Fantasyland and pink pills: a tale of two recent passing off cases

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Most intellectual property law is statute based. Walk into the office of any IP lawyer and there, nearby, will be handy, dog-eared copies of the *Patent Act*, the *Trade-marks Act* and the *Copyright Act.*

The exception to this general rule is the law of passing off, which is mostly a common law matter (there's a prohibition against passing off in section 7(b) of the *Trade-marks Act*, but it merely codifies the existence of the tort).

The lack of statute law, however, is made up for by the prodigous length of the cases. Stack up *Seiko*, *Orkin*, *Shredded Wheat*, *Thermos*, the champage case,and the many cases about pill colour, and you have an excellent doorstop.

The tradition continues in two recent decisions: *Walt Disney Productions v. Fantasyland Hotel*, a decision of Mr. Justice Rooke of the Alberta Court of Queen's Bench, (129 pages) and *Ciba-Geigy v. Apotex* and *Ciba-Geigy v. Novopharm*, a 75 page two-case combo judgment by Mr. Justice Rothstein of the Federal Court, Trial Division.

Both cases are all-out, no-expense-spared legal brawls over what many people might regard as silly issues: can a hotel in Edmonton be called "Fantasyland", and can arthritis medicine be sold in the form of little pink pills? Both are trial level decisions under appeal (actually, about to be appealed in the case of *Disney).* Both are departures from earlier caselaw on very similar issues.

Passing off occurs when a party knowingly or unknowingly sells goods or services under a name or get-up that misleads consumers as to the source of those goods or services. The plaintiff must show it has good-will built up in the name or get-up , that the defendant has misappropriated it, and that the plaintiff will be damaged.

Both *Walt Disney* and *Ceiba-Geigy*, for all the great length of the reasons, turn on the court's view of a basic question, would anyone be misled? Because the answer is so

subjective, and because the question is so important to the parties, staggering amounts of time, money and judicial resources may be consumed resolving such issues.

In *Walt Disney*, the issue was whether Walt Disney Company could stop a hotel at the West Edmonton Mall from using the name "Fantasyland" (the court said no, and dismissed Disney's case). In *Ciba Geigy*, the issue was whether a innovator drug company could stop a generic drug company from marketing little pink pills that looked just like its little pink pills (the Court said yes, and granted an interlocutory injunction stopping the generic from selling "look-alike" pills until trial).

In 1992, Walt Disney had been successful in stopping the use of the name "Fantasyland" at an amusement park also at the West Edmonton Mall, a decision which was upheld by the Alberta Court of Appeal early in 1994. Leave to appeal to the Supreme Court of Canada has now been denied. *Ceiba-Geigy* also represents something of a flipflop from some earlier cases which held that generic companies *could* market generic drugs that looked like the innovator product.

The Walt Disney Company, of course, operates amusements parks in the US and elsewhere, although none in Canada. "Fantasyland" is the name of a "theme park attraction" (whatever that is) at Disneyland and Disney World. Disney had no trade mark registration in Canada for "Fantasyland". But Disney argued that "Fantasyland" was distinctive of its wares and services because it advertises its amusement parks in the US widely in Canada and the US.

After an extensive review of the evidence, Mr. Justice Rooke distinguished the case before him from the earlier case about the Fantasyland amusement park. "While [Disney] may have a reputation and goodwill in the name of "fantasyland" in respect of amusement parks ... it does not have a reputation and good will ... in respect of hotels, nor 'at large'," he found. After reviewing survey evidence submitted by both parties, Justice Rooke also found that there was insufficient evidence to show that a "substantial proportion" of the public would be misled into thinking that there was some connection between the Edmonton hotel and The Company That Made Donald Duck Great. He accepted the results of a survey done by the defendant showing that only 3% of those questioned thought that the Fantasyland Hotel was connected with Walt Disney.

In *Ceiba-Geigy*, on the other hand, Mr. Justice Rothstein thought that consumers *would be* misled about the origin of the little pink pills (actually a drug called diclofenac, sold by Ciba-Geigy under the brand name Voltaren.)

Here, what had changed since the earlier decisions to the contrary was that there had been decision of the Supreme Court of Canada in 1992 in other litigation also between Ciba-Geigy and Apotex (the two just don't get along), which found that drug-users, not just pharmacists and doctors, were relevant when considering passing off issues. Before then, the relevant "consumers" of pharmaceuticals for the purpose of passing off actions had been considered to be doctors and pharmacists. Since these people know all about pills,

the cases said, they wouldn't be misled if the generic pills looked just like the innovator pills. The members of the public who actually took the pills wouldn't be misled because they just took whatever pills were dispensed, and didn't know or care whether they were generic equivalents or not.

The Supreme Court of Canada, however, said that members of the public were, in fact, relevant when deciding whether anyone would be misled. It is necessary, said the Supreme Courtcourt, "to avoid confusing *anyone who has an actual or potential, immediate or remote, connection* with the product" [emphasis in the original].

The diclofenac little pink pill case was the one of the first pill passing off cases to go before the courts after the Supreme Court of Canada decision. Although merely an interlocutory injunction motion, the hearing took twelve days, and the evidence was voluminous. Oddly enough, although the case turned on whether ordinary consumers would be misled, no evidence from ordinary consumers was filed, but many pharamacists and doctors swore affidavits stating that they thought that the ordinary patients would be misled, and would think that the generic pills that Apotex and Novopharm proposed to put on the market in fact originated from theCiba Geigy.

Apotex and Novopharm argued that the appearance of the pills was not proprietory to Ciba-Geigy, but was connected only with the therapeutic properties of the medicine. In the end, Mr. Justice Rothstein seems to have been convinced there was passing off mainly on the basis that all the evidence was that if the generic equivaent looked different, generic sales would be lower, because doctors, nurses and pharmacists and patients would be less comfortable substituting generic equivalents if the pills look different. "It is obvious that by utilizing non-look-alike tablets, [the generics] will not gain as large a share of the market as they wish or that, perhaps to gain the share of the market they seek, it will be more costly than if they were able to market look-alikes."

Expect these issues to consume many more trees before they are finally concluded.