THE PROTECTION OF FAMOUS AND WELL-KNOWN TRADE-MARKS IN THE CONTEXT OF NON-COMPETING USE: HAS CANADA DONE ENOUGH?

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1) INTRODUCTION

The Trade-marks Act protects trade-marks that are “made known in Canada.” However, the Trade-marks Act does not define a famous or well-known trade-mark. Generally speaking, a trade-mark is famous or well-known if it enjoys “a high degree of consumer recognition.” In Canada, famous or well-known trade-marks are afforded a wider area of general protection than non-famous trade-marks. A famous trade-mark is particularly deserving of extended protection if it “casts an aura that is not circumscribed by association with its traditional” products or if the trade-mark transcends product lines in the sense that it has “been used in
connection with such a diversity of wares and services that it knows virtually no bounds."\(^5\)

The wider protection afforded famous trade-marks under the Trade-marks Act is influenced largely by Canada’s international treaty obligations. Canada is obliged under Article 6bis of the Paris Convention for the Protection of Industrial Property (Paris Convention) “to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion” with a famous trademark.\(^6\) The North American Free Trade Agreement (NAFTA) and the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) provide in similar terms that Article 6bis of the Paris Convention shall apply, with such modifications as may be necessary, to the protection of trade-marks under the NAFTA and the TRIPS.\(^7\)

The exact scope of the wider or extended protection accorded to famous trade-marks in Canada has yet to be clearly delineated by the courts. In one case, however, the Federal Court of Canada opined that the extended ambit of protection means “protection beyond the field in which the [trade-mark] has been exploited as a trade mark.”\(^8\) The Supreme Court of Canada alluded to this issue when it stated recently that “in opposition proceedings, trade-mark law will afford protection that transcends the traditional product lines unless the applicant shows the likelihood that registration of its mark will not create confusion in the marketplace within the meaning of s. 6 of the Trade-marks Act.”\(^9\) The court has also stated that, “[t]he relevant point about famous marks is that fame is capable of carrying the mark across product lines where lesser marks would be circumscribed to their traditional wares or services.”\(^10\)

The wider protection accorded to famous trade-marks manifests in several ways. First, it is reflected in the weight attached to the factors enumerated in section 6(5) of the Trade-marks Act, particularly the inherent distinctiveness of the trade-mark and the extent to which it has become known, and the nature of the wares, services or business. As a general rule,\

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\(^5\) Mattel, supra note 3 at para 30.

\(^6\) Paris Convention for the Protection of Industrial Property, 14 July 1967, Article 6bis sub-article 1.


\(^8\) Seagram v Canada (Registrar of Trade-Marks) [1990] FCJ 909, 33 CPR (3d) 454, (FCC) [Seagram].

\(^9\) Mattel, supra note 3 at para 6 [emphasis by the court].

\(^10\) Ibid at para 63 [emphasis by the court].
The factors under section 6(5) of the \textit{Trade-marks Act} are not interpreted as having equal weight in every case.\textsuperscript{11} Rather, the weight attached to the factors varies from case to case.\textsuperscript{12} Thus, "a particular case might justify greater significance being given to one criterion over others."\textsuperscript{13} This "is especially true when dealing with well-known or historical trade-marks."\textsuperscript{14} In fact, in cases involving famous trade-marks the distinction between the wares and the nature of the trade of the two competing marks becomes less important.\textsuperscript{15} Thus, in such cases, "the nature of the wares, services or business and the nature of the trade, are not particularly determinative" of confusion.\textsuperscript{16} The effect is that, whereas differences in the nature of wares, services or business and differences in the nature of trade could prevent confusion with ordinary trade-marks, such differences do not necessarily prevent confusion with a famous trade-mark.

Second, section 6(5) of the \textit{Trade-marks Act} requires the court to consider 'all the surrounding circumstances' in determining whether there is confusion. 'All the surrounding circumstances' has a broad meaning, particularly in cases involving famous trade-marks. For example, the fame of a trade-mark is considered as part of 'all the surrounding circumstances' under section 6(5) of the Act.\textsuperscript{17} As the Supreme Court of Canada noted in \textit{Veuve Clicquot Ponsardin v. Boutiques Clicquot Ltee},\textsuperscript{18} "fame (or strength) is a circumstance of great importance because of the hold of famous marks on the public mind."\textsuperscript{19} In addition, in considering 'all the surrounding circumstances' the court must give due recognition to the fact that, in modern business environments, famous trade-marks "are widely licenced for wares and services not traditionally associated with the mark."\textsuperscript{20}

\textsuperscript{11} \textit{Leaf Confections Ltd v Maple Leaf Gardens Ltd} [1986] FCJ 766, 12 CPR (3d) 511 at 519 (FCC) [\textit{Leaf Confections}], affirmed [1988] FCJ 176, 19 CPR (3d) 331 (FCA).
\textsuperscript{12} \textit{Mattel}, \textit{ supra} note 3 at paras 54, 70; \textit{Veuve Clicquot}, \textit{ supra} note 4 paras 21, 27.
\textsuperscript{13} \textit{Leaf Confections, supra} note 11 at 519-20.
\textsuperscript{14} \textit{United Artists, supra} note 3 at para 63.
\textsuperscript{15} \textit{Leaf Confections, supra} at note 11 at 520.
\textsuperscript{16} \textit{Miss Universe, Inc v Bohna} [1995] 1 FC 614 at para 13, (available on CanLII) (FCA) [\textit{Miss Universe}]. See also, \textit{Danjaq Inc v Zervas}, [1997] FCJ 1036, 75 CPR (3d) 129 at para 16 ("The nature of the wares and services will be a less important factor where the opponent to the registration has a strong trade mark.").
\textsuperscript{17} \textit{Mattel, supra} note 3 at para 73.
\textsuperscript{18} \textit{Veuve Clicquot, supra} note 4.
\textsuperscript{19} \textit{Ibid} at para 27.
\textsuperscript{20} \textit{Mattel, supra} note 3 at para 81.
The fame of a trade-mark does not by itself confer any special protection on the trade-mark.\(^{21}\) Rather, \(\text{"[t]he wide scope of protection afforded by the fame of [a] mark only becomes relevant when applying it to a connection between the applicant’s and the opponent’s trade and services."}\(^{22}\) Thus, the fame of a trade-mark is not a trump card that prevents the registration or use of a similar trade-mark on non-competing wares or services.\(^{23}\) As the Federal Court of Appeal noted in \textit{Toyota Jidosha Kabushiki Kaisha v. Lexus Foods Inc.}, \text{"[f]amousness alone does not protect a trade-mark absolutely. It is merely a factor that must be weighed in connection with all the rest of the factors."}\(^{24}\)

Third, famous trade-marks enjoy an added layer of protection with regard to the registration of a similar trade-mark. The statutory onus on a person applying to register a trade-mark to prove that the trade-mark is not confusing or likely to be confusing is more difficult to discharge in cases involving famous trade-marks. As the Federal Court of Appeal has held, \text{"[t]he stronger the mark is, the greater the ambit of the protection it should be accorded and the more difficult it will be for an applicant to discharge the onus"} that its trade-mark is unlikely to cause confusion with a previously registered trade-mark.\(^{25}\)

Finally, in cases involving the passing-off of famous trade-marks, Canadian courts appear to be more inclined to conclude that damage or injury, a requisite element of the tort of passing-off, has occurred.\(^{26}\) In \textit{Orkin Exterminating Co. Ltd. v. Pestco},\(^{27}\) for example, the Ontario Court of Appeal found that Orkin suffered damage as a result of the passing off of its goodwill by Pestco even though Orkin did not carry on business in Canada. According to the court, because Orkin had a reputation in Ontario, Canada, such that the public associated Orkin’s trade-mark with services provided by Orkin,

\(^{21}\) \textit{Seagram}, \textit{supra} note 8 at 466 ("the appellants’ marks are not entitled to extended protection simply because they have become well known, indeed famous, in association with the manufacture and sale of alcoholic beverages.").

\(^{22}\) \textit{United Artists}, \textit{supra} note 3 at 44.

\(^{23}\) \textit{Mattel}, \textit{supra} note 3 at para 72 ("I agree with the appellant that a difference in wares or services does not deliver the knockout blow, but nor does the fame of the trade-mark.").


\(^{25}\) \textit{Miss Universe}, \textit{supra} note 16 at para 12. See also \textit{Remo Imports Ltd v Jaguar Cars Ltd}, [2007] FCJ 999, 60 CPR (4th) 130 at para 34 (FCA) ("...where a likelihood of confusion with a famous trade-mark entitled to a wide protection has been established, overcoming that evidence is a difficult task to assume") [\textit{Jaguar}].


\(^{27}\) \textit{Orkin Exterminating Co v Pestco Co of Canada} (1985), 50 OR (2d) 726, 19 DLR (4th) 90 (Ont CA).
Pestco's use of Orkin's trade-mark meant that Orkin had lost control over the impact of its trade-mark in Ontario.\textsuperscript{28} The practical consequence of such loss of control is that Orkin would be unable to expand its business into Ontario and it becomes "vulnerable to losing the Ontario customers it now has as well as prospective Ontario customers, with respect to the services provided in the United States."\textsuperscript{29}

Although Canadian law affords famous trade-marks a wider ambit of protection, it is contestable whether, in the context of non-competing use of trade-marks, the wider ambit of protection effectively protects famous trade-marks. This is the issue in this article. The article analyzes existing case law focusing on cases dealing with confusion and depreciation of famous trade-marks. It argues that while Canadian law on confusion adequately protects famous trade-marks, the statutory provisions on depreciation do not cater to all activities capable of damaging the goodwill attaching to famous trade-marks. Hence, the article suggests the introduction of a statutory regime on dilution of trade-marks in Canada. This suggestion is anchored on the fact that, given the restricted meaning of the word 'use' under section 22 of the Trade-marks Act, certain uses of a trade-mark may not depreciate the goodwill of the trade-mark even though they could diminish or tarnish the trade-mark.

II) THE PROTECTION OF FAMOUS OR WELL-KNOWN TRADE-MARKS IN THE CONTEXT OF NON-COMPETING USE: CASE LAW IN CANADA

This section of the article undertakes a case law analysis, focusing primarily on infringement of trade-marks by way of confusion and depreciation under the Trade-marks Act. As discussed below, even in cases where a famous trade-mark casts an aura or where it possesses protean power, the requisite elements of confusion or depreciation must still be established in order for the trade-mark to enjoy an extended protection.\textsuperscript{30} However, the requirements for confusion and depreciation in Canada are such that in a number of cases famous trade-marks have been denied an extended protection.

\textsuperscript{28} Ibid at para 49.
\textsuperscript{29} Ibid.
\textsuperscript{30} Mattel, supra note 3 at paras 30, 83; Veuve Clicquot, supra note 4 at para 37.
A) CONFUSION

The registration of a trade-mark in respect of any wares or services confers on the owner of the trade-mark "the exclusive right to use throughout Canada of the trade-mark in respect of those wares or services."31 The owner's exclusive right to use a trade-mark is breached where a person not entitled to use the trade-mark, "sells, distributes or advertises wares or services in association with a confusing trade-mark or trade-name."32 The Trade-marks Act also provides that:

The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.33

Confusion requires a mistaken inference (or a likelihood of a mistaken inference) on the part of "ordinary casual consumers somewhat in a hurry" that, the wares or services associated with both trade-marks are provided by the same person, even if the wares or services are different and even if they are not of the same general class.34 The requisite mistaken inference may be drawn by consumers if there is a link or association (or the likelihood of a link or association) between the sources of the wares or services associated with the trade-marks.35 Thus, the absence of such a link or association defeats a plea of confusion. According to the Supreme Court of Canada, "[i]f there is no likelihood of a link, there can be no likelihood of a mistaken inference, and thus no confusion within the meaning of the Act."36 This position remains even if the trade-mark alleged to be infringed is a famous trade-mark. This is because "[n]o matter how famous a mark is, it cannot be used to create a connection that does not exist."37

Under section 6(5) of the Trade-marks Act, a determination of confusion rests on 'all the surrounding circumstances' of each case, including:

31 Trade-marks Act, RSC 1985, c T-13, s 19.
32 Ibid, s 20(1).
33 Ibid, s 6(2).
34 Mattel, supra note 3 at paras 6, 56-58; Veuve Clicquot, supra note 4 at para 20.
35 Mattel, ibid.
36 Ibid.
37 United Artists, supra note 3 at para 44.
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(a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;
(b) the length of time the trade-marks or trade-names have been in use;
(c) the nature of the wares, services or business;
(d) the nature of the trade; and
(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

However, the factors enumerated in section 6(5) of the Trade-marks Act are not exhaustive. Rather, in determining whether there is confusion (or a likelihood of confusion), the court must consider 'all the surrounding circumstances' of each case, including the factors listed in section 6(5). As indicated previously, section 6(5) factors are not designed to carry the same evidentiary weight in every case, but the factors may "be given different weight in a context-specific assessment." Thus, depending on the circumstances of a particular case, some of the factors in section 6(5) may carry more weight than other factors. In fact, in some cases, some of the factors may not be particularly relevant. However, "none of the s. 6(5) circumstances 'trump' the others".

That said, until recently there was a controversy surrounding the protection of famous trade-marks in the context of non-competing use of such trade-marks. The controversy arose from the inconsistent application of the factors in section 6(5)(c)-(d) of the Trade-marks Act. In the past, some courts placed overriding emphasis on section 6(5)(c), that is, the nature of the wares, services or business, and held that differences in the nature of the wares, services or business prevented confusion with famous trade-marks. In Pink Panther Beauty Corporation v. United Artists Corporation, for example, the Federal Court of Appeal suggested that the use of a junior trade-mark is unlikely to cause confusion with a famous trade-mark if there is no similarity

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38 Trade-marks, supra note 1, s 6(5).
39 Mattel, supra note 3 at para 54; Veuve Clicquot, supra note 4 at paras 21, 27.
40 Mattel, ibid; Veuve Clicquot, ibid at para 21.
41 Mattel, ibid at paras 54, 70; Veuve Clicquot, ibid at para 21, 27. See also, Advance Magazine Publishers, Inc v Wise Gourmet Inc [2009] FCJ 1501, 2009 FC 1208 at para 47.
42 Mattel, supra note 3 at para 73.
43 Veuve Clicquot, supra note 4 at para 27.
44 Mattel, supra note 3 at para 76.
45 United Artists, supra note 3.
in the products or services associated with both marks. According to the court, in the absence of evidence of such similarity, "it is very difficult to justify the extension of property rights into areas of commerce that do not remotely affect the trade-mark holder. Only in exceptional circumstances, if ever, should this be the case." More significantly, the court held that:

The Trial Judge's conclusions with respect to the differences in nature of the wares and the nature of the trade are accurate. He found both of these to be quite dissimilar. I agree, but I would underscore the differences to a greater extent. ... However, the issue to be decided is not how famous the mark is, but whether there is a likelihood of confusion in the mind of the average consumer between United Artists' mark and the one proposed by the appellant with respect to the goods and services specified. That question must be answered in the negative. There is no likelihood of confusion as to the source of the products. The key factor here is the gaping divergence in the nature of the wares and in the nature of the trade. It is not a fissure but a chasm.

The same reasoning can be found in Toyota Motor Corp. v. Lexus Foods Inc., where Toyota attempted unsuccessfully to prevent the registration of the mark LEXUS in association with canned food products on the grounds that, it would cause confusion with its trade-mark LEXUS, which is registered and used in association with automobiles. In that case, the Federal Court of Appeal attached an overriding weight to what it termed "the striking difference in the wares" in coming to the conclusion that there was no likelihood of confusion with Toyota's LEXUS trade-mark. The court noted that where the type of goods that are being compared in order to determine if there might be confusion "are as dramatically different as cars and canned food, that must be given considerable weight." Overriding weight was also given to the differences in wares, services or business in Germain v. Playboy
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Enterprises, Inc., where the Federal Court held that there was no likelihood of confusion between PLAYBOY trade-mark for magazines and entertainment services and the trade-mark PLAYBOY MEN'S HAIR STYLIST in association with barbering and hair-dressing services.

Unlike the Pink Panther case, some courts held that differences in the wares, services or business do not prevent confusion and that it is not required that the wares, services or business be the same in order to find confusion. Neither is it required that there should be some closeness or affinity between the wares, services or trade. In fact, in cases involving famous trade-marks, the latter line of authority places less weight on the differences in the nature of the wares, services or business and the differences in the nature of trade. In such cases, "the distinction between the wares and the nature of the trade of the two competing marks becomes less important." In Danjaq Inc. v. Zervas, for example, the respondent sought to register three trade-marks: 007; 007 PIZZA & SUBS and Design; and 007 SUBMARINE and Design, in association with restaurant business. The appellant, owner of the trade-mark 007 and GUN Design associated with JAMES BOND movies, opposed the application on grounds, inter alia, that the trade-marks would be confusing. The Registrar of Trade-marks rejected the opposition and held that, confusion was unlikely given the wide disparity in the wares and trades. In reversing the Registrar, the Federal Court held that the nature of the wares and services is a less important factor in cases involving a strong or famous trade-mark. Similarly, in Glen-Waren Productions Ltd. v. Gertex Hosiery Ltd., the Federal Court of Appeal held that the mark, MISS CANADA, used in association with ladies' hosiery and panty hose was likely to be confusing with the appellant's unregistered trade-mark, MISS CANADA, used in association with beauty pageants and product

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53 [1978] FCJ 19, 39 CPR (2d) 32 (FCC) [Playboy].
55 Leaf Confections, ibid at 519 ("... there is no requirement for a strict affinity or analogy between the wares of the appellant now before the Court and those of the respondent in order for me to conclude that the marks are confusing."). See also Jaguar, supra note 25 at para 48 (FCA) ("... the fact that the parties operate in different markets is not sufficient to overrule the judge's finding that there was a likelihood of confusion.").
56 Leaf Confections, ibid at 520.
57 [1997] FCJ 1036, 75 CPR (3d) 129 (FCC).
58 Ibid at para 16.
59 Ibid at para 7.
60 [1990] FCJ 51, 29 CPR (3d) 7 (FCA).
endorsements. The court found confusion even though “sales of hosiery would not appear at first blush to be related to a beauty pageant.”

The controversy arising from the inconsistent application of section 6(5)(c)-(d) of the Trade-marks Act raged until 2006 when the Supreme Court of Canada held that the suggestion in Pink Panther that differences in the wares or services are always to be given a dominant consideration “should not be followed.”

1) The Supreme Court of Canada’s Decisions in Mattel and Veuve Clicquot

In both Mattel v. 3894207 Canada Inc. and Veuve Clicquot Ponsardin v. Boutiques Clicquot Ltée, the Supreme Court of Canada held that Pink Panther was wrong to the extent that it suggested, for confusion to occur, there must be some resemblance or similarity between the wares or services associated with the trade-marks. According to the Supreme Court of Canada, “Pink Panther and Lexus put too much emphasis on the similarities and dissimilarities in the ‘nature of the wares, services or business’ (s. 6(5)(c)), and to that extent strayed from the statutory ‘all the surrounding circumstances’ test.” This is more so because “[r]esemblance is clearly not a requirement under” section 6 of the Trade-marks Act. Thus, “a difference in wares or services does not deliver the knockout blow” to a claim of confusion. The Supreme Court of Canada also held that, “the exceptional circumstances” test enunciated by the Pink Panther Court “puts the bar too high” and that it introduced “rigidity where none exists.” According to the Supreme Court of Canada:

I [Binnie J.] believe Linden J.A. misspoke to the extent he suggested that, for confusion to occur, there must be “some resemblance or linkage to the wares in question”, i.e. to the wares for which registration of a trade-mark is sought. Resemblance is clearly not a requirement under s. 6. On the contrary, the point

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61 Ibid at 12-13.
62 Mattel, supra note 3 at para 71.
63 Mattel, supra note 3.
64 Veuve Clicquot, supra note 4.
65 Mattel, supra note 3 at paras 63, 65; Veuve Clicquot, ibid at para 27.
66 Veuve Clicquot, ibid at para 27.
67 Mattel, supra note 3 at para 65.
68 Ibid at para 72.
69 Ibid at para 63.
of the legislative addition of the words “whether or not the wares or services are of the same general class” conveyed Parliament’s intent that not only need there be no “resemblance” to the specific wares or services, but the wares or services marketed by the opponent under its mark and the wares or services marketed by the applicant under its applied-for mark need not even be of the same general class.  

Thus, the nature of the wares, services or business and the nature of the trade are neither controlling factors nor determinative of the issue of confusion. The use of a trade-mark may cause confusion with another trade-mark “whether or not the wares or services are of the same general class.” In effect, the mere fact that a trade-mark is used in association with wares, services or business that are significantly dissimilar to the wares or services associated with a famous trade-mark is not fatal to a claim of confusion with the famous trade-mark. In fact, the use of a trade-mark could cause confusion with a famous trade-mark even though the wares or services associated with both trade-marks are different and both trade-marks are used in unrelated or different trades.

Nonetheless, the differences in the nature of the wares, services or business and the differences in the nature of the trade represent formidable obstacles for owners of famous trade-marks in Canada, given that, in appropriate cases, the court can attach more weight to such differences than other factors. Both Mattel v. 3894207 Canada Inc. and Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée are emblematic of the severity of the obstacles posed by such differences. In Mattel, the respondent applied to register the trade-mark BARBIE’S and DESIGN in association with restaurant services, take-out services, and catering and banquet services. Prior to the application, the respondent operated a number of restaurants under the trade-name BARBIE’S in Montreal. The appellant, owners of the world famous BARBIE trade-mark, opposed the respondent’s application on the grounds that the respondent’s use of BARBIE’S would likely create confusion

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70 Ibid at para 65 [emphasis by the court].
72 Trademarks Act, RSC 1985, c T-13, s 6(2)-(4).
73 Mattel, supra note 3 at para 60 [emphasis by the court].
74 See Miss Universe, supra note 16 at para 14.
75 Mattel, supra note 3 at para 78.
76 Mattel, supra note 3.
77 Veuve Clicquot, supra note 4.
and depreciate its BARBIE trade-mark. The opposition was rejected by the Trade-marks Opposition Board (TMOB). Both the Federal Court and the Federal Court of Appeal affirmed the Board’s decision. Although the Supreme Court of Canada agreed “that BARBIE has now acquired a strong secondary meaning associated with the appellant’s doll products, and on that account has achieved considerable distinctiveness,”87 it held that, considering all the surrounding circumstances, including the fact that the appellant’s trade-mark is not used in association with restaurant services, there was no likelihood of confusion. According to the Supreme Court of Canada:

if the BARBIE mark is not famous for anything but dolls and doll accessories in the area where both marks are used and there is no evidence that BARBIE’s licensees, whoever they may be, are in the marketplace using the BARBIE mark for “restaurant services, take-out services, catering and banquet services”, it is difficult to see the basis on which the mistaken inference is likely to be drawn.79

The court continued:

In the present case, quite apart from the great difference between the appellant’s wares and the respondent’s services, they occupy different channels of trade and the increased potential for confusion that might arise through intermingling in a single channel of trade does not present a serious problem.80

The Supreme Court of Canada came to a similar conclusion in Veuve Clicquot.81 In that case, the appellant was the registered owner of numerous trade-marks including VEUVE CLICQUOT, VEUVE CLICQUOT PONSARDIN and LA GRANDE DAME. The appellant’s trade-marks have been used in association with wines, champagnes and other alcoholic beverages in Canada since at least 1899. The appellant’s VEUVE CLICQUOT trade-mark is famous for the high quality and luxury associated with its products including wines, champagnes and other alcoholic beverages. In addition, the appellant used its VEUVE CLICQUOT trade-mark on a range of promotional items including fashion wares such as vests, scarves,

78 Mattel, supra note 3 at para 75.
79 Ibid at para 83.
80 Ibid at para 87.
81 Veuve Clicquot, supra note 4.
women's dresses and men's ties, bow ties and waistcoats. However, the appellant did not sell these promotional items in Canada. The respondents owned six women's wear shops in Québec, Sherbrooke, Montréal and Ottawa regions using the trade-name CLIQUOT. In 1997, the second respondent registered the trade-marks CLIQUOT and CLIQUOT UN MONDE à PART. The word CLIQUOT did not appear on the clothing sold at the respondents' shops, although it appeared on the exterior sign at each of these shops, on bags and wrapping as well as on the respondents' business cards and invoices. Unlike the appellant's products, which were luxury items, the respondents sold mid-priced clothing.

The appellant brought an action for infringement against the respondents, alleging confusion and depreciation of its trade-marks. The appellant also sought expungement of the second respondent's registered trade-marks CLIQUOT and CLIQUOT UN MONDE à PART. At the time of the action, the trade-marks of the appellant and respondents had coexisted in the same areas (Québec and eastern Ontario) for about 10 years. Both the Federal Court and the Federal Court of Appeal found that there was no confusion and depreciation. Affirming the lower courts, the Supreme Court of Canada held that although the appellant's "VEUVE CLICQUOT mark is famous and casts an aura that is not circumscribed by association with its traditional wine and champagne products," there was no likelihood of confusion because the appellant's trade-mark was broadly associated with luxury goods, whereas the respondents' trade-mark was used in association "with a chain of mid-priced clothing stores."82

2) Significance of the Mattel and Veuve Clicquot Decisions

In a number of ways both Mattel and Veuve Clicquot promote clarity in the law, particularly with regard to famous trade-marks. First, both cases established the context specific approach as the proper approach to confusion under section 6(5) of the Trade-marks Act. Under this approach, "each situation must be judged in its full factual context" by taking into account 'all the surrounding circumstances', including the factors enumerated under section 6(5) of the Trade-marks Act.83

Second, both cases provide an analytical template for undertaking a context specific assessment of confusion or likelihood of confusion. A

82 Ibid at para 37.
83 Mattel, supra note 3 at para 72.
context specific assessment of confusion is undertaken from the perspective of
the 'casual consumer somewhat in a hurry'. As the Supreme Court of Canada
stated in Mattel:

What, then, is the perspective from which the likelihood of a
"mistaken inference" is to be measured? It is not that of the
careful and diligent purchaser. Nor, on the other hand, is it the
"moron in a hurry" so beloved by elements of the passing-off bar.
.... It is rather a mythical consumer who stands somewhere in
between, dubbed in a 1927 Ontario decision of Meredith C.J. as
the "ordinary hurried purchasers."84

The Supreme Court of Canada reiterated in Veuve Clicquot that:

The test to be applied is a matter of first impression in the mind
of a casual consumer somewhat in a hurry who sees the name
Clicquot on the respondents' storefront or invoice, at a time when
he or she has no more than an imperfect recollection of the
VEUVE CLICQUOT trade-marks, and does not pause to give the
matter any detailed consideration or scrutiny, nor to examine
closely the similarities and differences between the marks.85

Thus the statutory test for confusion is met "if ordinary casual
consumers somewhat in a hurry are likely to be deceived about the origin of
the wares or services."86 In a confusion analysis, the mythical casual consumer
somewhat in a hurry is accorded a certain degree of intellectual capacity,
characterized by the Supreme Court of Canada as "average intelligence."87 In
assessing confusion, this casual consumer "will have only a general and not
very precise recollection of the earlier trade-mark, famous though it may be."88

Third, by establishing the context specific approach, both decisions
enunciated a wider latitude for applying the factors under section 6(5) of the
Trade-marks Act, thus enhancing the protection accorded famous trade-marks
in Canada.89 In both cases the Supreme Court of Canada adopted a broad
and expansive interpretation of the phrase 'all the surrounding circumstances'

84 Ibid at para 56 [footnotes omitted].
85 Veuve Clicquot, supra note 4 at para 20.
86 Mattel, supra note 3 at para 58.
87 Ibid.
88 Ibid.
89 See Paul D Blanchard, Lisa R Vatch & Andrea P Flewelling, "The Barbie Case: The Supreme Court of
under section 6(5) of the Trade-marks Act. 'All the surrounding circumstances' include the fame of a trade-mark. According to the Supreme Court of Canada, although "the fame of the mark is not, as such, an enumerated circumstance" under section 6(5), "fame (or strength) is a circumstance of great importance because of the hold of famous marks on the public mind." However, the fame of a trade-mark does not trump other factors under section 6(5) of the Trade-marks Act. In fact, the weight to be attached to the fame of a trade-mark is relative to the nature and extent of the fame associated with the trade-mark. For example, more weight will be accorded to the fame of a trade-mark that has transcended product lines.

Another 'surrounding circumstance' is product diversification or product licensing. In Mattel, the Supreme Court of Canada observed that "the recognition in our society that 'famous brands' are widely licensed for wares and services not traditionally associated with the mark must be kept in mind as another 'surrounding circumstance'." This is a significant development because, prior to Mattel and Veuve Clicquot, some courts, notably the Pink Panther Court, failed to give adequate consideration to the issue of product diversification and product licensing in applying the factors under section 6(5).

Given the decisions in Mattel and Veuve Clicquot, Canadian courts in the future would be more willing to find a likelihood of confusion where a famous trade-mark is shown to be associated with a multitude of products or services. This is particularly so in cases where the famous trade-mark is inherently distinctive in the sense that it is coined or original. Of course, evidence of product diversification is not a trump card, but diversification of a famous trade-mark into adjoining or complementary areas of business may well be enough to prevent other persons from using a similar trade-mark in those adjoining or complementary areas of business. Given current market developments such as character merchandising, consumers are more likely to think that the owners of a famous trade-mark have diversified the use of their trade-mark where a junior user uses the famous trade-mark on non-competing

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90 Veuve Clicquot, supra note 4 at para 27.
91 See ibid at para 32; Mattel, supra note 3 at para 30.
92 Mattel, ibid at para 30.
93 United Artists, supra note 3.
94 See, for example, the dissenting opinion of McDonald JA in United Artists.
wares or services.\textsuperscript{96} Such inference or association is more likely where a famous trade-mark possesses 'protean power' in the sense that it transcends product lines.\textsuperscript{97}

'Surrounding circumstances' do not always work to the benefit of famous trade-marks. For example, in cases where a senior famous trade-mark and an identical or similar junior trade-mark have coexisted or have been used concurrently in the same area, evidence of actual confusion or lack of evidence of actual confusion is a 'surrounding circumstance'. In \textit{Mattel}, the Supreme Court of Canada noted that:

Evidence of actual confusion would be a relevant "surrounding circumstance" but is not necessary ... even where trade-marks are shown to have operated in the same market area for ten years. ... Nevertheless, ... an adverse inference may be drawn from the lack of such evidence in circumstances where it would readily be available if the allegation of likely confusion was justified.\textsuperscript{98}

An adverse inference was in fact drawn in \textit{Veuve Clicquot}, where the Supreme Court of Canada concluded that, given the lack of evidence of actual confusion during the ten years that both marks operated and coexisted in the same market, it was unlikely that there would be confusion in the future.\textsuperscript{99}

Fourth, as mentioned previously, both decisions resolved the controversy surrounding the weight to be attached to the factors under section 6(5) of the \textit{Trade-marks Act}. According to the Supreme Court of Canada, "[s]ome enumerated factors may not be particularly relevant in a specific case, and in any event their weight will vary with all the surrounding circumstances."\textsuperscript{100} In fact, "different factors may be given different weight in different situations."\textsuperscript{101} However, none of the factors under section 6(5) of the \textit{Trade-marks Act} are controlling or dominant.\textsuperscript{102} Thus, while Canadian courts are entitled, in appropriate cases, to give more weight to the differences in the

\textsuperscript{97} \textit{Mattel}, supra note 3 at para 30; \textit{See also Veuve Clicquot, supra note 4 at para 37.}
\textsuperscript{98} \textit{Mattel}, ibid at para 55 [citations omitted].
\textsuperscript{99} \textit{Veuve Clicquot, supra note 4 at para 37.}
\textsuperscript{100} Ibid at para 27.
\textsuperscript{101} \textit{Mattel, supra note 3 at para 70.}
\textsuperscript{102} \textit{Ibid at para 51.}
nature of the wares, services or business, they place overriding or dominant emphasis on such differences and use them as a trump card that prevents confusion, as was done by the Federal Court of Appeal in both Pink Panther and Lexus. In the words of the Supreme Court of Canada:

To the extent Linden J.A. held that the difference in wares or services will always be a dominant consideration, I disagree with him, but given the role and function of trade-marks, it will generally be an important consideration. The appellant contends that some of Linden J.A.'s obiter statements can be read virtually to require a "resemblance" between the respective wares and services. In that respect, the obiter should not be followed.

The court emphasized that under the context specific approach "a difference in wares or services does not deliver the knockout blow" to a claim for confusion. While the general class of wares or services is a relevant factor in a confusion analysis, it is not a controlling or dominant factor. This is a significant legal development because, prior to Mattel and Veuve Clicquot, the Federal Court of Appeal decisions in both the Pink Panther and Lexus essentially ensured "that famous marks were not to be afforded any extra protection where the wares differ dramatically or are not somehow connected." That said, in both Mattel and Veuve Clicquot, the Supreme Court of Canada recognized that while a resemblance of wares or services is not a requirement under section 6(5) of the Trade-marks Act and while the wares and services need not be of the same class, the differences in wares or services is an important factor in a context specific analysis of confusion. In fact, a sharp divergence in the wares or services may negate or offset a connection in the minds of consumers between the sources of the wares or services associated with similar or identical trade-marks.

In one significant respect, however, the Supreme Court of Canada’s decision in Mattel may not be particularly helpful for lower courts. In Mattel,

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103 Veuve Clicquot, supra note 4 at para 33.
104 Mattel, supra note 3 at para 71 [emphasis by the court].
105 Ibid at para 72.
106 Ibid at para 51.
108 Mattel, supra note 3 at para 70. See also Industries Lassonde Inc v Oasis d'Olivia Inc [2010] QJ 8361, 86 CPR (4th) 367 at para 30 (Quebec Superior Court).
the appellant argued that the respondent’s application for registration of BARBIE’S as a trade-mark was designed to pirate the goodwill and reputation of the appellant’s famous BARBIE trade-mark. While the Supreme Court of Canada found that “there is some justice to this complaint,” it was unable to assuage the complaint because “[m]ens rea is of little relevance to the issue of confusion” and because “the relevant perspective of s. 6(2) of the Trade-marks Act is not that of the respondent but rather the perception of the relevant mythical consumer.” The Supreme Court of Canada did not specifically exclude consideration of a defendant’s mens rea in determining confusion. By holding that “[m]ens rea is of little relevance to the issue of confusion”, the Supreme Court of Canada appears to hint that mens rea could be considered in appropriate cases. However, the problem is that the Court did not give any indication as to the circumstances that may warrant a consideration of mens rea in the context of confusion. Perhaps the Supreme Court of Canada felt uncompelled to delve into such circumstances given that, “in this case no such intent was found as a fact by the [Trade-marks Opposition] Board.” Nonetheless, some indications as to when mens rea could be taken into account would have enhanced consistency in the interpretation and application of section 6 of the Trade-marks Act.

3) Case Law on Confusion Post-Mattel and Veuve Clicquot

Both Mattel and Veuve Clicquot were decided by the Supreme Court of Canada in 2006. Numerous cases decided subsequently have relied on or followed Mattel and Veuve Clicquot. As of the time of writing, the Mattel and Veuve Clicquot decisions had been followed by lower courts and by the Trade-marks Opposition Board in twelve cases and four cases, respectively. In this section of the article I analyze a few of these cases. My aim is to provide some account of how both decisions have been treated and applied in subsequent judicial decisions. However, my analysis is confined to cases involving famous trade-marks.

109 Mattel, ibid at 90.
110 Ibid.
111 Ibid [emphasis by the court].
112 Ibid.
113 A note-up on LexisNexis Quicklaw (July 30, 2013) reveals that Mattel has been followed in twelve cases, distinguished in 1 case, explained in 9 cases, mentioned in 299 cases, and cited in 340 cases (including one citation in a dissenting opinion), while Veuve Clicquot has been followed in 4 cases, explained in 3 cases, mentioned in 149 cases, and cited in 166 cases.
In *Industries Lassonde v. Oasis d'Olivia*,\(^{114}\) the plaintiff registered and used the mark OASIS in association with a variety of products including juice, fruit drinks, spring water, sorbets, and alcoholic and non-alcoholic drinks. The plaintiff alleged that the defendant's trade-mark, OLIVIA'S OASIS WITH DESIGN, used in association with beauty products is likely to cause confusion with, and likely to depreciate the goodwill attaching to, the plaintiff's OASIS mark. While holding that the plaintiff's mark is a "well-known and a leading brand in Quebec,"\(^{115}\) the Quebec Superior Court found that, on "a fact driven analysis of the surrounding circumstances in the present case,"\(^{116}\) there was no confusion or likelihood of confusion. The Court gave due weight, but not an overriding weight, to the differences in the nature of the wares and the differences in the nature of the trade.\(^{117}\) Perhaps, more importantly, the Court did not treat the dissimilarity between the marks and the difference in the wares as a trump card that automatically prevented confusion. Rather, the Court undertook a context specific factual analysis, as urged by the Supreme Court of Canada in *Mattel and Veuve Clicquot*. Ultimately, the Quebec Superior Court concluded that there was no confusion or likelihood of confusion because the mark OASIS is not inherently distinctive given that "it is an everyday word, found in the dictionary, not originated by Plaintiff",\(^{118}\) the two marks are "associated with such different products, and presented in such a different manner that they are completely dissimilar not only in resemblance, but also in the ideas suggested by them";\(^{119}\) "the products are also priced differently and directed to different target consumers";\(^{120}\) "the nature of the wares and the nature of the trade are different";\(^{121}\) and because "there is no resemblance between the marks in appearance. Nor is there any resemblance in the idea suggested by them."\(^{122}\)

A context specific factual approach was also adopted by the Federal Court of Canada in *BMW Canada Inc. v. Nissan Canada Inc.*\(^{123}\) In this case,

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114 [2010] QJ 8361, 86 CPR (4th) 367 (Quebec Superior Court); leave to appeal granted on 10 September 2010 by the Quebec Court of Appeal: 2010 QCCA 1637.
116 *Ibid* at para 34.
117 *Ibid* at paras 37, 38.
119 *Ibid* at para 44.
120 *Ibid* at para 45.
121 *Ibid* at para 49.
122 *Ibid* at para 50.
BMW, the owner of the registered trade-marks M3, M5, M and Design as well as the unregistered marks M and M6, sued Nissan for infringement of its trademarks on grounds of confusion, passing-off and depreciation. BMW alleged that Nissan's use of the marks M and M6 in association with automobiles, in advertising, promoting, offering for sale and selling automobiles, parts and accessories, causes confusion with its trade-marks. BMW also alleged that Nissan's use of the marks M and M6 deprecates the goodwill attaching to its trade-marks. In considering all the surrounding circumstances under section 6(5) of the Trade-marks Act, the Federal Court found that the nature of the wares is essentially the same because the parties' marks are associated with luxury high performance cars; that the nature of trade is similar; and that there is a measure of resemblance in the letter M as it appears in the marks of the parties. However, the court found that confusion is unlikely because:

In my view it is in the nature of the trade, in the market for luxury high performance vehicles, that a purchaser decides to buy only after significant study of the manufacturer's products generally and of the wares that particularly interest him or her. Advertisements and promotions may meet their eyes and pique their interests, but they would not proceed without significant further consideration, including comparison of the product offered with their needs, and their experience with other vehicles.

While the Federal Court rightly applied the context specific approach, it may have strayed from the test for determining confusion under the Trade-marks Act. The Federal Court appears to suggest that, in cases involving luxury wares, confusion should not be determined from the perspective of a 'casual consumer somewhat in a hurry.' According to the court, "the perspective from which the likelihood of a mistaken inference from the defendant's use of the letter M is to be measured ... is not the same as the perspective of a hurried purchaser with an imperfect recollection of the plaintiffs' registered marks." There is no doubt that the Federal Court is

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124 Ibid at paras 83-84, 89.
125 Ibid at paras 87-88. The Federal Court, however, found that Nissan's use of the letter M in association with automobiles in essentially the same trade or business as BMW amounted to passing-off because it "created a likelihood of confusion between the sources of the wares of the defendant and of the plaintiffs." The Federal Court's finding of passing-off was reversed by the Federal Court of Appeal. See 2007 FCA 255, 60 CPR (4th) 181 (FCA).
correct in observing that a prospective purchaser of a BMW M car is unlikely to be in a hurry given the expensive nature of the car. But that fact alone does not alter the requisite test or perspective for determining confusion. The perspective remains that of a casual consumer, irrespective of the nature of the wares or services. However, the casual consumer does not make every purchasing decision with the same level of attention or care. Rather, the consumer’s attention varies depending on the nature of the wares and services. The consumer is likely to be more attentive when purchasing expensive wares and services than when buying mid-priced wares and services. This is because, when purchasing ‘ordinary run-of-the-mill’ wares and services, the casual consumer, somewhat in a hurry, “is generally running behind schedule and has more money to spend than time to pay a lot of attention to details.” Contrary to the position of the Federal Court in BMW Canada Inc. v. Nissan Canada Inc., a preferable approach is to hold that confusion is unlikely in cases involving luxury wares such as BMW cars because prospective purchasers of BMW cars are likely to be more attentive prior to purchasing such luxury cars. They may in fact take the time and pain to study the issue before they purchase luxury wares such as BMW cars.

A further complication arising from Canadian case law following the Mattel and Veuve Clicquot decisions is that some members of the TMOB have suggested that the degree of resemblance between trade-marks is a dominant factor under section 6(5) of the Trade-marks Act. In 9013-0501 Quebec Inc. v. Gen-X Sports Inc., the TMOB observed that, “the degree of resemblance is the most important factor when assessing the likelihood of confusion between two trade-marks.” In Leon’s Furniture Ltd. v. Bad Boy Furniture Warehouse Ltd, the TMOB remarked that “[t]he most crucial or dominant factor in determining the issue of confusion is the degree of resemblance between the trade-marks.” A similar sentiment was expressed by the TMOB

127 Ibid at para 88.
128 Mattel, supra note 3 at para 56; Veuve Clicquot, supra note 4 at para 20.
129 Mattel, ibid at para 58.
130 Ibid.
131 Ibid.
132 Ibid.
134 Ibid at para 30.
136 Ibid at para 40.
in *Pernod Ricard Canada Ltd v. Maple Leaf Distillers Inc.* and *Jelly Belly Candy Co. v. Aran Candy Ltd.*

Perhaps the TMOB intended to suggest that, depending on the circumstances of each case, a resemblance between two trade-marks may be more relevant than other factors under section 6(5) of the *Trade-marks Act*. If this is the case, the TMOB's position is correct because, as the Supreme Court of Canada held recently in *Masterpiece v. Alavida*, "the degree of resemblance, although the last factor listed in section 6(5), is the statutory factor that is often likely to have the greatest effect on the confusion analysis." In appropriate cases, a resemblance between trade-marks may render other factors less relevant in the sense that the court may attach more weight to such a resemblance. However, a resemblance between trade-marks is not required in order to find confusion or likelihood of confusion. In a context specific factual assessment, a resemblance between two trade-marks may be negated by other factors such as the nature of the wares and services and the nature of the trade. As the Supreme Court of Canada has observed, although the PURDEY mark is exceptionally well-known in association with shotguns, it is doubtful "that even the [shotgun] cognoscenti would think the world famous shotgun specialist is likely associated with the well-known Vancouver purveyor of [PURDY'S] chocolates." A resemblance in sound or appearance may in fact be negated if the ideas suggested by the trade-marks are different.

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138 [2007] TMOB 99, 62 CPR (4th) 459 para 60. In this case the TMOB relied on Justice Cattanach's observation in *Beverley Bedding & Upholstery Co v Regal Bedding & Upholstery Ltd* (1980), 47 CPR (2d) 145 at 149 that "[i]f realistically appraised it is the degree of resemblance between trade marks in appearance, sound or in ideas suggested by them that is the most crucial factor, in most instances, and is the dominant factor and other factors play a subservient role in the overall surrounding circumstances."
140 See *Tradition Fine Foods Ltd v Groupe Tradition' Inc*, [2006] FC 1089, 51 CPR (4th) 342 at para 75 (FCC) where the court held that "given the significant dissimilarity between the Applicant's trade-marks and the Respondent's proposed trade-mark, this is a case where the degree of resemblance must be given the most weight in determining the issue of confusion."
141 Mattel, *supra* note 3 at para 65; *Veuve Clicquot*, *supra* note 4 at para 35.
142 *Mattel*, ibid at para 70.
143 See for example *Ikea Ltd / Ikea Lté v Ideas Design Ltd*, [1987] FC 104, 13 CPR (3d) 476 (FCC) where the court held that despite the strong resemblance between IKEA and IDEA, there was no likelihood of confusion because the two marks (used in association with furniture) suggested different ideas.
B) DEPRECIATION

Under section 22 of the Trade-marks Act, “no person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.” Depreciation occurs where, as result of an unauthorized use of a trade-mark, the goodwill and reputation associated with the trade-mark is tarnished, lessened or devalued. Section 22 of the Trade-marks Act is significant because, unlike section 20 which requires confusion or a likelihood of confusion, the remedy of depreciation can be successfully established even where the trade-mark is used on non-competing wares or services and even where such use is not likely to lead to confusion.

In Veuve Clicquot, the Supreme Court of Canada identified four elements that a plaintiff must prove in an action for depreciation under section 22. The plaintiff must prove that:

1) the plaintiff’s registered trade-mark was used by the defendant in connection with wares or services - whether or not such wares and services are competitive with those of the plaintiff;
2) the plaintiff’s registered trade-mark is sufficiently well known to have significant goodwill attached to it;
3) the plaintiff’s trade-mark was used in a manner likely to have an effect on that goodwill (that is, linkage); and
4) the likely effect would be to depreciate the value of its goodwill (that is, damage).

A detailed analysis of these elements will not be undertaken here. However, it should be said that the cumulative effect of the four elements is that the plaintiff must prove that, as a result of the defendant’s use of the plaintiff’s trade-mark, ordinary consumers have made, or are likely to make, a mental link or association between the plaintiff’s wares or services and those of the defendant, and that such mental association depreciates or is likely to depreciate the value of the goodwill attaching to the plaintiff’s trade-mark.

Although section 22 of the Trade-marks Act does not expressly require that a trade-mark must be famous or well-known in order to succeed in an action for depreciation, the section requires something beyond ordinary

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144 See Veuve Clicquot, supra note 4 at para 2.
146 Veuve Clicquot, supra note 4 at para 46 [emphasis by the court].
goodwill. In fact, "section 22 presupposes the existence of significant goodwill capable of being depreciated by a non-confusing use." Goodwill in this context is "the positive association that attracts customers towards its owner’s wares or services rather than those of its competitors." In determining whether a trade-mark has acquired ‘significant goodwill’ Canadian courts consider a number of factors including whether the trade-mark is famous or well-known. The courts also consider:

... the degree of recognition of the mark within the relevant universe of consumers, the volume of sales and the depth of market penetration of products associated with the claimant’s mark, the extent and duration of advertising and publicity accorded the claimant’s mark, the geographic reach of the claimant’s mark, its degree of inherent or acquired distinctiveness, whether products associated with the claimant’s mark are confined to a narrow or specialized channel of trade, or move in multiple channels, and the extent to which the mark is identified with a particular quality.

Only a few cases have been litigated in Canada on the basis of depreciation under section 22 of the Trade-marks Act. Thus, Canadian courts have yet to fully explore the limits of the section. Worse yet, the courts have found for the plaintiff in only a handful of cases. This perhaps explains why trade-mark owners tend to treat section 22 as “something of a poor cousin” to section 20 (confusion) claims. The non-recourse to section 22 may also be due to the technical nature of the elements of depreciation. For example, section 22 requires a plaintiff to prove that their registered trade-mark was used by the defendant. Canadian courts have interpreted section 22 in a narrow sense by requiring proof that the defendant used the

147Veuve Clicquot, supra note 4 at para 53.
148 Ibid at para 50.
149 Ibid at para 54.
150 Ibid at para 54.
151 See Veuve Clicquot, supra note 4 at para 46. See also Scassa, supra note 146 at 358 (“section 22 has taken a back seat to confusion as a cause of action in trademark litigation.”).
152 Veuve Clicquot, ibid at para 67.
153 Notable cases where the plaintiff succeeded include Clairol International Corp v Thomas Supply & Equipment Co Ltd (1968), 55 CPR 176 (Ex CC) [Thomas] and Source Perrier (SA) v Fina-Less Marketing Co, [1983] FCJ 177, 70 CPR (2d) 61 (FCC).
154 Veuve Clicquot, supra note 4 at para 38.
plaintiff's trade-mark in association with their wares or services. This narrow interpretation was first adopted by Justice Thurlow in *Clairol International Corp. v. Thomas Supply & Equipment Company Ltd.*, where the court held that the word 'use' in section 22 must be interpreted in line with the definition of 'use' under section 4 of the *Trade-marks Act*. In the words of Justice Thurlow:

... I think the verb "use" in section 22 is to be interpreted by reference to the definition of the noun "use" in section 2(v) the effect of which is to confine the application, and therefore the prohibition, of section 22 to a use which any person may make, in association with goods or services within the meaning of the subsections of section 4, of another's registered trade mark, in such a manner as to depreciate the value of the goodwill attaching thereto.

The Supreme Court of Canada validated this narrow interpretation in *Veuve Clicquot* when it held that section 22 requires proof that the defendant used the plaintiff's trade-mark in connection with wares or services. Put another way, a defendant cannot be said to have used a plaintiff's trade-mark under section 22 unless the trade-mark was used to further the commercial interests of the defendant. Thus, a workers' union could make use of an employer's trade-mark on leaflets or newsletters without being liable for depreciation under section 22 because such use was neither as a trade-mark nor in connection with the union's wares or services.

There are strong public policy grounds for adopting the narrow interpretation. A broad interpretation of section 22 could impede the right to freedom of expression guaranteed under Canada's *Charter of Rights and Freedoms*. A broad interpretation could also hinder legitimate competition between business outfits. As admirably articulated by Justice Thurlow in *Clairol*:

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156 Thomas, supra note 154.
157 Ibid.
158 Ibid at para 36.
159 Veuve Clicquot, supra note 4 at para 46.
160 BCAA v Office and Professional Employees' Int Union, [2001] 10 CPR (4th) 423 at 463 (BCSC) [BCAA].
162 See BCAA, supra note 160.
In its ordinary sense the language of section 22(1) ... seems broad enough to include a conversation in which a person adversely criticizes goods which he identifies by reference to their trade mark. I regard it as highly unlikely, however, that so broad a prohibition could have been intended. ... There are many common instances of the use of trade marks in the course of trading which I do not think the section could have been intended to Prohibit. A trade mark is "used", for example, in this sense in the course of trade when a shopkeeper exhibits a poster on his counter or in his shop with a comparative price list indicating by reference to their trade marks the goods of several traders who may be competitors of one another. It is also used in this sense in the course of trade when a sales clerk makes reference to it in the course of discussing the merits of the owner’s goods with a customer, whether in comparison with the goods of other traders or not. Such uses could, depending on what was being said, tend to adversely affect the goodwill attaching to a trade mark but I do not think the statute is intended to forbid legitimate comparisons or criticisms of that kind.163

However, a narrow interpretation of section 22 is problematic in at least three ways. First, it produces absurd results because under the Trade-marks Act, use of a trade-mark for wares is different from ‘use’ of a trade-mark for services. A trade-mark is used in association with wares by marking it on the wares or on their packages, whereas a trade-mark is used for services if it is used or displayed in the performance or advertising of those services.164 Applying the narrow interpretation espoused by Clairol, the unauthorized use of a trade-mark in “a message printed on a package is actionable under section 22 whereas the same message in an advertisement is not.”165 Conversely, a “trade-mark displayed in a newspaper advertisement for services could violate section 22 even though an advertisement containing a similar message in relation to wares would not.”166 The dichotomy in outcomes makes no sense167 and, in the words of Justice Reed, it is “somewhat bizarre.”168

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164 Trade-marks, supra note 1, s 4(1)-(2).
166 Ibid at 1733.
167 Ibid at 1731.
168 See Eye Masters Ltd v Ross King Holdings Ltd (1992), 44 CPR (3d) 459 at 463 (FCTD).
Second, the narrow interpretation appears to limit the scope and utility of the remedy of depreciation. It emphasizes the nature of the defendant’s activity (that is, the defendant’s use of the plaintiff’s trade-mark) rather than the adverse effect of the defendant’s activity on the goodwill attaching to the plaintiff’s trade-mark. This is problematic because the goodwill of a trade-mark may be depreciated by an activity that does not qualify as ‘use’ under section 4 of the Trade-marks Act. For example, the goodwill of a trade-mark may be depreciated even if the defendant did not use the plaintiff’s trade-mark as a trade-mark and even if the defendant’s use of the plaintiff’s trade-mark is not associated with the defendant’s wares or services. Likewise, a trade-mark may be depreciated by a disparaging albeit non-commercial use of the trade-mark.

Third and perhaps most fundamentally, a narrow interpretation of section 22 appears to depart from the original intention of the Trade-Mark Law Revision Committee which recommended the introduction of the remedy of depreciation in Canada. In no unmistaken terms the committee stated that section 22 is intended to prohibit “anything that depreciates the value of the goodwill attaching to a trade mark.” According to the committee:

If, therefore, a well known trade mark is used by other than the trade mark owner in such a manner as would not previously have constituted grounds for an action either of infringement or passing off, but which has the effect of bringing the trade mark into contempt or disrepute in the public mind, the trade mark owner will be in a position to seek a remedy.

Thus, as originally conceived, section 22 was intended to provide a remedy for “a wide array of damaging activities” including activities “that did not amount to infringement and/or passing off.”

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170 Ibid at 15.

171 Report of the Trade Mark Law Revision Committee to the Secretary of State of Canada (January 20, 1953), reproduced in 18 CPR 2 at 39 [Report].

172 Ibid.

173 Holloway, supra note 169 at 12-13.
4) Significance of the Veuve Clicquot Decision

The Veuve Clicquot decision advances Canadian law on depreciation of trade-marks not only because it clarifies the criteria for depreciation, but also because it establishes a slightly lower threshold for a successful plea of depreciation.\(^{174}\) Prior to Veuve Clicquot, the law was unclear as to whether depreciation required the defendant to use a mark identical to the plaintiff's registered mark.\(^{175}\) In fact, previous jurisprudence appears to suggest that the plaintiff must prove that the trade-mark used by the defendant is identical to the plaintiff's trade-mark. For example, in S.C. Johnson & Son v. Marketing International Ltd.,\(^{176}\) the Federal Court of Canada held that there was no depreciation of the plaintiff's registered trade-mark OFF, partly because the BUG OFF trade-mark used by the defendant was not the "plaintiff's mark as registered" and because the defendant used "a mark different from the [plaintiff's] registered trade-mark."\(^{177}\) Similarly, the Federal Court of Appeal suggested in Veuve Clicquot Ponsardin v. Boutiques Cliquot that there was no depreciation because "the mark Clicquot used by the appellant is not a registered mark" of the respondent.\(^{178}\) However, in Veuve Clicquot the Supreme Court of Canada makes clear that the defendant need not use a trade-mark identical to the plaintiff's trade-mark. Rather, the plaintiff has to adduce evidence that the defendant used a trade-mark "sufficiently similar" to the plaintiff's trade-mark "to evoke in a relevant universe of consumers a mental association of the two marks that is likely to depreciate the value of the goodwill attaching to the [plaintiff's] mark."\(^{179}\) Thus, the fact that the defendant used the trade-mark CLIQUOT would not prevent the owner of the famous VEUVE CLICQUOT trade-mark from succeeding in an action for depreciation under section 22, provided that the requirements of the section are met.\(^{180}\) The Supreme Court of Canada articulated this position in Veuve Clicquot thus:

\(^{174}\) Blanchard et al, supra note 107 at 26.
\(^{176}\) [1977] 32 CPR (2d) 15 (FCC).
\(^{177}\) Ibid at para 110.
\(^{178}\) (2004), 35 CPR (4th) 1 para 10 (FCA).
\(^{179}\) Veuve Clicquot, supra note 4 at para 38.
\(^{180}\) Ibid at para 48.
The appellant acknowledges that the respondents never used its registered trade-marks as such, but says that use of the word *Cliquot* conveys the idea. I agree it was no defence that *Cliquot* is differently spelled. If the casual observer would recognize the mark used by the respondents as the mark of the appellant (as would be the case if *Kleenex* were spelled *Klenex*), the use of a misspelled *Cliquot* would suffice.  

*Veuve Clicquot* also lays to rest the notion that there cannot be depreciation of a plaintiff’s registered trade-mark where the defendant used the plaintiff’s trade-mark for non-competing wares or services. For example, in *Nintendo of America Inc. v. Camerica Corp.* 182 the Federal Court held that there was no depreciation partly because “the product of the plaintiffs, home video games, are in no way similar to the defendants’ Game Genie, a hardware tool designed to be used with home video games” and because “the two products cannot in any way be viewed as being competitive with each other.” 183 In *Veuve Clicquot* the Supreme Court of Canada held that the defendant’s use of the plaintiff’s registered trade-mark in connection with the defendant’s wares or service could lead to depreciation “whether or not [the defendant’s] wares and services are competitive with those of the [plaintiff].” 184

However, the requirement of a mental link or association between the parties’ wares or services appears to set the bar very high, a view echoed recently by the Federal Court of Appeal when it described the requirements in *Veuve Clicquot* as “stringent.” 185 The stringency of the requirements for depreciation is such that the court cannot presume a mental link or association. The likelihood of a link or association “is a matter of evidence, not speculation.” 186 In practice, such a mental link or association may be difficult to prove, particularly in cases involving non-competing wares or services, or cases involving different trades. For example, in *Veuve Clicquot*, the Supreme Court of Canada held that, although the appellant’s trade-mark had acquired considerable goodwill that extends beyond wine and champagne, 187 consumers are unlikely to make a mental link or association

181 Ibid.
182 [1991] 34 CPR (3d) 198 (FCC), affirmed 36 CPR (3d) 352 (FCA).
183 [1991] 34 CPR (3d) 198 at 206-7 (FCC). It should be noted that this decision was rendered in the context of an application for interlocutory injunction.
184 Veuve Clicquot, supra note 4 at para 46. A similar view had previously been expressed by Justice Thurlow in *Thomas*, supra note 154 at para 35 (Ex Ct).
185 See *Jaguar*, supra note 25 at para 97 (FCA).
186 Veuve Clicquot, supra note 4 at para 60. See also paras 15, 67.
187 Ibid at para 55.
between the appellant's wares or services and those of the respondent partly because of the differences in the wares. According to the court, "[i]f the somewhat-hurried consumer does not associate what is displayed in the respondents' stores with the mark of the venerable champagne maker, there can be no impact—positive or negative—on the goodwill attached to VEUVE CLICQUOT." 188

Perhaps the high bar was necessitated by the Supreme Court's desire to keep in check the remedy of depreciation under section 22. 189 However, there is no need to do so because, as the court observed, section 22 is seldom invoked as a cause of action in Canada. 190 Besides, there is no evidence of abuse of the section. Rather than keeping section 22 in check, the Supreme Court of Canada may have unwittingly dealt a fatal blow to depreciation as a cause of action in Canada. The requirement of a mental link or association not only imposes a difficult evidentiary burden on owners of trade-marks, but it also narrows the distinction between depreciation and confusion. 191 As Professor Teresa Scassa puts it, this requirement "makes recourse under section 22 only marginally different from recourse under section 20" and, in the case of famous trade-marks, "proof of an association will be very close to proof of confusion." 192

Moreover, while as noted above, the Supreme Court of Canada's decision in Veuve Clicquot introduced a certain degree of clarity to section 22, it also introduced some uncertainties with regard to the scope of the section. For example, the first element of depreciation is that the plaintiff must prove that their registered trade-mark was used by the defendant in connection with wares or services. The court failed to elaborate on the concept of 'use' of the plaintiff's trade-mark. The question is: What is the meaning of 'use' in section 22? Must the plaintiff prove that their trade-mark was used by the defendant as a trade-mark? Does 'use' derive its meaning from section 4, as held in Clairol? Could commercial 'use' of a trade-mark in association with wares or services trigger liability under section 22 even if such 'use' does not qualify as 'use' under section 4? Until these uncertainties are resolved through judicial

188 Ibid at para 56.
189 Ibid at para 45.
190 Ibid at para 46.
192 Scassa, supra note 145 at 392-3.
interpretation, we are unlikely to know the exact scope of section 22. For the moment, all that could be said with a degree of certainty is that the scope of section 22 could be restricted or broadened by Canadian courts. As Daniel Bereskin argues, if section 22 is interpreted as requiring proof that the defendant used the plaintiff’s trade-mark as a trade-mark, then the section is restricted to blurring and tarnishing trade-marks, whereas section 22 would assume a much wider scope “if any commercial ‘use’ in relation to wares or services qualifies” as depreciation under that section.193

ii) Case Law on Depreciation Post-Veuve Clicquot: A Brief Assessment

A number of cases dealing with depreciation have been decided by Canadian courts after the Veuve Clicquot decision. Although a few of these cases involve famous trade-marks, a clear picture has yet to emerge regarding the application of the four elements of depreciation established in Veuve Clicquot. In Remo Imports Ltd. v. Jaguar Cars Ltd.,194 the plaintiff alleged that the defendant infringed on its trade-mark JAGUAR. In 1980 the plaintiff registered the trade-mark JAGUAR in association with several items including tote bags, luggage, hand bags, and school bags. Beginning in 1936, the defendant, Jaguar Cars Ltd., used the mark JAGUAR in association with luxury cars. The defendant registered its JAGUAR mark for cars in 1945. Since the 1950s the defendant has also used its JAGUAR mark in association with personal accessories such as luggage, bags and wallets. The plaintiff sued the defendant, alleging that the defendant’s use of JAGUAR in association with driving licence cases, key cases, wallets, card holders, belts, and books amounted to infringement and passing-off of the plaintiff’s trade-mark. The defendant filed a counter-claim urging expungement of the plaintiff’s JAGUAR trade-mark on grounds of confusion and depreciation of the defendant’s JAGUAR trade-mark. The defendant also counter-claimed for passing-off.

The Federal Court of Canada dismissed the plaintiff’s action and allowed the defendant’s counter-claim. The Court held that the use of the plaintiff’s JAGUAR mark in association with luggage wares is likely to cause

193 Bereskin, “Anti-Dilution”, supra note 165 at 1741. Bereskin prefers the former interpretation and he believes that such interpretation would produce “a more appropriate result” with regard to dilution in Canada. See Bereskin, “Anti-Dilution”, supra note 165 at 1740, 1743.
194 Jaguar, supra note 25. It should be noted that the Federal Court’s decision was rendered on January 16, 2006, a few months before the Supreme Court of Canada rendered its decision in Veuve Clicquot. However, the case is discussed here because the Federal Court of Appeal, which rendered its decision on July 18, 2007, did not take issue with the Federal Court’s analysis of the law on depreciation.
confusion with, and to depreciate the value of the goodwill attaching to, the defendant's JAGUAR marks for automobiles and personal accessories. The Court found that, from a practical business perspective, the defendant's JAGUAR mark was connected in the minds of consumers with numerous wares including the wares for which the plaintiff used the JAGUAR trade-mark.\textsuperscript{195}

More importantly, in \textit{Remo Imports} the Federal Court of Canada established a template for determining whether there is a mental link or connection between the parties' wares in depreciation cases. According to the Federal Court, a connection in the minds of consumers may arise from the following factors: function and concurrent use of the parties' wares; industry practice worldwide; actual extensions by the senior user into areas of business of the junior user; and the brand attributes of the trade-marks.\textsuperscript{196} The court expatiated on these factors thus:

1) Function & Concurrent Use. Where the parties' wares perform a similar function or are used in conjunction with each other, the courts tend to find such wares are connected. ... There is an analogous relationship between cars and Luggage Wares. The primary function of both is the transportation of individuals and their possessions. Auto trunks are meant for holding Luggage Wares. Luggage is used on road trips. All drivers use handbags, wallets and/or key cases.

2) Industry Practice Worldwide. In assessing whether the parties' goods are connected, courts have considered competitors' activities inside and outside Canada. ... That competitors have dealt in both parties' wares favours a finding that such wares are connected. Such is the case with automobiles and Luggage Wares. By the 1930s and at least the late 1970s numerous auto brands had been extended (by use and/or registration) to Luggage Wares internationally and in Canada. Moreover, luggage manufacturers such as Louis Vuitton have sold custom-made products for cars.

3) Actual Extensions by the Senior User. A connection between the parties' wares has been underscored in situations where senior users have actually dealt in junior users' wares directly, pursuant to license agreements, or by any number of other non-traditional methods. ... Jaguar

\textsuperscript{195} \textit{Jaguar}, supra note 25.

\textsuperscript{196} Ibid.
Cars' JAGUAR mark has been used on suitcases, vehicle wallets and model cars since the 1950s and since the 1960s on key chains, key fobs, clothing and miscellaneous personal accessories, among others. ... Jaguar Cars' distribution of Luggage Wares since the 1950s is a strong indication of a real-life connection between those Wares, which is reinforced by Jaguar Cars' full expansion in the 1980s. Under this heading, the issue is not one of timing, with the first to sell Luggage Wares prevailing. Rather, the issue is whether the public sees a link between cars and Luggage Wares; Jaguar Cars' sales of Luggage Wares at any time is a strong indicator of such a connection.

4) Brand Attributes - Valuation. Where the brand attributes perceived by consumers are strongly connected, the Courts will take note. 197

Remo Imports is a significant development because the Veuve Clicquot decision neither elaborated on the requirement of a connection or mental association between the parties’ wares or services nor provided a template for determining such a connection. However, the precedential value and utility of the Federal Court’s decision in Remo Imports is doubtful given that the Federal Court of Appeal reversed the Federal Court on the broad issue of depreciation. 198 While the Federal Court of Appeal agreed that there was a connection or link between the parties’ marks in the minds of consumers, it found that “there is still not enough evidence on the record to establish a likelihood of depreciation of the respondent’s JAGUAR mark for cars.” 199 More significantly, however, the Federal Court of Appeal did not take issue with the Federal Court’s theoretical review of the law relating to depreciation, including the court’s criteria for determining whether there is a connection between the parties’ wares or services. 200 Thus the Federal Court’s decision in Remo Imports may in the future prove a useful basis for determining the issue of a mental link or connection in consumers’ minds between the parties’ wares or services in depreciation cases.

In BMW Canada Inc. v. Nissan Canada Inc, 201 the Federal Court of Canada applied the four-part test established in Veuve Clicquot. Here, an

197 Ibid at para 259.
198 Ibid. However, the Federal Court of Appeal agreed with the Federal Court that the defendant’s JAGUAR mark is a famous trade-mark and that there was a likelihood of confusion arising from the plaintiff’s use of a similar JAGUAR mark. See paras 19, 44, 121-122 (FCA).
199 Ibid at para 103.
200 Jaguar, supra note 25 at paras 102-104.
201 BMW, supra note 123. The facts of this case are discussed above.
action for depreciation failed because there was insufficient evidence “that the defendant used the plaintiffs' registered marks or other closely similar marks in a manner likely to depreciate the value of BMW's goodwill in its registered marks.”202 The Court held that Nissan's use of the letter M (standing alone) in advertising its new Infiniti M vehicles did not qualify as use of BMW's M and DESIGN mark. According to the court:

... the defendant's use of the letter M was not a use of a registered trade-mark of the plaintiffs. BMW's claim is essentially that its M and design mark was associated with, and recalled as, M by interested prospective consumers. That does not meet requirements of the section about use, unauthorized, of registered trade-marks.203

This decision is suspect to the extent that it suggests that, to qualify as 'use' under section 22, the exact mark registered by the plaintiff or "other closely similar marks" must have been used by the defendant. As Veuve Clicquot makes clear, the two marks need not be identical. Rather, the requirement is that the marks be sufficiently similar to "evoke in a relevant universe of consumers a mental association of the two marks."204 As with the previous case, the precedential value of the Federal Court's decision in this case is doubtful because the Federal Court of Appeal reversed the Federal Court on the issue of passing off.

III) HAS CANADA DONE ENOUGH TO PROTECT FAMOUS OR WELL-KNOWN TRADE-MARKS?

I now return to the question posed in the title of this article, which is whether Canada's current law on confusion and depreciation adequately protects famous trade-marks. As indicated above, Canada affords a wider ambit of protection to famous trade-marks than non-famous trade-marks. It is significantly easier for owners of famous trade-marks to prove confusion than it is for owners of non-famous trade-marks,205 given the context specific factual approach enunciated in Mattel and Veuve Clicquot. Nonetheless,

202 Ibid at para 101.
203 Ibid at para 99.
204 Veuve Clicquot, supra note 4 at para 38.
205 David Vaver, "Unconventional and Well-known Trade Marks" (2005) SJLS 1 at 16.
owners of famous trade-marks have argued repeatedly that the current law on confusion is unsatisfactory insofar as it relates to the non-competing use of famous trade-marks. Hence, owners of famous trade-marks have urged Canadian courts to broaden the protection afforded to famous trade-marks in a way that prevents other persons from intentionally pirating the goodwill and reputation associated with famous trade-marks. Similarly, the International Trademark Association (INTA) urges a purposive interpretation of confusion under section 6 of the Trade-marks Act because “s. 6 was intended to be flexible and capable of protecting a famous mark across the entire spectrum of trade, without any requirement that there be a connection between the wares and services.” The INTA urges that a purposive interpretation should lead to a finding of confusion in cases where there is an inference of brand association “arising from the similarity or identity of the junior mark to the famous mark” because “it is precisely because of the senior mark’s fame that use of the junior mark generates the brand association.” However, Canadian courts have yet to be persuaded by these arguments because, as noted previously, “mens rea is of little relevance to the issue of confusion.”

There are compelling policy reasons for maintaining Canada’s current law on confusion in the context of non-competing use of famous trade-marks. The law strikes a delicate balance between the interests of owners of famous trade-marks (particularly the desire to protect their investment in the trade-marks) and the interest of society to promote fair competition. Extending the law beyond its current ambit to include protection for ‘brand association’ would likely create what the Supreme Court of Canada calls “a zone of exclusivity” for famous trade-marks. Such a zone of exclusivity would defeat the primary purpose of trade-marks which is to protect

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206 See for example Seagram, supra note 8; Mattel, supra note 3; Veuve Clicquot, supra note 4.
207 The dissenting opinion of McDonald JA in United Artists, supra note 3 at para 58 articulates this argument: "In fact, I would go further than the Trial Judge on this last point and state that it is precisely because of the fame and goodwill associated with the name Pink Panther that the Appellant has chosen that name for its business. What the Appellant seeks to do is profit financially from the goodwill associated with the Respondent's trade name. The Appellant anticipates that the average consumer will associate its products with the name Pink Panther and be more apt to buy them. There are many other feline animals the Appellant could have chosen for its business but instead of choosing one of these, the Appellant chose the very famous name, Pink Panther."
208 Factum of the Intervener (The International Trademark Association) in Veuve Clicquot, supra note 4 at para 22, online: <http:/www.inta.org/Advocacy/Pages/Amicus.aspx>.
209 Ibid at paras 33-34.
210 Mattel, supra note 3 at para 90 [emphasis by the court].
211 Ibid at para 22.
212 Ibid.
consumers by distinguishing wares or services manufactured or performed by
one person from the wares or services manufactured or performed by other
persons. It would also afford famous trade-marks a wider ambit of
protection than the protection envisaged under the Trade-marks Act. Clearly, if
the legislature intended famous trade-marks to be protected beyond the wares
or services associated with the marks, the legislature would have said so in
unmistakable language.

In terms of depreciation, a major concern is that section 22 does not
provide a remedy for all activities capable of depreciating or diminishing the
goodwill attaching to a trade-mark. As noted earlier, this is the case because of
the narrow and restrictive judicial interpretation of the word 'use' under
section 22. The use of a trade-mark may adversely affect the goodwill
attaching to the trade-mark even though the trade-mark is “used in a manner
other than as defined in section 4” of the Trade-Marks Act. Such adverse
effects would not constitute depreciation given the technical nature of the
requirements under section 22 of the Trade-marks Act. Moreover, widespread
commercial use of a famous trade-mark on non-competing wares and services
could, over time, diminish the distinctiveness and goodwill of the trade-mark
even though such use does not amount to depreciation under section 22 of
the Trade-marks Act. For example, the value of a trade-mark can be diminished
“by the lesser distinctiveness that results when a mark is bandied about by
different users.”

Perhaps Harold Fox captures this sentiment best when he writes that, “[w]here a well known trade mark is taken by another for use in association with wares[,] ... in course of time, and with repeated use, the trade mark diminishes in value just as it diminishes in distinctiveness.”

There are certain strategies or options that may assuage the
aforementioned concern. One strategy would be to give a liberal and
purposive interpretation to section 22 of the Trade-marks Act in a manner that
conforms to the original intention of the Trade-Mark Law Revision
Committee. As noted earlier, section 22 was intended to prohibit “anything
that depreciates the value of the goodwill attaching to a trade mark.”

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213 Ibid. See also Doris Estelle Long, “Is Fame All There Is?: Beating Global Monopolists at their Own Marketing Game” (2008) 40 Geo Wash Int'l L Rev 123 at 136.
215 Veuve Clicquot, supra note 4 at para 63.
217 Report, supra note 171.
regard, James Holloway argues that section 22 could provide a remedy for all activities likely to damage the goodwill attaching to a trade-mark if the word 'use' under section 22 is accorded its ordinary meaning. In Holloway's words:

In my view, affording the word "use" its ordinary meaning is all that is needed to permit s. 22 to meet its stated objectives. According to the Shorter Oxford English Dictionary, "use" means "the act of using a thing for any purpose; utilization or employment with some aim or purpose". According to Black's Law Dictionary, the word "use" means "the application or employment of something". If one applies these definitions to s. 22, the legislation would say something akin to: "no person may use, adopt, utilize, employ or apply another's registered trade-mark in a manner likely to depreciate the associated goodwill". I believe that this is exactly the type of broad legislation that the Committee envisioned and which it described in its 1953 report.

Holloway's argument is particularly relevant today because of the exponential growth of the internet which allows people to post and disseminate disparaging and damaging remarks about trade-marks. Such internet remarks would not qualify as 'use' of the trade-mark for the purpose of section 22 if the remarks are made in a non-commercial sense or if the remarks are not made in association with wares. While Holloway's argument is well founded, a liberal interpretation of 'use' would create an anomalous situation because the word 'use' would then have two different meanings under the Trade-marks Act. It would mean that 'use' of a trade-mark for the purposes of section 22 need not be in association with the user's wares or services while 'use' of a trade-mark for the purposes of the remainder of the Trade-marks Act must be in association with wares or services. Such a regime would not promote clarity and consistency. Besides, a broad interpretation of "use" could hamper freedom of expression, including commercial speech. It could also hinder legitimate competition amongst business outfits, a primary concern raised by Justice Thurlow in Clairol.

A second option is legislative intervention by Canada's House of Commons. The House of Commons may want to take a close look at two,

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218 Holloway, supra note 169 at 17.
219 Ibid.
220 Thomas, supra note 154 at para 36.
albeit somewhat contrasting, approaches to trade-mark dilution in the European Union (EU) and the United States. Both of these jurisdictions have created a distinct legislative scheme on the dilution of famous trade-marks.

A) Anti-Dilution Regime in the European Union

The EU protects famous trade-marks against unauthorized use whether or not the trademarks are used as a trademark by the unauthorized user. Directive 2008/95/EC of the European Parliament and of the Council of the European Union (hereafter "EU Directive 2008/95") prohibits third parties from registering or using a famous trademark where the use of the trademark would take unfair advantage of, or be detrimental to, the distinctive character or repute of the trade-mark.\(^{221}\) In essence, the EU protects famous trade-marks against three types of injury: detriment to the distinctive character of the trade-mark (i.e., dilution by blurring); detriment to the repute of the trade-mark (i.e., dilution by tarnishment); and taking unfair advantage of the distinctive character or repute of the trade-mark (i.e., protection against free-riding).\(^{222}\) In this regard, Article 5(2) provides that:

Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.\(^{223}\)

Article 5(2) of EU Directive 2008/95 has been adopted by all member countries of the EU.\(^{224}\) A unique feature of Article 5(2) is that it provides broad protection for famous trade-marks in the sense that it prevents third parties from taking "unfair advantage" of the fame or distinctive character of the trade-mark. The broadness of the protection is underscored by the fact that liability for the unauthorized use of a famous trade-mark

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\(^{222}\) L'Oreal SA v Bellure NV, Case C-487/07, [2009] ECR I-5185 (18 June 2009) at paras 39-41 [L'Oreal].

\(^{223}\) EU Directive 2008/95, supra note 221 at art 5(2).

\(^{224}\) Bereskin, "Anti-Dilution", supra note 165 at 1745.
accrues even if the use of the trade-mark does not harm or diminish the reputation of the trade-mark, and even if the use of the trade-mark is not likely to cause any harm to the famous trade-mark. 225 For example, Article 5(2) prevents third parties from making unauthorized use of famous trademarks in comparative advertising if such advertising takes unfair advantage of the repute of the famous trade-mark. 226 The European Court of Justice (ECJ) held in L'Oreal SA v Bellure NV that the taking of an 'unfair advantage' includes riding on the coat-tails of a famous trade-mark in order to benefit from its power of attraction. 227 In the words of the ECJ:

As regards the concept of 'taking unfair advantage of the distinctive character or the repute of the trade mark', also referred to as 'parasitism' or 'free-riding', that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation. 228

In L'Oreal, the plaintiff, L'Oreal, alleged infringement of its trademarks because the defendants' perfumes were sold in bottles and packaging which were similar in appearance to L'Oreal's Tresor and Miracle perfumes. In addition, in marketing and advertising their perfumes, the defendants provided their retailers with comparison lists containing several trademarks owned by L'Oreal. The defendants' comparison lists also indicated the exact word mark of L'Oreal's perfume of which the defendants' perfume is being marketed as an imitation. The High Court of Justice of England and Wales found in favour of L'Oreal and, on appeal, the Court of Appeal stayed proceedings and referred several questions to the ECJ for a preliminary ruling, including the question of whether the defendants' use of packaging

225 L'Oreal, supra note 222 at para 43 where the ECJ held that "an advantage taken by a third party of the distinctive character or the repute of the mark may be unfair, even if the use of the identical or similar sign is not detrimental either to the distinctive character or to the repute of the mark or, more generally, to its proprietor." See also Bereskin, "Anti-Dilution", ibid at 1714.
226 L'Oreal, supra note 222.
228 L'Oreal, supra note 222 at para 41.
and bottles similar to L’Oreal’s bottles and packaging amounted to taking an unfair advantage of the repute of L’Oreal’s trade-marks. The ECJ held that:

... where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.

In essence, EU Directive 2008/95 not only protects against free-riding of famous trade-marks, but it also protects the investment of famous trade-mark owners in advertising and promoting their goods and services.

There are significant substantive differences between Article 5(2) of EU Directive 2008/95 and section 22 of Canada’s Trade-marks Act. Whereas the ambit of the remedy of depreciation under section 22 of the Trade-marks Act is limited to situations where there is proof that the plaintiff’s trade-mark was used by the defendant in connection with wares or services, Article 5(2) of EU Directive 2008/95 applies to any use of the trademark that takes unfair advantage of the fame associated with the trade-mark. Thus, Article 5(2) of EU Directive 2008/95 applies even if the defendant did not use the plaintiff’s famous trade-mark as a trade-mark. As Daniel Bereskin points out, Article 5(2):

applies to any use of a trademark that creates a link in the mind of the public between the trademark owner’s trademark and the trademark used by the third party, irrespective of whether that use is as a trademark, provided the trademark owner’s trademark has a reputation in the relevant Member State.

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229 Ibid at para 30.
230 Ibid at para 49-50.
232 Veuve Clicquot, supra note 3 at para 46.
233 Bereskin, “Anti-Dilution”, supra note 165 at 1747.
The Protection of Trademarks

Furthermore, while section 22 of the Trade-Marks Act requires proof that the plaintiff's trade-mark was used by the defendant in a manner likely to depreciate the value of the trade-mark, liability for unauthorized use of a plaintiff's trade-mark accrues under Article 5(2) of EU Directive 2008/95 whether or not harm is caused to the trade-mark. As the ECJ held in L'Oreal, Article 5(2):

must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. 234

That being said, Article 5(2) of EU Directive 2008/95 is similar to section 22 of Canada's Trade-marks Act because it requires proof of a connection or link between the plaintiff's famous trade-mark and the trade-mark used by the defendant. 235

Article 5(2) of EU Directive 2008/95 appears to be too broad in scope. It protects famous trade-marks against unauthorized use which could affect "their functions of communication, investment or advertising." 236 It is broad enough to hinder the freedom of expression, including commercial expression. It could also inhibit fair competition amongst business outfits because it affords protection for famous trade-marks well beyond the primary purpose of trade-marks law, which is to prevent confusion in the market place. 237 For example, as interpreted in L'Oreal, Article 5(2) gives "the trademark owner control over uses that have not traditionally been considered within the realm of the trademark owner's rights, e.g. reference to the market leader's trademarks or products in comparative advertising." 238 In this sense, Article 5(2) of EU Directive 2008/95 does not commend itself for adoption in Canada. Moreover, in Canada the legality of such a broad

234 L'Oreal, supra note 222 at page 17.
235 Ibid at paras 36-37. See also Bereskin, "Anti-Dilution", supra note 165 at 1748 ("... a link is a condition precedent for proving dilution either under Article 4(4) or 5(2) [of the EU Directive]. The absence of such a link means that the accused mark would not be likely to take unfair advantage of, or be detrimental to, the distinctive character or repute of the owner's mark.").
236 L'Oreal, supra note 222 at para 65.
238 Weckstrom, supra note 231 at 315.
scheme is questionable given the guarantees and safeguards in the Charter of Rights and Freedoms. 239

B) Anti-Dilution Regime in the United States

The United States Congress recognizes that, even in instances where the use of a famous trade-mark on non-competing wares or services may not amount to confusion or depreciation, such use could still dilute the goodwill associated with the trade-mark. This is particularly so if there is widespread use of a famous trade-mark in association with non-competing wares or services. Hence in 2006, the United States Congress enacted the Trademark Dilution Revision Act (TDRA) which provides that:

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury. 240

Under the TDRA, dilution of a famous trade-mark 241 can occur even if there is no confusion or damage, and even if the defendant used the famous trade-mark on non-competing wares or services. In the United States, dilution of a famous trade-mark may occur by blurring or by tarnishment. Dilution by blurring occurs where there "is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." 242 In determining whether the use of a trade-mark is likely to cause dilution by blurring, the court considers "all

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239 However, it should be noted that the right to freedom of expression under s 2(b) of the Canadian Charter of Rights and Freedoms does not afford a licence to depreciate the goodwill of registered trade-marks. See Source Perrier v Fira-Less Marketing Co Ltd (1983), 70 CPR (2d) 61 (FCTD).

240 Trademark Dilution Revision Act of 2006, 15 USC 1125 (HR 683, Oct 6, 2006), s 2 (amending section 43 of the Trademark Act of 1946 with respect to dilution by blurring or tarnishment) [Dilution].

241 Under section 2 of the Trademark Dilution Revision Act of 2006, "a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner." In determining whether a mark is famous, the court is to consider "all relevant factors", including the duration, extent, and geographic reach of advertising and publicity of the mark; the amount, volume, and geographic extent of sales of goods or services offered under the mark; the extent of actual recognition of the mark; and whether the mark was registered under the Trademark Act.

242 Dilution, supra note 240, s 2.
relevant factors” including the degree of similarity between the mark or trade name and the famous mark; the degree of inherent or acquired distinctiveness of the famous mark; the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; the degree of recognition of the famous mark; whether the user of the mark or trade name intended to create an association with the famous mark; and any actual association between the mark or trade name and the famous mark.\textsuperscript{243} Dilution by tarnishment means an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous trademark.”\textsuperscript{244}

Prior to the enactment of the TDRA, there was considerable confusion and uncertainty with regard to the dilution of famous trade-marks in the United States. This confusion arose primarily because of the inconsistent and differing application of the \textit{Federal Trademark Dilution Act} (FTDA),\textsuperscript{245} which provided that the owner of a famous trade-mark shall be entitled to injunctive relief if “another person’s commercial use” of the trade-mark “caused dilution of the distinctive quality of the mark.”\textsuperscript{246} While some courts interpreted the FTDA as requiring proof of actual dilution, other courts held that to be successful under the FTDA, a plaintiff only needs to prove a likelihood of dilution.\textsuperscript{247} The confusion was resolved in 2003 when the Supreme Court of the United States held in \textit{Moseley v. Victoria’s Secret Catalogue, Inc.} that the FTDA required proof of actual dilution.\textsuperscript{248} While the \textit{Moseley} decision resolved the confusion with regard to the legal standard for dilution, it effectively rendered the FTDA “almost worthless to trademark owners” because it “saddled plaintiffs with the almost impossible burden of showing actual dilution in order to prevail on a federal dilution claim.”\textsuperscript{249}

The TDRA, enacted partly in response to the \textit{Moseley} decision, addresses and remedies a principal defect in the FTDA. Whereas the FTDA offered protection for famous trade-marks in cases where there is evidence of actual dilution, the TDRA entitles owners of famous trade-marks to an

\textsuperscript{243} Ibid.
\textsuperscript{244} Ibid.
\textsuperscript{245} 15 USC (2000).
\textsuperscript{246} Ibid at section 1125(c)(1).
\textsuperscript{248} 537 US 418 (2003).
\textsuperscript{249} Barber, supra note 247 at 1113, 1119.
injunction if the use of the trade-mark by another person in commerce "is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury." In essence, the protection accorded famous trade-marks under the TDRA is broader than the protection under the FTDA.

At the time of its enactment in 2006 some critics charged that the TDRA is an unnecessary restraint on First Amendment rights, including the right to freedom of speech. However, the TDRA expressly provides that certain uses of famous trade-marks shall not be actionable as dilution under the Act. The TDRA provides that:

The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services; or
(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

These exemptions appear to have assuaged any concern about freedom of speech because seven years after its enactment there is no evidence that the TDRA has had a chilling effect on free speech in the United States.

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250 Dilution, supra note 240, s 2 (amending s 43 of the Trademark Act of 1946, 15 USC 1125).
251 See Kinkade, supra note 247 at 452457.
252 15 USC section 1125 (c)(3).
253 See Eugene C Lim, "Of Chew Toys and Designer Handbags: A Critical Analysis of the 'Parody' Exception under the US Trademark Dilution Revision Act" (2012) 35 Campbell L Rev 83. For a contrary view, see Bereskin, "Anti-Dilution", supra note 165 at 1721 (observing that "[n]otwithstanding the numerous safeguards built into the TDRA to protect the interests of the public, there is some risk that the expansion of rights under the TDRA is at the expense of the public interest in free expression.").
C) Which Way Canada?: The EU Approach or the US Approach?

The problem with the anti-dilution regime in Canada lies not on the literal text of section 22, but on judicial interpretation of the section. The two leading cases on section 22, Clairol and Veuve Clicquot, do not appear to have resolved the issue. Thus today the exact scope of the remedy of depreciation in section 22 of the Trade-marks Act remains unclear. Section 22 of the Trade-marks Act is seldom invoked as a cause of action, making it unlikely that we will achieve clarity with regard to the scope of section 22 in the near future. The alternative to judicial clarification of the section is legislative intervention on the part of the House of Commons. Given the interconnection between the Canadian, European and the American economies, we should not be surprised to see Canada's House of Commons enact a statutory anti-dilution scheme in the future. This is even more likely because the World Intellectual Property Organization (WIPO) desires that its member countries enact such a statutory scheme. In fact, Singapore adopted an anti-dilution scheme in 2004, partly in conformity to the WIPO's recommendation. Likewise, section 34 of South Africa's Trade Marks Act contains anti-dilution provisions which mirror Article 5(2) of EU Directive 2008/95.

If Canada decides to enact anti-dilution measures distinct from section 22 of the Trade-Marks Act, the question is what approach should Canada adopt? As argued above, the European approach is flawed because it is overly broad and extensive. It extends protection to non-traditional areas such as communication, investment and advertising functions of famous trade-marks. Moreover, the free-riding protection in Article 5(2) is legislative overkill because there is no evidence that the absence of such protection in other jurisdictions has adversely affected the investment or advertising functions of famous trade-marks in those jurisdictions. In this regard, the United States TDRA is preferable to the EU anti-dilution scheme because, in my view, it draws an appropriate line between the protection of famous trade-

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254 Veuve Clicquot, supra at note 4 para 46. The Supreme Court of Canada observed in Veuve Clicquot at para 67 that, "Canadian courts have not yet had an opportunity to explore its limits.”.


257 See Bereskin, "Anti-Dilution", supra note 165 at 1715.
marks and the protection of public interests such as free speech and fair competition.

However, if the House of Commons is inclined to enact a new anti-dilution legislation, it must ensure that such legislation does not create what the Supreme Court of Canada has referred to as "a zone of exclusivity" for famous trade-marks. Any new legislative scheme on dilution of famous trade-marks must cater to the preservation of free speech and the promotion of fair commercial competition. In addition, the focus of such new legislation should be the provision of an injunctive relief rather than the provision of monetary damages. In other words, any new legislation should provide a cause of action for activities likely to dilute the goodwill of a famous trade-mark, as opposed to a cause of action for actual dilution. The restriction of the cause of action to a 'likelihood of dilution' would prevent potential conflict between the new legislation and section 22 of the Trade-Marks Act, which is arguably broad enough to cater to instances of actual dilution of trade-marks.

It is arguable that legislative intervention such as the TDRA is unnecessary in Canada because, in its current form, section 22 of the Trade-Marks Act protects against dilution and tarnishment of the goodwill attaching to trade-marks. For example, although section 22 of the Trade-Marks Act does not refer expressly to 'dilution,' Robert Howell argues that section 22 "is the essence of dilution relief" in Canada. This view may have been reinforced by the Supreme Court of Canada when, in Veuve Clicquot, it referred to the appellant's claim of depreciation under section 22 as including the claims that "the power of the VEUVE CLICQUOT mark to identify and distinguish the appellant's products was lessened, or that its brand image was tarnished, or that the goodwill attaching to its brand was otherwise devalued or diluted." In fact, by observing that the concept of depreciation in section 22 is not "necessarily limited to the notions of blurring and tarnishment,"

259 Mattel, supra note 3 at para 22.
260 See Barber, supra note 247 at 1123.
262 See Sartorio & Jolliffe, ibid at 1031; Howell, ibid.
263 Howell, ibid at 689.
264 Veuve Clicquot, supra note 4 at para 2.
Justice Binnie seems to imply that section 22 covers the remedy of dilution.\textsuperscript{265} Moreover, the Supreme Court of Canada relied on US case law on dilution as providing “some useful elucidation of relevant concepts” governing depreciation under section 22 of the Trade-marks Act.\textsuperscript{266} According to the Supreme Court of Canada, these concepts include “the ‘blurring’ of the brand image evoked by the trade-mark, or of its positive associations, or a ‘whittling away’ of its power to distinguish the products of the claimant and attract consumers.”\textsuperscript{267} Such a broad interpretation of section 22 may have been intended by the Trade-Mark Law Revision Committee when they noted that section 22 is designed to provide a remedy for non-confusing use of trade-marks that “has the effect of bringing the trade mark into contempt or disrepute in the public mind.”\textsuperscript{268}

That being said, as constructed and applied by the courts, the remedy of depreciation under section 22 of Canada’s Trade-marks Act differs from the remedy of dilution under the United States’ TDRA.\textsuperscript{269} For example, the remedy of dilution under the TDRA is “much broader” than the remedy of depreciation under the Trade-marks Act.\textsuperscript{270} Moreover, it is easier to prove dilution in the United States than to prove depreciation in Canada. Whereas Canada requires owners of famous trade-marks to prove four substantive elements, in the United States the owner of a famous trade-mark only has to prove a likelihood of dilution in order to obtain injunctive relief. Furthermore, unlike Canada which requires proof of damage or a likelihood of damage, actual economic injury is not an element of dilution in the United States. Rather, an injunctive relief for dilution can be granted in the United States regardless of the presence or absence of actual economic injury or damage. Perhaps more significantly, whereas in Canada depreciation or a likelihood of depreciation cannot be presumed by the court,\textsuperscript{271} in the United States a likelihood of dilution can be inferred from ‘all relevant factors’ including those factors enumerated in the TDRA. A likelihood of depreciation by blurring may in fact be inferred from the intention of the

\textsuperscript{265} Ibid at para 67. See also Bereskin, “Anti-Dilution”, supra note 165 at 1715 (observing that the limits of section 22 “may extend beyond blurring and tarnishment.”).

\textsuperscript{266} Veuve Clicquot, ibid at para 64.

\textsuperscript{267} Ibid.

\textsuperscript{268} Report, supra note 171.

\textsuperscript{269} See Lim, supra note 191 at 1249.

\textsuperscript{270} Scassa, supra note 145 at 393.

\textsuperscript{271} Veuve Clicquot, supra note 4 at paras 15, 67.
user to create an association with a famous trade-mark. Finally, while Canada requires evidence (that is, positive proof) that consumers have made, or are likely to make, a mental link or association between the plaintiff's wares or services and those of the defendant in order to succeed in an action for depreciation, the United States does not necessarily require such mental association in order to find dilution. Rather, in that country "any actual association" between the mark or trade name of the defendant and the famous mark is one of several factors that the court takes into account in determining the likelihood of dilution by blurring.

A final word on the protection of famous or well-known trade-marks should be offered at this juncture. While it is desirable to enhance the protection of famous or well-known trade-marks in Canada, the protection of trade-marks cannot be left solely with the government. Rather, owners of famous trade-marks should take proactive steps to prevent confusion or depreciation of their trade-marks. They can do so by diversifying or by granting licences or franchises for use of their trade-marks on non-competing wares or services. A mere intention to diversify is not enough. As the Federal Court of Appeal has held, a mere "assertion of expansion into new areas of products or services, or the possibility of such an expansion, is insufficient to support a finding of confusion." In the absence of evidence of diversification, it is difficult to find confusion in cases involving non-competing wares or services. In Mattel, for example, the appellant was dealt a fatal blow by the fact that, although its BARBIE mark was famous, it had not been used in Canada in association with restaurant services. Thus, it was too far of a leap to conclude that the appellant's BARBIE mark had transcended product lines in such a way as to be confused with non-competing services such as restaurant services.

272 Dilution, supra note 240, s 2.
273 Veuve Clicquot, supra note 4 at para 49. See also Jaguar, supra note 25 at para 99 ("If the hurried consumer at Zellers, K-Mart, Giant Tiger and Sears, where the appellant is selling its wares, does not associate what is displayed there with the JAGUAR mark for automobiles, then there is no impact on the goodwill attached to Jaguar cars.").
274 Dilution, supra note 240, s 2.
275 ITV Technologies Inc v WIC Television Ltd, [2005] FCJ 438, 38 CPR (4th) 481 at para 42 (FCA). See also Seagram, supra note 8 at 467-8 (FCC) where the Federal Court held that "consideration of future events and possibilities of diversification is properly restricted to the potential expansion of existing operations. It should not include speculation as to diversification into entirely new ventures, involving new kinds of wares, services or businesses.").
276 Mattel, supra note 3 at para 8.
However, the diversification of famous trade-marks comes with the danger of over-extending the goodwill of the trade-marks and hence, a real risk of self-depreciation of the trade-marks. As the Supreme Court of Canada has observed, “profligate use by the owner alone can destroy the distinctiveness of the mark, and licences granted too widely and unwisely may aggravate its problem.” In other words, “a trade-mark owner can depreciate its value by spreading the mark too thinly over too many products of differing quality.”

IV) CONCLUSION

Canada’s Trade-marks Act accords to famous trade-marks a wider ambit of protection than non-famous trade-marks. While the legal regime on confusion adequately protects famous trade-marks given the context specific factual analysis espoused by the Supreme Court of Canada in Mattel and Veuve Clicquot, the same cannot be said of the remedy of depreciation under section 22 of the Trade-marks Act. Section 22 is defective because it does not address certain activities capable of diminishing the goodwill attaching to a trade-mark. As held by the Supreme Court of Canada in Veuve Clicquot, section 22 provides a remedy only where a defendant used the plaintiff’s trade-mark in association with the defendant’s wares or services. While the Supreme Court of Canada did not elaborate on the concept of ‘use’ of a trade-mark for the purposes of section 22, other cases, notably Clairol, have held that section 22 requires ‘use’ of a trade-mark to be in conformity with section 4 of the Trade-marks Act. This leaves open the possibility that the goodwill attaching to famous trade-marks could be diluted or diminished by an activity that does not qualify as ‘use’ under section 4 of the Trade-marks Act. In such cases, there is no legal recourse under the Trade-marks Act for owners of famous trade-marks given the absence of use of their trade-mark as defined under section 4.

This article highlights certain options for ensuring that the goodwill associated with famous trade-marks in Canada is not unduly diminished through the unauthorized use of such trade-marks by third parties. The first option is liberalization of the meaning of ‘use’ of a trade-mark to include all

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277 Ibid at para 81.
278 Veuve Clicquot, supra note 4 at para 62.
279 Ibid at para 46.
280 See Sartorio & Jolliffe, supra note 214 at 1031.
activities capable of diminishing the goodwill of a trade-mark, irrespective of the purpose of the use of the trade-mark. This option does not commend itself because it could fetter commercial competition, which is the hallmark of our capitalist system. A second option is the introduction of a legislative scheme dealing with dilution of famous trade-marks. Such a legislative scheme could mirror the United States TDRA by providing for a cause of action for a likelihood of dilution by blurring or tarnishment of famous trade-marks. In this sense, the legislation would not only lessen the evidentiary burden of proof on owners of famous or well-known trade-marks, but perhaps more importantly it would also ensure that famous trade-marks are protected from most activities capable of damaging the goodwill attaching to the trade-marks.