exclusive rights as a result of use by others as this in my view represents possible loss of exclusive rights in the trade mark itself rather than reduction of the goodwill attaching to it.  

According to Thurlow J., confusion is not relevant when examining a claim under s. 22. Binnie J. in *Veuve Clicquot Ponsardin* agreed and wrote that nothing in s. 22 requires a demonstration that use of both marks in the same geographic area would likely lead to confusion. On this issue, Binnie J. seemed to disagree with the trial judge who had written that although confusion is not the test laid down in s. 22 it is still necessary for there to be an association between the two marks. This subject of “association” between the marks – an important aspect of a claim under s. 22 – was dealt with by Binnie J. who offered a different characterization of the issue, as we will see later.

In 1968, Thurlow J. rejected the view that depreciation arises from the danger of loss of exclusive rights as a result of use by others. The Supreme Court appeared to have taken a different approach by referring to learned authors who had written contemporaneously to the coming in force of the Act and highlighted the fact that depreciation can arise in circumstances of dilution of the distinctiveness or unique character of the trade-mark:

39 The s. 22 remedy was introduced by the 1953 amendments to the *Trade-marks Act*, and was based on the *Report of Trade-mark Law Revision Committee to the Secretary of State of Canada* (1953), chaired by Dr. Harold G. Fox. A member of that committee, Christopher Robinson, Q.C., a leading intellectual property practitioner, wrote by way of explanation:

> The trade mark KODAK would be likely to be considerably less valuable to its owner if it were used by others in connection with a wide variety of other wares even if these were so unrelated to photographic equipment that nobody would think that they originated with the trade mark owner.  
>  

40 Dr. Fox himself commented on the new depreciation remedy in the 1956 edition of his text *The Canadian Law of Trade Marks and
Unfair Competition, (2nd ed. 1956), Vol. 1, noting that s. 22 addressed

... the depreciation of the value of the goodwill attaching to the trade mark or, expressed in different terms, the dilution of the distinctiveness or unique character of the trade mark. This is quite different from the orthodox type of infringement ... [p. 507]

... Where a well known trademark is taken by another for use in association with wares. ... in the course of time, and with repeated use, the trade mark diminishes in value just as it diminishes in distinctiveness. [Emphasis added; p. 508.]

According to the Supreme Court, depreciation can occur in at least two situations, firstly by lowering the value of the trade-mark’s goodwill, a circumstance which Thurlow J. had alluded to in 1968 by writing “this means simply to reduce in some way the advantage of the reputation...”; depreciation also can occur when the distinctiveness or uniqueness of the mark is attacked, a circumstance Thurlow J. did not accept in Clairol. Both situations were highlighted by Binnie J. when he analyzed the meaning of the word “depreciate”:

63 The word “depreciate” is used in its ordinary dictionary meaning of “lower the value of” as well as to “disparage, belittle, underrate”: The New Shorter Oxford English Dictionary (5th ed. 2002), at p. 647. In other words, disparagement is a possible source of depreciation, but the value can be lowered in other ways, as by the lesser distinctiveness that results when a mark is bandied about by different users. Although the appellant makes much of the licencing provisions in the Act, the fact is that a trade-mark owner can depreciate its value by spreading the mark too thinly over too many products of differing quality. Madame Abitbol gave the example of Pierre Cardin which she said had moved down market through overuse of licencing and expanding the range and variety of different products carrying its name, which had led to a loss of distinctiveness, prestige and credibility.

However, the Supreme Court cautioned that these circumstances of application of s. 22 were not exhaustive and courts in Canada had yet to explore the limits of this provision.

4.2 Defendant’s mark must be «sufficiently similar»

85 Supra, note 2, at paras. 39 and 40.
86 Supra, note 80, at p. 573.  
87 Supra, note 2, at para. 63.
88 Ibid., at para. 67.
In its likelihood of depreciation claim, plaintiff relied on its most relevant registered trade-mark i.e. VEUVE CLICQUOT to attack defendants’ use of the trade-marks CLIQUOT and CLIQUOT “UN MONDE À PART”. Over the decades since its introduction on July 1, 1954, there had been much debate as to whether s. 22 required that a defendant use a trade-mark identical to the one registered by a plaintiff in order for it to find application. For example, in 1986, in Les Rôtisseries Saint-Hubert Ltée v. Le Syndicat des travailleurs(euses) de la Rôtisserie Saint-Hubert de Drummondville (C.S.N.), Lesyk J. of the Quebec Superior Court considered that a defendant must use a trade-mark identical to the one registered by a plaintiff for s. 22 to apply, while in 1997, in Compagnie Générale des Établissements Michelin-Michelin & Cie v. National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada), Teitlebaum J. of the Federal Court held that an infringer did not have to use a trade-mark identical to the registered mark to likely cause depreciation of its goodwill. The Supreme Court has now settled the issue and indicated that defendant’s trade-mark need not be identical to a plaintiff’s registered mark but at least “sufficiently similar.”

Binnie J. affirmed the trial judge’s findings that plaintiff’s s. 22 claim had not been made out. The plaintiff presented evidence that “CLICQUOT” was the most distinctive part of the VEUVE CLICQUOT mark and this was recognized by the trial judge, who held however that a consumer who saw the word “CLIQUOT” used in defendants’ stores would not make any link or connection with plaintiff’s mark. With the latter finding, the Supreme Court concluded that VEUVE CLICQUOT was not sufficiently similar to CLIQUOT in that a consumer being acquainted with defendants’ mark would not recognize plaintiff’s registered mark; therefore, defendants were not

---


91 Supra, note 2, at para. 38.

92 Supra, note 8, at para. 96. It is worth noting that the trial judge made these comments after writing that confusion was an element of a s. 22 claim. She wrote at paras. 94 and 96:

[94] ...Although confusion is not the test laid down in s. 22, I consider that it is still necessary for there to be an association between the two marks. In other words, a consumer has to be able to make a connection between the parties in order for there to be depreciation of the goodwill attaching to the trade mark.

[96] In the case at bar the evidence was that the plaintiff’s sole purpose was the sale of champagne, and that it was not interested in getting into other areas. In my view a consumer who saw the word "Cliquot" used in the defendants’ stores would not make any link or connection to the plaintiff. Consequently, there will be no association between the "Clicquot" luxury mark and the defendants’ "non-luxury" wares.
making use of plaintiff’s registered mark *i.e.* VEUVE CLICQUOT. In other words, the mental association between the newcomer’s mark and the one registered by the senior user was missing in this case.  

93 However, the Supreme Court insisted that this finding concerning the “link” or “association” between the parties’ marks must be made without any reference to the parties’ areas of trade, which is not a relevant consideration in a s. 22 claim.  

94 The latter point is important as the trial judge had made reference to “confusion” when analyzing s. 22, a view not shared by the Supreme Court.

The concept of “sufficiently similar” appears to be much narrower in scope than any “degree of resemblance” analysis between trade-marks when considering likelihood of confusion; here, the trial judge wrote on the issue of likelihood of confusion that there was “a great degree of resemblance” between VEUVE CLICQUOT and CLIQUOT, a finding which Binnie J. shared when he wrote that for confusion to exist, it is not necessary that the trade-marks be identical, only that the “same idea” is sufficiently conveyed to the mind of the somewhat hurried consumer to induce a mistake in inference.  

95 Yet, this “great degree of resemblance” was not sufficient for Veuve Clicquot Ponsardin’s s. 22 claim. When applying s. 22, a much stronger degree of resemblance (*i.e.* “sufficiently similar”) is required.

The “sufficiently similar” test is not unlike the one described by the Registrar in 1984 in *Nightingale Interloc Ltd. v. Prodesign Ltd.*  

97 and often referred to in s. 45 cases when the Registrar, and on appeal, the Federal Court, must decide in summary expungement proceedings if a trade-mark in use is not substantially different from its registered form:

A particular trade mark will be considered as being used if the trade mark actually used is *not substantially different* and the deviations are not such as to deceive or injure the public in any way…  

98 [emphasis added.]

When Binnie J. wrote the following about a hypothetical CLICQUOT registration in plaintiff’s name: “If the casual observer would recognize the mark used by the respondents as the mark of the appellant (as would be the case if Kleenex were spelled Klenex), the use of a misspelled Cliquot would suffice”,  

99 he used the same type of analysis found in decisions concerning s. 45 proceedings where the Registrar or the Federal Court, on appeal, must decide if members of the public would recognize the mark in use as the mark registered, in circumstances where the registrant does not use a mark identical to the one protected by registration. For
example, in 2002, in 88766 Canada Inc. v. National Cheese Co., the Registrar described the following test: “The use of a trade-mark in combination with additional words or features constitutes use of the registered mark if the public as a matter of first impression, would perceive the trade-mark “per se” as being used.”

To complete the comparison with summary expungement proceedings, it is worth noting that Binnie J.’s description of the trial judge’s s. 22 assessment that a consumer who saw the word CLIQUOT would not make any link or connection to VEUVE CLICQUOT is similar to the appreciation made under s. 45 when the Registrar or the Federal Court, on appeal, must decide if a registered trade-mark is used in a manner which maintains consumer recognizability. For example, in the 1985 case of Registrar of Trade Marks v. Compagnie Internationale pour l’Informatique CII Honeywell Bull, Société Anonyme, Pratte J. of the Federal Court of Appeal wrote about the registered owner of the trade-mark BULL who, in s. 45 proceedings, had presented proof of use of the composite mark CII HONEYWELL BULL:

The real and only question is whether, by identifying its goods as it did, CII made use of its trade mark “Bull”. That question must be answered in the negative unless the mark was used in such a way that the mark did not lose its identity and remained recognizable in spite of the differences between the form in which it was registered and the form in which it was used. [emphasis added.]

In s. 45 expungement proceedings, the question whether the use of a trade-mark in combination with additional words or different features constitutes use of a registered mark is a question of fact. Whether a casual observer would recognize a mark used by the defendant as the mark of the plaintiff in a s. 22 claim can also be described as a question of fact. Both tests are based on consumer recognition of a trade-mark in a specific form; if small variations are possible under both tests, the trade-mark in use (the trade-mark actually used in s. 45 proceedings; the trade-mark used by the defendant in a s. 22 claim) must be perceived as the registered mark (the owner’s registered trade-mark in a s. 45 proceeding; the plaintiff’s registered mark in a s. 22 claim), as both provisions are concerned with consumer recognizability. However, as will be seen, this is only part of a s. 22 analysis.

4.3 A four part test

---

101 Ibid., at p. 414.
103 Ibid., at pp. 408-409.
In its reasons in *Veuve Clicquot Ponsardin*, the Supreme Court outlined the four elements that must be established if a s. 22 claim is to be allowed. \(^{104}\) In 2007, the Federal Court of Appeal described this test as a “stringent” one. \(^{105}\)

1) A plaintiff’s registered trade-mark was used by a defendant in connection with wares or services – whether or not such wares or services are competitive with those of the plaintiff;

2) The plaintiff’s registered mark is sufficiently well-known to have significant goodwill attached to it – although it need not be famous;

3) The plaintiff’s mark was used in a manner *likely* to have an effect on the goodwill (*i.e.* linkage by consumers between the plaintiff’s goodwill and a defendant’s use);

4) The *likely* effect would be to depreciate the value of the goodwill attached to the trade-mark (*i.e.* damage).

### 4.3.1 Use of the plaintiff’s registered mark

For its likelihood of depreciation claim under s. 22 to be considered, a plaintiff must be the holder of a *registered* trade-mark. As we have just seen, the mark used by a defendant need not be *identical* to plaintiff’s registered mark; however, it must be sufficiently similar so that the casual observer would recognize the mark used by the defendant as the plaintiff’s mark. A requirement that a defendant use a trade-mark *identical* to a plaintiff’s mark would defeat the purpose of s. 22 since it would be too easy for a defendant to modify a non essential feature of a registered trade-mark to escape a s. 22 claim.

Additionally, for a s. 22 claim to be considered, plaintiff must establish that defendant has used its trade-mark in accordance with s. 4 of the Act. On this important issue which was the subject of much debate in *Clairol International Corp. v. Thomas Supply & Equipment Co. Ltd.* \(^{106}\) and ever since, \(^{107}\) the Supreme Court only reproduced the provisions of ss. 4(1) and 4(2) of the Act. \(^{108}\)

---

\(^{104}\) *Supra*, note 2, at para. 46.

\(^{105}\) *Supra*, note 41, at para 97.

\(^{106}\) *Supra*, note 80.

\(^{107}\) For example, in *Compagnie Générale des Établissements Michelin-Michelin & Cie v. National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada)*, *supra*, note 90, where plaintiff sought to revisit the principles of *Clairol*; see also J.A. Léger, “’Article 22’ Loi
In fairness, the relevancy of any requirement of “use” (as defined in s. 4) as part of a s. 22 claim was not argued by the parties in *Veuve Clicquot Ponsardin* as defendants’ use was clearly “use” under s. 4 and, in this specific instance, nothing turned on this issue. This said, the Supreme Court’s requirement of use – as defined in s. 4 – by a defendant as part of s. 22 claim, along with the absence of any requirement that a defendant’s use must be use “as a trade-mark”, seems to be an endorsement of the position adopted in 1968 by Thurlow J. in *Clairol*. In the more recent *Compagnie Générale des Établissements Michelin-Michelin & Cie* case, Teitelbaum J. offered the following brief characterization of the requirements of a claim under s. 22 as described by Thurlow J. in *Clairol*.

[31] ... In *Clairol*, Justice Thurlow arrived at a slightly different characterization of the elements of proof for use under section 22. In contrast to section 19, he held at pages 569-570 that section 22 only requires proof of “use in association with wares or services” under the specific section 4 criteria.

Rather I think the verb “use” in section 22 is to be interpreted by reference to the definition of the noun “use” in section 2(v) the effect of which is to confine the application, and therefore the prohibition, of section 22 to a use which any person may make, in association with goods or services within the meaning of the subsections of section 4, of another’s registered trade mark in such a manner as to depreciate the value of the goodwill attaching thereto.

There is no need under section 22 to prove the additional element of proof of use of the mark as a trade-mark for the purpose of distinguishing wares or services. The plaintiffs in *Clairol* were successful in citing section 22 as a ground of infringement for use of their trade-marks on the defendants’ packages since section 22 does not require proof of use of the trade-marks as trade-marks for the purpose of distinguishing goods and services. [emphasis in original text.]

In short, according to Thurlow J., in *Clairol*, s. 22 only requires proof of “use in association with wares or services” under the specific s. 4 criteria; it does not require proof of use, by the defendant, of the mark “as a trade-mark” for the purpose of distinguishing wares or services. Thurlow J.’s 1968 position regarding the
requirements of s. 22 was again adopted more recently in 2005 by Beaudry J. of the Federal Court in Tommy Hilfiger Licensing Inc. v. Produits de Qualité I.M.D. Inc.: In order to prove the depreciation of the value of its goodwill, a plaintiff needs to show that the defendant used, within the meaning of use under s. 4, the plaintiff’s registered trade-mark. ... As stated in Clairol International Corp. v. Thomas Supply & Equipment Co., [1968] 2 Ex. C.R. 552, 55 C.P.R. 176 (Ex. Ct.) at para. 37, and in Cie Générale des Établissements Michelin-Michelin & Cie v. CAW-Canada, [1997] 2 F.C. 306, 71 C.P.R. (3d) 348 (T.D.) at para. 31, there is no requirement that the trade-mark be “used as a trade-mark” under s. 4(2).

In Compagnie Générale des Établissements Michelin-Michelin & Cie, Teitelbaum J. noted that Clairol had not yet been definitely interpreted by an appellate court. This is no longer the case. By referring only to “use” under s. 4 and by omitting any requirement that a defendant use the trade-mark at issue “as a trade-mark” for the purpose of distinguishing wares or services, the Supreme Court seems to have implicitly ruled that Clairol was correctly decided nearly four decades ago.

4.3.2 Proof of goodwill

For there to be likelihood of depreciation of the value of the goodwill attaching to a registered trade-mark, there must be significant goodwill capable of being depreciated by a non-confusing use.

Binnie J. adopted the definition of “goodwill” put forward by Thurlow J. in Clairol:

[T]he goodwill attaching to a trade mark is I think that portion of the goodwill of the business of its owner which consists of the whole advantage, whatever it may be, of the reputation and connection, which may have been built up by years of honest work or gained by lavish expenditure of money and which is identified with the goods distributed by the owner in association with the trade mark.

Although fame is not a component of a s. 22 claim, the Supreme Court outlined a list of factors to be considered to ensure that goodwill does exist:

---

111 Ibid., at para. 126.
112 Supra, note 90.
113 Ibid., at para. 36.
114 Supra, note 2, at paras. 53 and 54.
115 Supra, note 80 at p. 573.
1) The degree to which the mark transcends the wares or services with which it is usually associated;
2) The degree of recognition of the mark within the relevant universe of consumers;
3) The volume of sales and the depth of market penetration of products associated with the plaintiff’s mark;
4) The extent and duration of advertising and publicity accorded the plaintiff’s mark;
5) The geographical reach of the plaintiff’s mark;
6) Its degree of inherent or acquired distinctiveness;
7) Whether products associated with plaintiff’s mark are confined to a narrow or specialized channel of trade or move in multiple channels;
8) The extent to which the mark is identified with a particular quality.

4.3.3 The likely connection or linkage made by consumers between a plaintiff’s goodwill and the defendant’s use.

This third element of a s. 22 claim is not unrelated to the first, discussed above; there must be an association by the somewhat hurried consumer between what is displayed in a defendant’s commercial establishment and the plaintiff’s mark. In other words, in the defendant’s use, members of the public must recognize plaintiff’s mark. If no such association occurs, then defendant’s use will have no impact – positive or negative – on the goodwill attached to the plaintiff’s mark.\textsuperscript{116}

This element must be examined in addition to the consideration of whether a mark is “sufficiently similar”, as indicated earlier, since even in the case of an identical mark,
there must be a link, connection or mental association between the parties’ respective marks. For example, in *Remo Imports Ltd. v. Jaguar Cars Ltd.*, the Federal Court of Appeal indicated that the car manufacturer had not made out its s. 22 claim (in a case where both parties’ respective marks were composed of the same word *i.e.* JAGUAR):

[98] The existence of the linkage or mental association is not to be assumed. At paragraph 56, Binnie J. wrote:

If the somewhat-hurried consumer does not associate what is displayed in the respondents’ store with the mark of the venerable champagne maker, there can be no impact—positive or negative—on the goodwill attached to VEUVE CLICQUOT.

[99] The same is true here. If the hurried consumer at Zellers, K-Mart, Giant Tiger and Sears, where the appellant is selling its [bags], does not associate what is displayed there with the “Jaguar” mark for automobiles, then there is no impact on the goodwill attached to Jaguar cars.

This mental association – something different than mistaken inference as to the source of wares or services – must therefore be established in any s. 22 claim.

### 4.3.4 The likelihood of depreciation

The Supreme Court referred to the following expressions to explain the word “depreciate”: “lower the value of”; “disparage, belittle, underrate”; creating a “negative association for the mark”. More importantly, as noted earlier, the Court indicated that depreciation may occur as a result of a weakened distinctiveness, when a mark is bandied about by different users.

Under s. 22, proof of depreciation is not required, only proof of likelihood of depreciation (which is obviously more than only the possibility of depreciation). Again, creating a negative association for the mark or diminishing its capacity to refer uniquely to a plaintiff’s products presupposes a link by members of the public between what is used by defendant and a plaintiff’s mark.

Finally, as likelihood of depreciation is an element of the claim under s. 22, it cannot be the object of a reference (as opposed to the extent of actual depreciation).

### 4.4 Conclusion on Section 22

---

117 *Supra*, note 41.
118 *Supra*, note 41, at paras. 98 and 99.
119 *Supra*, note 2, at paras. 63 and 65.
Although it was not required to deal with Veuve Clicquot Ponsardin’s s. 22 claim in light of the fact that the latter was not successful in its request for expungement against Mademoiselle Charmante Inc.’s registrations, the Supreme Court has now provided important guidelines for this rarely relied upon provision. The important point to keep in mind is that s. 22 presupposes a registered mark (not necessarily a famous one) used (under s. 4) by a defendant (or at least a “sufficiently similar” one which maintains consumer recognizability) and whose use creates a link understood by consumers between a plaintiff’s goodwill and defendant’s use in a way that is likely to depreciate the value of the goodwill attaching to plaintiff’s mark.

5.0 OTHER ISSUES OF INTEREST
The Supreme Court’s decisions in Mattel and Veuve Clicquot Ponsardin have raised other issues of interest to trade-mark practitioners who might be mindful of them.

5.1 The characterization of likelihood of confusion

In the 1968 opposition case of Benson & Hedges (Canada) Limited v. St. Regis Tobacco Corporation, Ritchie J. of the Supreme Court offered the following characterization of the decision process that determines whether or not a trade-mark is likely to be confusing within the meaning of section 6 of the Act (in this particular instance, during opposition proceedings conducted by the Registrar of Trade-marks):

“In my view, the decision as to whether or not a trade mark is confusing within the meaning of s. 6 of the Act involves a judicial determination of a practical question of fact and does not involve the exercise of the Registrar’s discretion”.

This characterization is important as it describes the application of legal norms – outlined in s. 6 of the Act – to a practical question of fact. This description is not unlike the one found earlier in the 1967 decision in The Rowntree Company Limited v. Paulin Chambers Company Limited, where Ritchie J. also wrote for the Supreme Court:

The effect of s. 12(1)(d) of the Trade Marks Act, 1952-53 (Can.), c. 49, (hereafter called “the Act”) is that a trade mark is not registrable if it is “confusing with a registered trade mark” and the question of whether it is confusing or not is to be determined in accordance with the standard fixed by s. 6(2) of the Act which reads as follows:

6(2) The use of a trade mark causes confusion with another trade mark if the use of both trade marks in the same area would be likely to lead to the inference that the wares or services associated with such trade marks are manufactured,
sold, leased, hired or performed by the same person, whether or not such wares or services are of the same general class.\textsuperscript{124}

In *Mattel*, the Supreme Court did confirm that the issue of likelihood of confusion is “essentially” a question of mixed fact and law:

\textsuperscript{32} The Board found the respondent had demonstrated that if granted, its trade-mark would be unlikely to create confusion with that of the appellant. *While this is essentially a question of mixed fact and law*, the appellant says the Board’s consideration was fundamentally flawed by the erroneous interpretation given to s. 6 of the Act by the Federal Court of Appeal in *Pink Panther* and *Toyota Jidosha Kabushiki Kaisha v. Lexus Foods Inc.*, [2001] 2 F.C. 15 (“Lexus”).\textsuperscript{125} [emphasis added.]

Interestingly enough, in *Veuve Clicquot Ponsardin*, the Supreme Court offered a slightly different characterization of the issue of likelihood of confusion when it wrote that it is “largely” a question of fact:

\textsuperscript{14} This case is all about “FAMOUS” trade-marks. While less-than-famous trade-marks largely operate in their circumscribed field of wares, services and businesses, it is argued that “famous” marks transcend such limitations, and that broad effect must be given to the owner’s remedies in respect of likely confusion in the marketplace (s. 20) and likely depreciation of the value of the goodwill (s. 22) with that transcendence in mind. With respect to the s. 20 infringement claim, the fame of VEUVE CLICQUOT is such, the appellant says, that consumers who walk into the respondents’ women’s clothing shops will likely be confused into believing the dresses and fashion apparel come from the same source as the champagne, even though the type of product is very different, the products flow in different channels of trade and the registered trade-marks do not appear on the respondents’ garments. Regardless of these differences, fame conquers all, and the appellant seeks expungement of the respondents’ marks and an injunction. *Whether or not there exists a likelihood of confusion is largely a question of fact*. As this is an infringement claim (rather than an opposition proceeding before the Trade-marks Opposition Board), the onus was on the appellant to prove such likelihood on a balance of probabilities.\textsuperscript{126} [emphasis added.]

This difference in characterization suggests that appreciation of likelihood of confusion can be seen both as a mixed question of fact and law and a question of

\textsuperscript{124} *Ibid.*, at p. 136.
\textsuperscript{125} Supra, note 1, at para. 32.
\textsuperscript{126} Supra, note 2, at para. 14.
fact. To delineate both issues, it is proposed that the conduct by a court or the Registrar of any inquiry into likelihood of confusion can be described as a mixed question of fact and law while the determination of likelihood of confusion in a specific case is a question of fact – which is what Binnie J. had in mind when he wrote elsewhere in Mattel:

30...The Board’s conclusion that BARBIE’s fame is limited to dolls and dolls’ accessories does not at all mean that BARBIE’s aura cannot transcend those products, but whether it is likely to do so or not in the context of opposition proceedings in relation to restaurant, catering and banquet services is a question of fact that depends on “all the surrounding circumstances” (s. 6(5))... [emphasis added.]

5.2 “Doubt” as a standard

In opposition proceedings, an applicant must establish its right to registration and therefore that confusion is unlikely, on a balance of probabilities. As Décary J. cautioned in 2002, in the case of Christian Dior, S.A. v. Dion Neckwear Ltd., any reference to the notion of “doubt” should be avoided when analyzing the onus imposed on an applicant in opposition proceedings:

[4]... The Registrar denied the registration of the “Dion Collection & Design” mark essentially for the following reasons:

In view of the above, and even bearing in mind the inherent weakness of the opponent’s DIOR trade-marks, I am still left in doubt as to whether there would be a reasonable likelihood of confusion between the applicant’s trade-mark DION COLLECTION & Design and the Opponent’s registered trade-marks DIOR in view of the degree of visual similarity between the trade-marks as applied to overlapping wares travelling through the same channels of trade. I have concluded, therefore, that the applicant has failed to meet the legal burden upon it in respect of the issue of confusion in relation to the Section 12(1)(d) ground of opposition.

... [10] In my view, the Registrar erred in applying a “still in doubt” standard, thereby imposing a burden on the applicant which is more onerous than the one applicable in civil proceedings. I appreciate that there is high authority for the proposition that doubt should be resolved in favour of the opponent (see Eno v. Dunn (1890), 15 App. Cas. 252 (H.L.), per Lord Watson, at page 257; Freed & Freed Ltd. v. Registrar of Trade Marks et al., [1950] Ex. C.R. 431, per Thorson P., at page 24, 25; Sunshine Biscuits, Inc. v. Corporate Foods Ltd.

---

127 Supra, note 1, at para. 30.
(1982), 61 C.P.R. (2d) 53 (F.C.T.D.), per Cattanach J., at page 55 ff.; Conde Nast Publications Inc. v. Union des éditions modernes (1979), 46 C.P.R. (2d) 183 (F.C.T.D.), per Cattanach J., at page 188; Effem Foods Ltd. v. Export/Import Clic Inc. (1993), 53 C.P.R. (3d) 200 (F.C.T.D.), per Pinard J., at pages 77, 78). But that proposition, starting with Lord Watson in Eno, has always been couched in general terms, as a corollary to the principle that the onus was on the applicant; no one, to my knowledge, has suggested that the standard applicable in civil proceedings was not to apply or that an applicant had to demonstrate beyond doubt that confusion was unlikely. In that regard, I note that when Linden J.A. in Pink Panther Beauty Corp. v. United Artists Corp., [1998] 3 F.C. 534 (C.A.), at paragraph 12, referred to Eno and to Sunshine Biscuits, it was in support of the proposition that the onus was on the applicant, not in support of the ancillary proposition that any doubt is to be resolved in favour of the opponent.

[11] In fact, I have not been shown any case where a “beyond doubt” standard was applied as such by a court, as opposed to the standard of balance of probabilities generally applicable in civil matters. As I read the jurisprudence, and in particular the comments of Cattanach J. in Sunshine Biscuits, the difference between opposition proceedings and civil proceedings is not the applicable standard, i.e. balance of probabilities, but the onus, which is not on the party who asserts an allegation (the opponent), but on the party who seeks registration (the applicant).

[15] The Registrar must therefore be reasonably satisfied that, on a balance of probabilities, the registration is unlikely to create confusion; he need not be satisfied beyond doubt that confusion is unlikely. Should the “beyond doubt” standard be applied, applicants would, in most cases, face an unsurmountable burden because certainty in matters of likelihood of confusion is a rare commodity. At best, it is only where the probabilities are equal that a form of doubt may be said to arise, which is to be resolved in favour of the opponent. But the concept of doubt is a treacherous and confusing one in civil proceedings and a registrar should avoid resorting to it.129

The Supreme Court did not appear to harbour concerns about the concept of doubt and referred, in Mattel, to a “left in doubt” standard (applied, however, on a balance of probabilities) in opposition proceedings:

31 The respondent is not entitled to registration of its trade-mark unless it can demonstrate that use of both trade-marks in the same

129 Ibid., at paras. 4, 10, 11 and 15.
geographic area will not create the likelihood of confusion, i.e. mistaken inferences in the marketplace. If, on a balance of probabilities, the Board is left in doubt, the application must be rejected.\textsuperscript{130}

Although the Supreme Court did refer to a “left in doubt” standard, it seems clear from a complete review of the reasons of Binnie J. that no approval was given to a “beyond doubt” standard which would cast a quasi-insurmountable onus on applicants in opposition proceedings. Indeed, at para. 54, Binnie J. adopted the following classic formulation: “In opposition proceedings, as stated, the onus is on the applicant (here the respondent) to show on a balance of probabilities that there is no likelihood of confusion.” \textsuperscript{131}

5.3 Likelihood of confusion and actual confusion

In its claim under s. 20, plaintiff Veuve Clicquot Ponsardin had to establish likelihood of confusion on a balance of probabilities,\textsuperscript{132} not actual confusion. The inquiry into whether there is any likelihood that consumers will draw a mistaken inference as to the source of wares and/or services must be measured through the eyes of the average hurried consumer. Both in \textit{Mattel} and in \textit{Veuve Clicquot Ponsardin}, Binnie J. affirmed the longstanding norm of this mythical consumer.

In \textit{Mattel}, he wrote:

56 What, then, is the perspective from which the likelihood of a “mistaken inference” is to be measured? It is not that of the careful and diligent purchaser. Nor, on the other hand, is it the “moron in a hurry” so beloved by elements of the passing-off bar: \textit{Morning Star Co-Operative Society Ltd. v. Express Newspapers Ltd.}, [1979] F.S.R. 113 (Ch. D.), at p. 117. It is rather a mythical consumer who stands somewhere in between, dubbed in a 1927 Ontario decision of Meredith C.J. as the “ordinary hurried purchasers”: \textit{Klotz v. Corson} (1927), 33 O.W.N. 12 (Sup. Ct.), at p. 13. See also \textit{Barsalou v. Darling} (1882), 9 S.C.R. 677, at p. 693. In \textit{Delisle Foods Ltd. v. Anna Beth Holdings Ltd.} (1992), 45 C.P.R. (3d) 535 (T.M.O.B.), the Registrar stated at p. 538:

When assessing the issue of confusion, the trade marks at issue must be considered from the point of view of the average hurried consumer having an imperfect recollection of the opponent’s mark who might encounter the trade mark of the

\textsuperscript{130} \textit{Supra}, note 1, at para. 31; see also the comments of Snider J. in \textit{Wrangler Apparel Corp. v. Timberland Company} (2005), 41 C.P.R. (4th) 223 (F.C.), at paras. 26-31.

\textsuperscript{131} \textit{Supra}, note 1, at para. 54.

\textsuperscript{132} \textit{Supra}, note 2, at para. 14.
applicant in association with the applicant’s wares in the marketplace.


That does not mean a rash, careless or unobservant purchaser on the one hand, nor on the other does it mean a person of higher education, one possessed of expert qualifications. It is the probability of the average person endowed with average intelligence acting with ordinary caution being deceived that is the criterion and to measure that probability of confusion. The Registrar of Trade Marks or the Judge must assess the normal attitudes and reactions of such persons. 133

In Veuve Clicquot Ponsardin, he indicated:

20 The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the name Clicquot on the respondents’ storefront or invoice, at a time when he or she has no more than an imperfect recollection of the VEUVE CLICQUOT trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks. As stated by Pigeon J. in Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp., [1969] S.C.R. 192, at p. 202:

It is no doubt true that if one examines both marks carefully, he will readily distinguish them. However, this is not the basis on which one should decide whether there is any likelihood of confusion.

... the marks will not normally be seen side by side and [the Court must] guard against the danger that a person seeing the new mark may think that it is the same as one he has seen before, or even that it is a new or associated mark of the proprietor of the former mark.


If a court or the Registrar conducts an inquiry into likelihood of confusion by referring to the reaction of a casual consumer in a hurry in a given set of circumstances, what place do real instances of confusion – or the lack thereof – have in evaluating likelihood of confusion?

133 Supra, note 1, at para. 56.
134 Supra, note 2, at para. 20.
In para. 55 of his reasons in *Mattel*, Binnie J. wrote that proof of actual confusion would be a relevant “surrounding circumstance” but that this type of evidence is not necessary; however, an adverse inference *may* be drawn from the lack of such evidence in circumstances where it would readily be available if the allegation of likely confusion were justified. In para. 89, Binnie J. concluded that, in the case before the Court, evidence of actual confusion, though not necessary, would have been helpful but was not presented by Mattel, Inc. The lack of any evidence of actual confusion was accordingly another of the “surrounding circumstances” that the Court considered.

On the issue of actual confusion (or lack thereof) as a surrounding circumstance, Binnie J. referred to comments made by Décary J. in *Christian Dior*, referred to *supra*, who concluded that an adverse inference *may* be drawn when concurrent use on the evidence is extensive, yet no evidence of confusion has been given by a plaintiff. The issue of lack of evidence of actual confusion becomes relevant and may lead to a negative inference in circumstances *when concurrent use on the evidence is extensive*. In light of the case law referred to by Binnie J., it would appear that it is only when coexistence has been ongoing for a long period of time and where marks have coexisted on the same market that a negative inference may be drawn. It is within this specific context that the court or the Registrar should consider a lack of actual confusion.

For example, in *ConAgra, Inc. v. McCain Foods Ltd.*, Blais J. wrote:

[80] There is no evidence before this Court of any instances of actual confusion. This entitles the Court to draw negative conclusions about the allegations of likelihood of confusion *where there has been a substantial period of coexistence in the marketplace* and no instances of actual confusion have been established. [emphasis added.]

In *Panavision, Inc. v. Matsushita Electric Industrial Co., Ltd.* Joyal J. indicated: “The two competing marks, as well as other similar marks, appear to have been surviving side by side and neither the Registrar nor this court have been provided with any *evidence of actual confusion over the past 10 years.*” [emphasis added.]

In *Pepsi-Cola of Canada Ltd. v. Coca-Cola Co. of Canada Ltd.*, Davis J. wrote: “Where a defendant’s trade *is of some standing*, the absence of any instance of

---

135 *Supra*, note 1, at para. 55.
actual confusion may be considered as some evidence that interference is unnecessary."\textsuperscript{142} [emphasis added.]

In \textit{General Motors Corp. v. Bellows},\textsuperscript{143} Cameron J. wrote: “But the fact that such confusion has not occurred \textit{over a period of many years} is a circumstance to be taken into consideration and is of some importance in determining whether confusion is likely to occur.”\textsuperscript{144} [emphasis added.]

In \textit{Freed & Freed Ltd. v. Registrar of Trade Marks},\textsuperscript{145} it was held:
That where there has been a \textit{long contemporaneous use of two marks in the same area} in association with wares of the same kind the lack of evidence of confusion through such use would afford support for the conclusion that the two marks are not confusingly similar but where there has been no substantial contemporaneous use of the two marks the fact that there is no evidence of actual confusion is not of much importance.\textsuperscript{146} [emphasis added.]

In \textit{Monsport Inc. v. Les Vêtements de Sport Bonnie (1978) Ltée},\textsuperscript{147} Addy J. indicated:
It is important to note however, that the court is entitled to draw negative conclusions about the plaintiff’s case if, \textit{despite a substantial period of co-existence in the market-place}, no instances of actual confusion are established: \textit{Freed & Freed Ltd. v. Registrar of Trade Marks} (1950), 14 C.P.R. 19, [1951] 2 D.L.R. 7, [1950] Ex. C.R. 431.\textsuperscript{148} [emphasis added.]

Finally, in \textit{Multiplicant Inc. v. Petit Bateau Valton S.A.},\textsuperscript{149} Joyal J. wrote:
The fact that use reduces the likelihood of confusion is confirmed by the lack of evidence in the case at bar of any confusion \textit{over nearly 20 years}. [emphasis added.]

\ldots
The absence of such evidence is an important point to consider.\textsuperscript{150}

It should only be in the specific circumstances outlined above that evidence of lack of actual confusion may be considered by a court or the Registrar. Absent these, lack of actual confusion should not be a relevant factor in situations, for example, where a

\textsuperscript{142} Ibid., at p. 30.
\textsuperscript{144} Ibid., at p. 577.
\textsuperscript{145} \textit{Freed & Freed Ltd. v. Registrar of Trade Marks}, [1950] Ex. C.R. 431.
\textsuperscript{146} Ibid., at p. 432.
\textsuperscript{148} Ibid., at p. 560.
\textsuperscript{150} Ibid., at p. 379.
defendant has only started use of an allegedly confusing trade-mark, does not have significant use, has filed an application for registration on the basis of proposed use of its trade-mark, where the parties are not geographically in the same market or have not been in the same market for a long period of time. Finally, it must be considered that actual confusion may have occurred in a given set of circumstances, but that those who were its victims were never made aware of their incorrect inference or never bothered to complain – bearing in mind that the casual consumer is one in a hurry (in the likelihood of confusion test and in real life...). Caution should therefore always be exercised when evaluating this circumstance that Parliament chose not to specifically include in s. 6.

6.0 CONCLUSION

In Mattel and Veuve Clicquot Ponsardin, the Supreme Court of Canada has set aside the most controversial passages found in Pink Panther Beauty Corp., namely those seen as requiring that a “connection” be established between areas of trade in order for likelihood of confusion to be established. When likelihood of confusion is to be examined – including in any situation involving a famous trade-mark – consideration should be given to all the surrounding circumstances, from which the trial judge must then weigh the various competing factors. Moreover, because famous trade-marks do not come in one size, as Binnie J. wrote, consideration must be given to the famous trade-mark’s aura to determine whether consumers will associate the famous trade-mark with a newcomer’s field of trade. However, with its emphasis upon the examination of the senior user’s mark, time will tell if this new test will limit in its own way the protection of famous trade-marks in Canada.

Despite the unsuccessful outcome for Veuve Clicquot Ponsardin, the attention given to famous trade-marks by the Supreme Court of Canada ultimately demonstrates a continuing concern, namely that consumer confusion must be avoided. This must be achieved, whether or not the parties’ wares or services are of the same general class, as Parliament wisely legislated more than fifty (50) years ago.

The Supreme Court’s decisions in Mattel and Veuve Clicquot Ponsardin also provide important guidelines on other topics such as the rights conferred by registration, the interpretation of s. 22 of the Act and the characterization of the onus in opposition proceedings. Considering that the Supreme Court had not analysed provisions of the Act since 1984, it can certainly be stated that these twin 2006 decisions – and all

---

151 Supra, note 2, at para 33.
152 See Consumers Distributing Co. v. Seiko, [1984] 1 S.C.R. 583. When the Mattel and Veuve Clicquot Ponsardin cases were heard by the Supreme Court, the latter had not yet issued its reasons in Kirkbi AG v. Ritvik Holdings Inc., supra, note 45. It must be acknowledged that the Supreme Court did refer to some provisions of the Trade-marks Act in Canada (Deputy Minister of National Revenue) v. Mattel Canada Inc., [2001] 2 S.C.R. 100 and in Law Society of British Columbia v. Mangat, [2001] 3 S.C.R. 113 but these decisions did not purport to deal exclusively with trade-mark matters.
the important issues raised therein – were well worth the wait and pave the way for the heightened awareness of the importance of protecting trade-marks – and the legal tools associated therewith – at the beginning of this new century.
45

ROBIC, a group of lawyers and patent and trademark agents dedicated since 1892 to the protection and valorization of all fields of intellectual property: patents, industrial designs and utility models; trademarks, certification marks and indications of origin; copyright and entertainment law, artists and performers, neighboring rights; computer, software and integrated circuits; biotechnologies, pharmaceuticals and plant breeders; trade secrets, know-how, competition and anti-trust; licensing, franchising and technology transfers; e-commerce, distribution and business law; marketing, publicity and labelling; prosecution, litigation and arbitration; due diligence.