

**The Six-Minute Intellectual Property Lawyer for General Practitioners and  
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**Two policy limits on trade-mark “monopolies”**

**The LEGO case of Federal Court of Appeal: one may not “evergreen” a patent by  
means of a trade-mark**

***Kirkbi AG v. Ritvik Holdings Inc.* [2003] F.C.J. No. 1112, 2003 FCA 297:**

Kirkbi is the maker of LEGO blocks (the plaintiff is referred to hereafter as “Lego”). It attempted unsuccessfully in this case to stop a rival from marketing look-alike toy building blocks called MEGA BLOKS

Lego had been selling its blocks since the 1940s, and had expired patents on the “coupling studs” on top of its LEGO blocks. Ritvik had been selling its competing lookalike blocks since 1991.

Lego argued that it had a “distinguishing guise” and thus an unregistered trade-mark in the “LEGO INDICIA trade-mark,” meaning the appearance of the top of a typical LEGO block consisting of a rectangular surface with eight circular studs.

At trial,<sup>1</sup> Justice Gibson of the Federal Court Trial Division dismissed the Lego’s case. He found that the shape of the LEGO blocks had been widely promoted and advertised, and survey evidence established it was associated by consumers with Lego. However he dismissed the case because the shape of the blocks was also “primarily functional.” He noted there was expert evidence to the effect that the form of the blocks and the circular

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<sup>1</sup> *Kirkbi v. Ritvik Holdings* 2002 FCT 585

studs was dictated by function, namely, their ability to fit into blocks above or below. Therefore, found Gibson, Lego was not entitled to claim unregistered trade-mark rights in the “LEGO Indicia”, and could not succeed in an action under s. 7(b) of the *Trade-marks Act*.

On appeal, there was a split decision. The majority upheld Gibson. Justice Pelletier, however, dissented, and would have granted judgment to Lego.

The central issue was: if a trademark or trade dress is found as a fact to be “primarily functional,” is that a complete bar to success in a trademark or passing-off case?

Justice Sexton, writing for the majority, said yes. He reviewed caselaw at considerable length, and stressed that Lego’s patent had expired. He wrote: “to be a valid trade-mark within the *Act*, the trade-mark cannot be primarily functional.... The purpose or policy behind applying this doctrine of functionality is to ensure that no one indirectly achieves the status of patent holder through the guise of a trade-mark. If the mark has a primarily functional use and is granted trade-mark protection, which can be perpetual, then it is providing something which a patent for the same product could not provide because patent protection could not be perpetual. The protection of function and design is what a patent does.”

He warned that trade-mark law should not be used to allow “evergreening” a patent by means of a trade-mark. A trade-mark right differs from a patent right in that a patent expires 20 years after the filing date, whereas a trade-mark right can potentially carry on indefinitely.

Justice Pelletier, in dissent, reviewed many of the same authorities but reached a different view as to what they meant.

He distinguished many of the cases on the basis that they dealt with registered trade-marks, noting that the “LEGO INDICIA trade-mark” was unregistered. “The

jurisprudence dealing with registered trade-marks is not useful in considering the position of unregistered trade-marks, since registration confers rights not available to the owners of unregistered trade-marks. Consequently, I cannot agree that the mere fact of functionality should deprive the owner of a distinguishing guise of recourse to a passing-off action when the public is misled by the use of its distinguishing guise by another.”

Justice Pelletier stressed in his reasons that Justice Gibson, the trial judge, had found as a fact on the basis of survey evidence that consumers associated the LEGO indicia with the Lego ie. the mark was distinctive and that that there had been actual confusion, and had concluded there had been misrepresentation (although the trial judge found such misrepresentation was not “deliberate.”)

To Justice Pelletier the key was that there had been a misrepresentation to the public, as found by the trial judge. The fact that it was not deliberate was irrelevant. As they key to the tort of passing-off was protection of the public from misrepresentation, functionality was not necessarily a defence to a passing-off action. He would have overturned the trial judge and given judgment to Lego.

***Hudson’s Bay Company v. Sears* case in Opposition Board: when is a slogan-like trade-mark really an advertising phrase that should not be monopolized?**

**Opposition Board, Registrar of Trade-marks, July 2, 2002 (C.R. Folz)**  
**Trade-mark: CO-ORDINATION FOR EVERY ROOM ... AFFORDABLY**  
**Applicant: Sears Canada Inc.**  
**Opponent: Hudson’s Bay Company**

A recent decision of the Opposition Board deals with an interesting limit on trade-marks rights: whether multi-word slogan-like trade-marks can be registered. The Board seems in this and various previous cases to have applied policy considerations to find that phrases that are really in the nature of common advertising terminology should not be monopolized by any one vendor.

Hudson's Bay opposed registration by Sears of CO-ORDINATION FOR EVERY ROOM ... AFFORDABLY, and the French equivalent, on the grounds that the mark was descriptive and not distinctive.

The Bay filed evidence of many advertisements by various department stores using terms such as "co-ordinates," and advertising the availability of items for different rooms of the house, for low prices. It also filed evidence of its marketing vice-president saying that all departments wish to use such words phrases to convey their advertising message to consumers.

The Opposition Board refused Sears' applications, stating, "I am ... of the view that the average purchaser of department store and catalogue services would conclude that the mark "COORDINATION FOR EVERY ROOM ... AFFORDABLY" as applied to such services would clearly describe to the purchaser that this department store is a place where they can buy co-ordinating items for various rooms of their house at a low price. As well, I consider that other department stores may wish to use descriptive phrases similar to the applicant's in referring to their department store services. As such, I would have found it would be unfair to allow the applicant to claim a monopoly right to such a phrase."

The Hearing Officer cited various previous cases of the Opposition Board in which slogan-like phrases have been rejected for registration on the grounds they are descriptive and not distinctive, many for some reason involving pet food (e.g. SUPERIOR NUTRITION FOR THE LIFE OF YOUR PET, *Effem Foods v. Colgate Palmolive* [1998] T.M.OB. No. 136, July 8, 1998), although so far as I know, the Federal Court has yet to consider one of these cases. The Board's decision in the *Hudson's Bay* case was not appealed to the Federal Court Trial Division.