

The *Stink* case: Do Foreign Trade-mark Owners Have Common Law Rights in Canada?

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Even before I read the *Stink* case, I knew I wanted to write a column about it. How could anyone resist a case with a name like that?.

Stink Inc. v. The Stinking Rose Italian Restaurant et al. is the latest in a line of cases dealing with the rights of a foreign company to stop passing off in Canada, where the foreigner does not do business in Canada.

The issue is, in other words, can your large US client, ACME Inc., which has never operated in Canada and never bothered to get a trade mark registration in Canada, stop a Canadian upstart from using the name ACME in Canada. The answer? Maybe.

Consider the facts in *Stink*.

Stink Inc. operated a restaurant in San Francisco called the “The Stinking Rose”. It brought an action in British Columbia to stop the defendants using the name “The Stinking Rose Italian Restaurant” for their restaurant in Coquitlam, B.C.. Stink Inc. did not carry on business in Canada, and had no trade mark registration in Canada. Mr. Justice Houghton of the Supreme Court of British Columbia found that “there is practically no evidence of advertising by [Stink] which reached Vancouver.” In his decision released in February, 1994, Mr. Justice Houghton concluded that the plaintiff’s case, well, ... stank, and dismissed the application.

Although the court may have disliked the aroma of the plaintiff in *Stink*, there is an earlier BC case, also involving restaurants, in which the court found that the plaintiff smelled more sweetly. In *Re Coin Star Ltd.* [(1990) 33 C.P.R. (3d) 186], a Hong Kong restaurant succeeded in forcing a restaurant in Vancouver to stop using its name KIN KWAN KOK and also the English name “KK Court Chili & Pepper”, which was said to be similar to Hong Kong restaurant’s English name “PEP ‘N’ CHILI”. The Hong Kong restaurant did not do business in Canada, although a licensee was about to open in Richmond, B.C. the following month

Madame Justice Boyd found that the Hong Kong restaurant was well known in Vancouver “either as a result of individuals from Hong Kong who have immigrated to Vancouver business and settled here or as a result of business and tourist travel between the two cities.” There was some evidence of actual confusion. The operators of the defendant restaurant, however, claimed they had never heard of the KIN KWAN KOK Restaurant in Hong Kong until the litigation started.

Stink Inc.’s case may have stunk in *Stink*, but might there be an unfortunate odor emanating from *Coin Star*? Must businesspersons do a search of all business names *everywhere in the world* before choosing a name for new businesses? *Coin Star* seems to suggest that, absurdly, the answer is yes.

But despite *Coin Star*, much depends on the defendant’s conduct and how it came up with the name. The court will probably only enforce the foreigner’s trade mark right where it finds that the defendant’s conduct was malodorous (i.e. stinks). Even in *Coin Star* one gets the impression that the learned judge thought that the Vancouver defendants were lying when they said they had never heard of the plaintiff, although she never says so.

The stink factor was central to the decision in the Mother of All Cases in this area, *Orkin Extermination Co. Inc. v Pestco Co. of Canada Ltd.* [(1985), 5 C.P.R. (3d) 433] a decision of the Ontario Court of Appeal. In *Orkin*, an enterprising Canadian exterminator took the name of a well known US exterminator business, and adopted it for his own. The US company did not do business in Canada, but there was evidence that many Canadians knew of it, mainly as a result of trips to Florida, where the US company was active. The defendant more or less admitted on cross-examination that he had chosen the name because he thought that many Canadians, looking in the phonebook and seeing “Pestco”, would think that this must be a local version of the big US company. The Court of Appeal disliked the smell of this, and ordered the defendant to change the name of his company.

Sometimes a foreign company can point to the sheer megalithic monstrousness of its publicity to assert, in effect, that it has common law rights to its trade marks everywhere in the universe. This was the case in *Walt Disney Productions v. Triple Five Corp.* [(1992) 43 C.P. R. (3d) 32], a decision of the Alberta Court of Queen’s Bench. The court found that Walt Disney Productions was probably the world’s biggest advertiser, and entitled to stop the use of the name FANTASYLAND by the West Edmonton Mall. Although Walt Disney did not operate a theme park in Canada under the name FANTASYLAND, and did not have a Canadian trade mark registration, there was evidence that it had extensively promoted the term FANTASYLAND in Canada in connection with its Disney theme parks in the US.

Until *Orkin*, the law in Canada, as in England and Australia, was essentially that foreign companies not doing business in a jurisdiction could not enforce common law trade mark

rights there. This continues to be the law in England. *Orkin* changed the law here, and was recently applied in a decision in Australia called *ConAgra v. McCain* [(1992) 106 A.L.R. 465] , with the result that Australia's law now follows ours and not the English position.

To return to the problems of ACME Inc., it may be able to stop that upstart Canadian company from using its name, but ACME Inc. will have to show that it is well known in Canada - - as well known as, for example, the KIN KWAN KOK Restaurant of Hong Kong (that world famous landmark). Also it would also help if ACME can show that everyone at ACME Canada is a real stinker.