Famous Trademarks - The Limits of Their Reach by Elias Borges

Famous trademarks are awarded significant protection under the Canadian Trademarks Act. The trademarks act protects the owners of trademarks from others who would use a confusingly similar trademark. Section 6 of the act defines what constitutes confusion. In particular, section 6 states that the use of a trademark causes confusion with another trademark if the use is likely to lead to the inference that the wares or services associated with those trademarks are manufactured, sold, leased, hired or performed by the same person or business, whether or not the wares or services are of the same general class. Hence, trademarks which are quite famous, can theoretically be protected against others who would use similar trademarks for completely different products or services. This has lead some to speculate that famous trademarks can be enforced beyond the scope of their original trademark registrations. Hence, the trademark registrations for the famous trademark VIRGIN, used by the Virgin group of companies, could theoretically be enforced against any person or company who used the trademark VIRGIN for virtually any product or service.

The supreme court of Canada in the recent case of Mattel Inc. V. 3894207 Canada Inc. has clarified the law concerning the issue of confusion as applied to famous trademarks. The case involved a numbered company which operated a chain of restaurants in the Montreal area under the trademark BARBIE'S. The numbered company filed a trademark application in order to protect its trademark. The application was approved by the trademarks office, but later opposed by Mattel Inc. on the basis that the mark was allegedly confusing with Mattel's registered trademark BARBIE. The opponent, Mattel, brought forward survey evidence which demonstrated that, in the mind of the people surveyed, that there might possibly be a link between the applicant's restaurant and the opponents trademark. Despite Mattel's evidence, the opposition board rejected Mattel's position. Mattel appealed to the Federal Court. The Opposition board's decision was confirmed by the Federal Court and then again by the Federal Court of Appeal. Mattel appealed yet again to the Supreme Court of Canada.

The Supreme court dealt with two principal issues, namely the nature of confusion and the nature of the evidence used to find confusion. On the issue of confusion, the court accepted Mattel's contention that the BARBIE trademark was famous. Indeed, the justices agreed with Mattel's contention that the BARBIE trademark had reached the status of a cultural icon. Nevertheless, in the court's opinion, the mark was famous only with respect to dolls and not with respect to restaurant services. While the court concluded that resemblance of the wares/services is not a requirement for a finding of confusion, a significant difference in the nature of wares/services used in association with two trademarks was an important consideration in determining confusion. Simply because the BARBIE trademark was famous with respect to dolls, that fame, in itself, did not render the mark famous in other areas such as restaurant services. In effect, the court held that since the "doll" business and the restaurant business appealed to different tastes and largely different clienteles, there was no likelihood of confusion between the two trademarks.

As to the issue of the survey evidence introduced by Mattel, the court dismissed it as irrelevant. The court noted that the test is one of likelihood of confusion, i.e. that there must be a finding that the two marks are likely to be confused. The court noted that the survey asked the question

“Do you believe that the company that makes BARBIE dolls might have anything to do with this sign or logo”. The survey asked a question addressing the issue of possible confusion, not likely confusion. The court seemed to leave open the door for the possible relevance of this type of survey evidence, provided of course the wording of the question resulted in a clear test of likelihood of confusion. Of course, evidence of actual confusion would have been highly relevant; however, no such evidence was submitted.

While this case does seem to limit the scope of protection afforded to famous trademarks, the case did leave the door open to marks whose fame was such that confusion could be found even if the competing mark was used for very different wares/services. Indeed, the court sited the example of the VIRGIN trademark, which has been used with a diverse nature of wares and services including soft drinks, music, games, resorts, cellular phones, clothing, books, cosmetics, credit cards and even air lines. The fame of the VIRGIN trademark may be of such breadth that using a similar mark for an unrelated service or product may result in a likelihood of confusion. In essence, since the VIRGIN trademark is famous in such a variety of different areas, it is possible that the average consumer might be confused if confronted with a similar trademark in a line of business not presently occupied by Richard Branson’s group of companies.