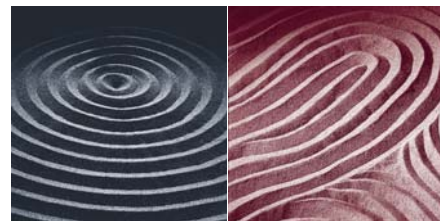


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Live and Let Live How Identical or Similar Trade- Marks Can Co-Exist

Rob McDonald
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LIVE AND LET LIVE

How Identical Or Similar Trade-marks Can Co-Exist

When you hear the word “Lexus”, do you think of canned fruit? What about pesticides, insecticides, and other preparations for destroying vermin? More likely, you will be among the sixty percent of Canadians who associate the word “Lexus” with Toyota’s line of luxury automobiles. And yet, these identical trade-marks are allowed to co-exist in the marketplace and on the Canadian Trade-marks Register in association with all of the above products. Indeed, there are many examples of identical or similar trade-marks that co-exist peacefully, and as long as the concurrent use of these marks does not cause consumer confusion, they can all maintain their individual value and distinctiveness.

Section 19 of the *Canadian Trade-marks Act* makes it clear that the registered owner of a trade-mark has the exclusive right to use that trade-mark throughout Canada, but only in respect of certain products and services. It is therefore very important to provide in each trade-mark application a full and complete description of wares and services that are or will be used in association with the trade-mark. Infringement occurs when a person sells, distributes or advertises products or services in association with a confusing trade-mark. Determining whether two trade-marks are confusing is thus at the heart of every infringement action, and while all of the circumstances of each case are relevant, the *Act* sets out several factors to be considered in assessing confusion. The *Act* provides that in addition to the inherent distinctiveness and degree of resemblance of the trade-marks, other circumstances to be considered include the length of time the trade-marks have been in use, the nature of the wares, services or business, and the nature of the trade.

Many identical or very similar trade-marks might appear confusing at first blush, but when comparing their respective wares and services, it sometimes becomes clear that there is very little likelihood of confusion. This is not to say that there can never be confusion between two trade-marks that are used in relation to different goods and services. Often, very diverse goods and services can be purchased at a single retail store, or might be encountered together by a consumer, in which case confusion is more likely. For example, a large hardware store might carry “Stanley” brand power tools as well as “Stanley” brand light bulbs. While power tools and light bulbs are quite different, it could be argued that because both goods are available for purchase in a common retail location, there is overlap and potential consumer confusion as to the source of the goods. It would very difficult to argue any potential confusion with respect to the use of the trade-mark “Stanley” in association with pharmaceuticals, however, as they do not travel in the same channels of trade.

Confusion occurs when the use of two trade-marks in the same area would be likely to lead to the inference that the goods or services associated with those trade-marks are manufactured, sold or performed by the same person. Section 6 specifies that confusion can exist whether or not the goods or services are of the same general class.

In the *Toyota v. Lexus Foods* case in 2000, the Federal Court of Appeal applied the factors set out in Section 6 and determined that the wares of canned fruit were “markedly different” than the wares of automobiles, and found that potential customers “would not be confused as to the source of the products they were buying”. This “gaping divergence” in the nature of the wares was enough to lead the Court to allow these two identical marks to co-exist, despite the fact that

“Lexus” is a coined word, and despite an admission that Lexus Foods chose the word “Lexus” because it was a quality name. Fame of the Lexus mark alone was not sufficient to lead to a finding of confusion, and was but one factor that the Court considered in making its assessment. It is possible that the Supreme Court of Canada will provide some further comments on the scope of protection afforded to so-called “famous” trade-marks in the pending *Barbie and Veuve Clicquot* cases.

Unfortunately, trade-mark infringement cases are so very fact specific that it is often difficult to advise trade-mark owners as to their chances of success in infringement litigation. Further, the majority of trade-mark disputes do not proceed through to trial. As a result, many parties choose to resolve disputes by entering into co-existence agreements with each other. If done carefully, such co-existence agreements can allow each party to continue use of their respective trade-marks, while preserving the value and distinctiveness of the marks. These types of agreements work best when there is a minimum of actual consumer confusion, and the parties are attempting to avoid the potential of confusion. Indeed, such agreements often contain a joint statement by the parties that they do not consider the marks confusing. Co-existence agreements should contain restrictions on the scope of use of each trade-mark, usually limiting each party to use of their mark in a specified area of commerce or with respect to certain wares and services. In some cases, one party may be required to display its trade-mark in a certain distinctive style or font, or display its trade-mark in association with a written disclaimer or indication of source. It is also possible to negotiate restrictions on where and how a party advertises and sells its goods and services. For example, two similar marks might co-exist without confusion where one product is sold direct to consumers through retail stores and the other product is sold on a wholesale basis. Another term that can be negotiated is the requirement to monitor for and report any instances of confusion, in order to avoid loss of distinctiveness of both marks.

It is clear that hundreds of identical and similar trade-marks co-exist throughout Canada. Some examples of co-existence are Court imposed, but the majority are monitored and regulated by the trade-mark owners themselves. Where the goods and services are completely unrelated, the parties may never even raise trade-mark infringement or consumer confusion as an issue. However, where the goods and services are somewhat similar and potentially overlapping, a carefully negotiated co-existence agreement can amicably resolve many disputes while preserving each party’s valuable trade-mark rights.

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