

Good news for parents: Lego blocks are “functional”

IP column published in *The Lawyers Weekly*

September 20, 2002

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We have four kids (three boys), so our house is full of Lego. You simply wouldn't believe how much of the stuff we have. We have the Lego Mars Base, Lego Harry Potter stuff, racing cars, robots, houses, guns, cars, and various works in progress all over the place.

So I was interested in the recent decision of Mr. Justice Frederick Gibson *LEGO Canada v. Ritvik Holdings* 2002 FCT 585, decided May 24, 2002. Gibson dismissed Lego's case, and refused to stop the sale of MICRO MEGA BLOKS, which, as most parents know, are interlocking toy bricks that look like, and fit together with Lego blocks, but are cheaper (hooray!).

The case is an interesting look at the law governing trade-mark rights in the appearance of well-known physical objects.

Lego claimed the arrangement of the studs on top of the standard Lego brick was an unregistered trade-mark, which it called the "Lego Indicia Mark." A basic Lego brick, as everyone probably knows, has eight studs in four rows. Each stud has the word "LEGO" in little letters. The studs create "clutch power" so that the bricks fit together. Lego has sold the bricks since about 1949.

Ritvik's MICRO MEGA BLOK bricks are similar eight-studded bricks (without the word LEGO, of course). They are the same size, and come in many of the same colours as Lego bricks. Ritvik was founded in 1967, and began marketing Lego-like toy bricks in 1991.

Various patents on Lego expired years ago. The issue was whether Ritvik were infringing section 7(b) of the Trade-marks Act:

7. No person shall
- ...
- (b) direct public attention to his wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to

them, between his wares, services or business and the wares, services or business of another;

This section is often taken as codifying the common tort of "passing off."

Gibson dismissed Lego's case for two reasons: first, he found that the studs were "primarily functional," and therefore not a trade-mark. Secondly, although there had been confusion in the market place between the two products, this had not been "the result of a deliberate strategy on the part of Ritvik."

The functionality defence arises out of a series of earlier cases, notably, *Remington Rand Corp. v. Philips Electronics* 64 C.P.R. (3d) 467, a 1995 decision of the Federal Court of Appeal. Remington established there cannot be trade-mark rights in the shape of an object if that shape is primarily functional. The case was about a triple-headed electric shaver, which was found not to be a trade-mark because the evidence was that the triple-head configuration was best for a closer shave.

Now, the great thing about Lego bricks, as any kid will tell you, is that they fit together, thus allowing the creation of robots and other neat stuff.

Ritvik 's expert, a mechanical engineer, testified that the position, height and diameter of the studs on top of the Lego brick were perfect to ensure that Lego bricks attach to each other. Gibson therefore found there could not be a trade-mark right in the look of Lego's brick.

That was enough to dismiss the case, but Gibson also looked at the passing-off issue, in case of an appeal (and indeed there has been an appeal). Here, he also found against Lego, but seemed very close to going the other way. To win on passing off, Lego had to show that it has a reputation in the shape of its brick, that Ritvik deceived the public, and that Lego was damaged as a result.

Gibson concluded that survey evidence established the appearance of the Lego bricks were indeed well-known and widely associated with Lego by consumers.

There was also lots of evidence of consumer confusion. Lego submitted over 800 letters, records of phone calls or e-mails testifying to incidents in which consumers had confused one toy brick for the other.

But Gibson nevertheless found Ritvik had not passed off its bricks, because it hadn't intended to confuse anyone: "if confusion existed in the Canadian construction toy market, and I have concluded that it did, ... it was not a deliberate strategy on the part of Ritvik"

Oddly, Gibson reached this finding in part because Lego's marketing had been so good. Lego was the author of its own misfortune, he found: "it has left little room, if any, for a competitor such as Ritvik, adopting the purely utilitarian or functional features of the

Lego brickto distinguish its MICRO MEGA BLOKS from LEGO's construction bricks." Gibson noted as well that Ritvik had always marketed its products under the MEGA BLOK name.

The appeal clearly won't be heard before Christmas, so Santa will be leaving lots of MICRO MEGA BLOKS under the tree this year. He may be doing so for many years to come, depending on whether the Federal Court of Appeal agrees.