

Trade-mark Law

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New domain names expand trade-mark fight scope; Sibling rivalry over charity name; Too many 'official marks?'; Opposition procedure amended; registering sounds and smells; generic drug can keep Prozac-lookalikes; Michelin man use stopped cold

DON'T MESS WITH THE MICHELIN MAN

Planning to make fun of a trade-mark? Don't do it! According to the courts, such frivolity is not allowed.

The Nova Scotia local of the Canadian Auto Workers (CAW) probably thought they had a funny idea when they decided to publish a leaflet containing a cartoon of the well-known Michelin man (a happy, bouncy guy entirely made of tires) towering over hapless workers, one of whom is saying: "Bob, you better move before he squashes you!" The leaflet was distributed as part of an attempt to unionize three Michelin plants in Nova Scotia.

Michelin was not amused. It sued the CAW, and its president Buzz Hargrove, for trade-mark and copyright infringement, on the basis of various registrations in what it calls the "Bibendum" design, namely, the tubby tire guy. The union denied infringement and also argued that it had a right to free speech under the Charter.

The Union distributed 2500 leaflets around the plants in early 1994. It had also used depictions of the Michelin man in leaflets in two previous unionizing attempts at the plants. The bitterness of the union drive added fuel to the intellectual property dispute.

"There's no love lost between these two parties," commented counsel for the CAW, Ronald Pink of Pink Breen of Halifax. Despite the relatively small scale of the allegedly infringing activity, Michelin was prepared to fight the matter all the way to a full-scale trial, complete with complex legal arguments, and resulting in a reported judgment almost 50 pages long, by Justice Max. M. Teitelbaum of the Federal Court (Trial Division) [(1996), 71 C.P.R. (3d) 348].

The court found that there had not been trade-mark infringement because the union was not “using” the happy rubber fellow as a trade-mark within the meaning of the Trade-marks Act. Under the Act, “use” of a trade-mark means using it to “distinguish ... wares and services from those of others.” In short, you have to be selling something.

The court found, however, that there had been copyright infringement. The tire man in the union leaflet was a reproduction of, or a “substantial taking” of the Michelin man, an artistic work.

The Union argued there should be a “satire” defence to copyright infringement, on the grounds that satire is “fair dealing” under the Copyright Act. The sober trial judge rejected this view. He considered but declined to follow a more indulgent U.S. case in which satire has been found to be a valid exception to copyright infringement.

In a 1994 case called *Acuff-Rose*, 114 S. Ct. 1164 (1994), the Supreme Court of the United States found an appeals court wrong to have rejected the “fair use” defence for a crude rap parody of the Roy Orbison classic “Pretty Woman.”

However, this failed to move Justice Teitelbaum, who pointed to the many differences in the wording of the Canadian Copyright Act, and the equivalent U.S. statute.

Justice Teitelbaum also rejected the CAW’s Charter argument that the union’s right to free speech was a defence against copyright infringement, noting that the CAW could deliver its message to employees in many ways, other than by using Michelin’s copyrighted material.

The court ordered the CAW to stop using the Michelin man, and deliver up any infringing materials. The court also ordered that damages “if any” be the subject of a separate hearing, but according to Ronald Pink, no damages have been sought “because there weren’t any.”

Pink believes there are important issues at stake. “My own belief is that if you want to object to what, say, Canadian Tire is doing, you should be allowed to parade around with a sign showing something like the Canadian Tire logo with a red line through it.”

Pink sees it as a classic case on free speech. “It’s like the cases you do in law school. There’s hardly any damages at stake, simple facts, and an important issue of principle. It’s tailor-made for the Supreme Court of Canada.” However, he concedes the CAW may not want to pursue the matter further.

Counsel for Michelin, Jacques Léger, of Montréal’s Léger Robic, disagrees. “Freedom of speech was a non-issue. There was no dispute the Union was entitled to communicate with employees, but that didn’t mean it was entitled hold a valuable corporate symbol up to ridicule.”

Michelin pursued the matter as far as it did, says Léger, “as a matter of principle.” Although notice of appeal has been filed, both counsel agree it is unlikely that the appeal will be pursued.

NEW DOMAIN NAMES TO FIGHT OVER

Everyone now knows what an Internet address is and that many such addresses end in .com, which, in techno-speak, is a generic Top Level Domain (gTLD). By this fall, it appears we will have seven more gTLDs. In addition to the familiar .org, .net, and everyone’s favorite, .com, there will be seven others: .firm, .store, .web, .arts, .rec, .info and .nom.

There will also be a number of competing registrars instead of the single registrar, InterNIC or Network Solution Inc. (NSI) of Virginia, that now monopolizes the granting of international, non-regional gTLDs such as .com, .net and .org.

The new gTLDs are a response to the big trade-mark problems that domain names have caused, as Internet use has exploded in recent years. Generally speaking, anyone can register any domain name they want, regardless of trade-mark issues, a legacy of the casual days when the Internet was used mainly by computer techies. As net usage grew, this soon caused problems. Enterprising hackers registered many of the world’s most commercially desirable domain names, such as coke.com and mcdonalds.com.

InterNIC, a U.S. company under contract with the National Science Foundation, at first did nothing whatsoever to recognize trade-mark claims, or to check the bona fides of persons seeking to register domain names.

Outrage from trade-mark owners (and a succession of lawsuits) forced InterNIC to create a dispute policy. The current version has been in place since September 1996 (and it can be accessed at <ftp://rs.internic.net/policy/internic-domain-6.txt>).

Under the dispute policy, domain names are still given out on a first-come, first-serve basis, but a third party can claim that an assigned domain name is an infringement of its rights, by providing proof of a “federal” trade-mark registration from any country.

In certain circumstances, the disputed domain name may then be put on “hold” by InterNIC pending resolution of the issue by the U.S. courts. The policy seems to have done nothing to slow down the number of disputes over domain names. (For a good review of recent cases, both in the U.S. and internationally, see <http://www.fenwick.com>.)

Why does the policy refer only to the U.S. courts? “That’s just InterNIC refusing to recognize that there is a world beyond the borders of the United States,” commented Sally Abel, a trade-mark lawyer in Palo Alto, Calif.

“In fact, I think InterNIC would have to recognize a judgment from a foreign court, such as a Canadian court.”

Abel sat on an international ad hoc committee created by the Internet Society at the request of the Internet Assigned Numbers Authority. It was this committee which, earlier this year, recommended expanding the number of gTLDs.

This supposed to happen around October 1997. The intention seems to be to cut down on the number of fights over domain names by making more of them available. This may help resolve disputes between companies with the same or similar names in different industries.

Domain name and trade-mark issues are greatly complicated by the international nature of the Internet. Websites around the world are immediately accessible to everyone. Can Canada's courts claim jurisdiction over the domain name of a website accessible in Canada, but physically located elsewhere?

Would a domain registrar located in the U.S. or, for that matter, Peru or Mongolia, recognize the decision of a Canadian court? What happens where you have parties in two different jurisdictions fighting over a website name, both with competing trade-mark claims? What court applies what law?

"In time, we will inevitably see an international body of law grow up concerning these issues," says Sally Abel.

An international dispute resolution system is in fact now being set up. The World Intellectual Property Organization (WIPO) in Geneva, Switzerland (<http://www.wipo.org>) has set up an Administrative Domain Name Challenge Panel (ACP), which will arbitrate and mediate disputes over domain names.

During the challenge period, the ACP will be able to suspend the domain name at issue. "This procedure creates the possibility the trade-mark owner may lose the right to the domain name — even if it had secured the name through a national court," says Bayo Odutola, counsel to tradename.com, a business which performs Internet searches of names.

Many Canadian companies have opted to go for a regional Canadian domain name registration i.e. ones ending in .ca. John Demco at the University of British Columbia is the registrar for the .ca domain. Unlike InterNIC, UBC makes some attempt to check credentials before it gives out a domain name — a reflection of the smaller number of applications it deals with.

In theory, UBC will only provide a domain registration for a certain name if the applicant has a Canadian federal incorporation under that name. That's a problem for the great majority of businesses incorporated under provincial rather than federal law. However, UBC seems in practice to bend its policy in cases where the applicant does not have a federal incorporation, but can show it has a place of business in at least two provinces.

SIBLING RIVALRY

Charities have intellectual property rights too, as a recent decision of the Federal Court trial division reminds us.

This makes sense, of course. Charities have to compete against each other for dollars and volunteers.

In fact, intellectual property disputes among competing charities can be surprisingly bitter. Take, for example, *Big Sisters Association of Ontario et al. v. Big Brothers of Canada*, a decision of Justice Frederick Gibson, released May 20, 1997.

Big Brothers is a volunteer organization that links up adult volunteers with boys whose fathers are absent. It was founded in 1913, and has many “member agencies” across Canada, about three quarters of which also work with girls. Those agencies use the name “Big Sisters”

There is also a separate organization called Big Sisters of Canada, which operates many local agencies on a “joint basis” with Big Brothers. However (and this was a key fact), Big Sisters of Canada also operated some of its agencies separately from Big Brothers, mostly in Ontario.

The two organizations worked side-by-side for many years. But relations soured in the late eighties, when it became clear that Big Brothers was considering changing its name to “Big Brothers and Sisters,” which it did eventually do in 1990.

“Big Brothers” considered this a natural change since many of its members agencies worked with girls as well as boys. To the separate “Big Sisters” organization, however, the name change seemed a disastrous infringement of Big Sisters’ rights — and that would lessen its ability to raise funding.

When negotiation failed, Big Sisters sued in 1994. It tried and failed to get an interlocutory injunction [reported at (1994) 56 C.P.R. (3d) 355]. The dispute eventually went to trial earlier this year.

The particular IP rights at issue are oddities known as “official marks.” Under s. 9 of the Trade-marks Act, a “public authority” can publish a notice in the Trade-Marks Journal that it has adopted an official mark.

If it does so, no one else can use the mark, or any mark “so nearly resembling as to be likely mistaken for” it — a test which seems to be the roughly the same as that for regular trade-mark confusion (the precise nature of the test was one of the issues in the case).

The outcome ultimately turned on confusion — was “Big Brothers and Sisters of Canada” confusing with “Big Sisters of Canada?” Justice Gibson in a long (60 page) judgment concluded that it was not. The defendant Big Brothers filed a survey indicating that the marks were not confusing, which the court found convincing, although flawed. The plaintiff Big Sisters, on the other hand, filed no survey evidence. Although there was

some hearsay evidence of confusion, the court gave it little weight. No one who had confused the two names was put on the stand by the plaintiff.

It was unfortunate, concluded Justice Gibson, that so many volunteers in both organizations had devoted so much time over the years to the name dispute, although he was careful to say also that he did not question the motivation of people involved.

“To a person, I am satisfied that they would have been much happier and more content devoting their efforts to their principal interest and the principal objectives of their organization rather than to the dispute and the litigation.”

It looks like even more time is going to be spent on the dispute in future: the trial level decision has been appealed.

Is either Big Brothers or Big Sisters in fact a “public authority,” and therefore entitled to an “official mark?” Neither organization was connected in any way to any government. For obvious reasons neither party made an issue of this question. The judge brought it up, however, finding they were indeed “public authorities” since they were working in the public interest. But if anyone working in the public interest (whatever that might mean) can claim the benefit of section 9, the scope of the section is considerably wider than many practitioners had believed.

Which brings us to our next topic.

ARE THERE TOO MANY “OFFICIAL MARKS?”

Is s. 9 of the Trade-marks Act due for a change? “Official marks” seem to be multiplying like rabbits and some practitioners think they are out of control.

A section 9 “official mark” is a kind of trade-mark on steroids. If you are a “public authority” (whatever that is, exactly), publishing a notice in the Trade-Marks Journal confers exclusive rights to the mark, forever, without any examination process, and without any restriction to particular wares or services.

That probably means no one else can ever registrar the same or a similar mark, for any wares or services, whether related or not. The theory is that government organizations will act responsibly so there is no need to police this at all.

Provided you’re a public authority, it’s therefore much easier to get an official mark than a trade-mark registration. And once you have it, an official mark in some ways confers more sweeping powers. No wonder a lot of organizations are calling themselves “public authorities” in order to take advantage of s. 9.

The problem is, no one is scrutinizing who claims the benefit of s. 9, according to Mary Jane Lemenchick, a trade-mark agent with Shapiro Cohen in Ottawa.

“Every issue of the Trade-Marks Journal has a long list of s. 9 notices, even though a lot of the organizations claiming them don’t really fit the definition of ‘public authority.’” she says. “There seem to be more and more practitioners who want to get this changed.”

Another concern, points out Ms. Lemenchick, is that a s. 9 notice is not restricted to any particular wares or services. “If a university gives notice that it claims a s. 9 official mark, no one else can register that word, even if they are in a completely different area. So a hi-tech company, for example, might not be able to register it,” she says.

According to Michelle Wassenaar of Toronto’s Dimock Stratton, the situation is “out of control.” Wassenaar agrees that there should be better policing of who is entitled to s. 9 marks. She also says official marks should be time limited some kind of renewal process. “A lot of the official marks have been there for years. In many cases, the organizations may have forgotten all about them. But they’re still there.”

However, there are no amendments to s. 9 of the Trade-marks Act planned for the immediate future, according to Lemenchick.

AMENDMENTS TO OPPOSITION PROCEDURE.

The Opposition Board is the tribunal that decides whether a trade-mark should issue if there is a dispute between the applicant and some third party “opponent.” The process can take years. Evidence can be filed by both parties, including possibly reply evidence. There may be cross-examination. There can be both written submissions and, if the parties wish it, an oral hearing. It is not uncommon for all this to take three or four years or longer.

The Canadian Intellectual Property Office (CIPO) recently made an attempt to streamline the process. A rough draft opposition procedure was circulated earlier this year, prepared by a CIPO lawyer, Allan Trociuk. Among other innovations, the draft amendments made cross-examination available only if both parties consented, and then only in written form, and limited to 50 questions.

There were numerous comments submitted from the profession, almost all of them negative. In particular, no one seems to like the idea of getting rid of cross-examination. A new draft opposition procedure has now been circulated, which is less of a departure from the present procedure.

Not everyone agrees that any changes are needed. According to Roma Colbert, a trade-mark agent and partner with the Ottawa office of Gowling Strathy & Henderson: “We have one of the best systems in the world. It can be slow, but it’s thorough. The issues are fully explored, and both parties are given an opportunity to respond. If there is a problem, the problem is not out here in the profession.”

She adds: “The basic hang-up is that the Trade-marks Branch itself is backlogged and can’t seem to get its act together. They’ve hired lots of bodies, and got in a new computers system that was supposed to have speeded things up, but somehow it hasn’t.”

At present, notes Colbert, it can take 18 months to two years to get an oral hearing after one is requested. There is a backlog of hundreds of cases waiting to be dealt with.

REGISTERING SOUNDS AND SMELLS?

Can a lion's roar be registered as a trade-mark?

MGM, the movie studio, has applied to register the sound of its roaring lion, known to us all from old movie videos, as a trade-mark. A similar registration has existed in the U.S. since 1986. The Canadian application has been pending for almost five years at the time of writing, but seems to be about to get through the examination stage, and be advertised in the Trade-Marks Journal. That means that, if no one opposes it, the application will then issue.

If registered, the roaring lion will be the second sound to have been registered as a trade-mark in Canada. In 1989, a musical phrase was registered by Capitol Records in 1989, according to Suzanne Charette, Policy Advisor to the Trade-marks Branch of the Canadian Intellectual Property Office (the sound is the ascending bleeping sound that you hear at the end of cassette tapes).

In the U.S., Harley Davidson has applied to register the "vroom" sound, beloved of bikers, that the hog makes when you rev the throttle. So far, no equivalent application has been made in Canada.

Applications to register sounds are becoming more common in Canada. "We're starting to see more and more sound applications," says Charette. "If we are satisfied that they satisfy the requirements in the act, then they can be registered." So far, the Trade-marks Branch is not requiring affidavit evidence of distinctiveness in support of such applications, as is required to register "distinguishing guises" (registrations on the physical shape or wrapping of an item).

According to Danielle Bush, a trade-mark lawyer with the Toronto office of McCarthy, Tétrault, the U.S. is ahead of us on all this. Take, for example, the question of scents, which have been registered as trade-marks in the U.S. "There's a registration for a thread that has a particular scent," says Bush. But you won't find any smelly threads on the Canadian trade-marks register.

Nor are there any scent applications before the Trade-marks Branch at present, according to Suzanne Charette. Indeed, it may not be possible to register a scent in Canada. "Our definition of 'trade-mark' is somewhat more restrictive than the U.S. definition, and would seem not to contemplate a scent," says Charette.

Since the mid-1980s it has been possible to register a colour, if applied to the shape of a particular object. For example, there are applications before the office to register certain colours as applied to slabs of foam insulation or, in one case, a snowmobile.

The applicant has to disclaim the exclusive use of the object itself or the shape. There are numerous applications for colour as applied to capsules and pills, but these typically get tied up in years of proceedings before the Opposition Board.

PROZAC LOOKALIKES WIN COURT VICTORY

In March, the generic drug companies won a major battle in the long and bitter fight over the appearance of generic drugs and capsules. Justice Barbara Reed, of the Federal Court, Trial Division ruled in April 1997 that three generic drug companies, Apotex, Novopharm and Nu-Pharm were entitled to sell lookalike generic version of Eli Lilly's famous anti-depressant Prozac, which went off-patent in early 1996.

There had been much previous litigation over the appearance of generic capsules, but most of it had gone no further than the interlocutory injunction stage. The recent Prozac decision, however, was the result of a 42-day trial (see: [1997] F.C.J. No. 488; Court File Nos. T-2432-95, T-2433-95, T-2434-95).

The issue was whether the innovator drug company, Eli Lilly, "owns" the beige and green capsules in which Prozac is sold. Eli Lilly claimed that its capsules were a proprietary "trade dress," enforceable at law much as the shape of the Coke bottle would be. The generics said the capsule appearance designates the type of medication, fluoxetine, rather than any particular brand.

The issue for the court was one of fact: What perception, if any, do members of the public have about the appearance of Prozac capsules? Do they associate it with a particular vendor? If another vendor sells their version in the same trade dress, is the public confused?

Since consumer perceptions were key, the trial turned on expert survey evidence. Justice Reed rejected the Eli Lilly survey expert's evidence, and accepted the survey evidence of the generics, finding that hardly anyone associates the appearance of the Prozac capsules with Eli Lilly, or indeed with anything in particular.

Reed also noted that Eli Lilly was marketing its own "pseudogeneric" version of Prozac through a license with a small Montreal generic company, Pharmascience. The pseudogeneric capsule marketed by Pharmascience was also a lookalike. Eli Lilly's case should fail for this reason alone, found Justice Reed, because Eli Lilly could not claim the capsule appearance was distinctive of Eli Lilly, while at the same time allowing another company market a lookalike generic version under its own name.

The case has gone to appeal.

A sign that the generic drug appearance war may not be completely over came just weeks after the appearance of the Prozac case. In early June, Zeneca, another drug company, obtained an interlocutory injunction in the Ontario Court, General Division, preventing the sale of a lookalike version of a generic version of lisinopril, a heart drug. That decision that has also been appealed.