



Barbie Does Ottawa. Again.

Does the word “Barbie’s” conjure up the name of one of Hugh Heffner’s ex-wives, A Montreal barbecue restaurant operation, or te 45 year old plastic doll from Mattel with the blonde hair and extravagant wardrobe?

Canada’s Supreme Court now heard argument in two cases that will finally determine the protection afforded to “famous” trademarks in Canada. In the first of these cases, (Mattel USA, Inc. v. 3894207 Canada Inc.) the issue was whether Mattel’s BARBIE registrations for dolls and doll products should block a Montreal restaurant operator from registering BARBIE’S for restaurant services, (i.e., is the BARBIE doll mark so famous that a restaurateur shouldn’t be able to get a registration for BARBIE’S for unrelated services, like the operation of a restaurant?)

Canada does not have anti-dilution laws, as in the US, or a famous marks registry, as in some other countries. The law is reflected in the so called “Pink Panther” decision (United Artists Corp v. Pink Panther Beauty Corp.) where United Artists failed to stop the registration of PINK PANTHER for beauty products on te basis of a likelihood of confusion with its own registered mark for “motion pictures” and related wares and services. The court found in that case that there was no likelihood of confusion because of what it saw as the gaping divergence between the two marks in the nature of the wares or services and the nature of the trade (namely, motion pictures and cosmetics.) In the BARBIE case, Mattel appealed a decision of the Federal Court of Appeal that effectively followed the Pink Panther decision and found no likelihood of confusion between dolls and restaurant services.

There are two interesting points to glean from the Barbie case. First, the legal costs borne by the Montreal restaurateur are reported to be well over \$200,000 to date, calling into question the “average man on the street’s” ability to fight a large entity like Mattel. Second, Mattel’s survey evidence indicated that almost 60% of respondents agreed “Barbie dolls” came to mind when they saw the Barbie’s restaurant sign, but the Federal Court rejected this on the basis that the questions were too biased and suggestive, which seemed to suggest that self serving survey evidence may be discounted or called into question, regardless of the source.

In the second of these “famous marks” cases, the Supreme Court of Canada also heard the appeal in Veuve Clicquot Ponsardins, Maison Fondée en 1722 v. Boutiques Cliquot Ltee. Here, the defendant, a woman’s (Continued Page 2)

Section 9 “Official Marks”

Canadian Section 9 “official marks” - which include the Olympic Symbol, aboriginal petroglyph designs, university mascots and ANNE OF GREEN GABLES - have some extraordinary advantages over regular trademarks.

They are generally less expensive and faster to obtain. There is no opposition process. Once “public notice” is given, the owner is entitled to exclusive rights to the mark for all goods and services, not just those which have been used with the mark. The term of protection is unlimited and no renewal or mainenance fees are required. There is no provision for cancellation or revocation.

More importantly, official marks are a powerful alternative for protecting international brands in the Canadian marketplace because ownership is not restricted to Canadian entities. For example, the words THE ROYAL MAIL, the slogan GOT MILK? and the logo for the LSU Tigers are all recognized official marks, respectively, of the British Post Office, the California Milk Board and Louisiana State Tigers are all recognized official marks, respectively, of the Brisih Post Office, the California Milk Board and Louisiana State University.

The “request for public notice” is confidential and the usual criteria for the registrability of trade marks - descriptiveness, distinctiveness and confusion - do not apply. The only question is whether (Continued Page 2)

Countering Grey Goods

Grey market goods are genuine branded products which are legally purchased in another jurisdiction at a lower cost and sold in the local market in competition with an approved distributor.

This process of trans-shipping genuine goods for resale is sometimes called parallel importation.

The Canadian Trade-marks Act does not prohibit the sale of grey market goods. For policy reasons, the Act does not seek to interfere with the free flow and trade of otherwise legitimate products - once genuine goods have been legally sold, there is no restriction on their resale since, the theory goes, there can be no confusion as to their origin unless there is evidence of passing off. The right to limit the import and export of genuine trademarked products which have not been tampered with is left to the parties to enforce under contract.

The courts have, however, carved out one notable exception - that is, if trademarked grey goods are "materially different" from the Canadian product, an interlocutory injunction may be granted to prevent their importation and sale into Canada. For example, the Canadian owner of the Heinz ketchup sourced in the US because it was able to show that the formulation for its Canadian ketchup was materially different from the American version.

If there are problems with trade mark enforcement, a foreign manufacturer or exporter may still have a claim under the "secondary infringement" provisions of the Canadian Copyright Act, which make it an infringement to import a "work" into Canada for resale if it would infringe Canadian copyright.

A key requirement is that the Canadian copyright owner be different from the copyright owner in the country where the copies of the "work" were made - copies legally made in Canada for export which are transhipped back into the country would not be infringing. The secondary infringement provisions have obvious potential application for software, DVDs and CDs, but can also apply to the artwork, text and photographs on the packages in which any grey goods are sold as well as to the instruction guides which accompany them.

If the grey goods are not "materially different" and the facts do not fit the requirements for secondary copyright infringement, the aggrieved party may still have some recourse by filing a complaint with the appropriate government agency if there is a breach of any consumer packaging and labelling laws. This, however, takes time and may or may not produce the desired results.

The best strategy for the manufacturer or exporter is to address the problem in the original licensing or distribution agreement by expressly restricting sale to a specific territory and requiring the same of purchasers, marking the goods "Not for resale outside of [the

territory]", obtaining covenants not to transship the goods or allow them to be exported and assigning the copyright for the territory to an authorized distributor with the right of reversion on termination of the agreement.

For more information email: Bennett Lee, blee@boughton.ca

Barbie Does Ottawa. Again. (Cont'd)

dress boutique, operated under "Les Boutiques Cliquot" as well as "Cliquot" and had secured Canadian trademark registrations for "CLIQUOT and CLIQUOT UN MONDE A PART" for the retail sale of clothing.

The Plaintiff, on the other hand, made and distributed champagne throughout the world (including Canada) under the well known brande VEUVE CLICQUOT and was the owner in Canada of other CLICQUOT related marks. The lower courts also cited the "Pink Panther" case and found no likelihood of confusion between the champagne related registrations and the clothing related registrations for similar reasons noted in the Mattel case above.

But the fact that Canada's Supreme Court heard both the Mattel / Barbie's appeal and the Veuve Clicquot appeals (and on the same date in October 2005) indicates that the Court wishes to clarify (or even reconsider) how famous trademarks will be dealt with under Canada's *Trade-Marks Act*.

For more information email: Tony Wilson, twilson@boughton.ca

Section 9 "Official Marks" (cont'd)

The only question is whether the applicant is a "university", as defined in the Act, or a "public authority", operating under a significant degree of government control, which has adopted and used the mark in Canada and conducts activities which confer a public benefit.

A university must show evidence of incorporation by a provincial or state government and a legislative mandate to give degrees on completion of its educational programs.

As for public authorities, evidence of legislation which gives the government power to review the applicant's activities, approve the exercise of its rights and appoint members to its board or committee would meet the control requirement. The necessary public benefit is satisfied if the applicant is under a duty to set and enforce standards, and its decisions are subject to appeal to a court on questions of fact and law.

Branding has become big business for many governments, government-subsidized organizations and universities. For foreign entities which qualify, official mark protection is another option to trade mark registration which should not be overlooked.

For more information email: Bennett Lee, blee@boughton.ca