

The Impact of a Design in a Trademark Dispute Revisited

In our newsletter article of March 2015 we discussed a [decision](#) of the Federal Court which had given little weight to the use of a design element consisting of an oval shaded background of a trademark. <http://www.gsnh.com/the-impact-of-a-design-in-a-trademark-dispute/>. An appeal from this decision has been dismissed.

Facts

The applicant filed two trademark applications based on use in association with, among other things, gourmet pizza and restaurant services. The first application related to the word PIZZAIOLO. The second application related to the design shown below.



The Opposition

The opponent opposed both of the applications on the basis that the applied-for marks were confusing with its registered trademark LA PIZZAIOLLE (or the variant PIZZAIOLLE), which had been used by the opponent in Canada prior to the applicant's claimed date of first use. The specific grounds of opposition alleged that the applied-for marks were not registrable, not distinctive and that the applicant was not the person entitled to registration.

The Trademarks Opposition Board Decision

The hearing officer allowed the opposition and refused the application for the word mark in its entirety. However, with respect to the PIZZAIOLO DESIGN application, the

opposition was refused and the application allowed to proceed to registration. The hearing officer determined that the applicant had satisfied its onus to show the mark should be registered “owing to the pronounced differences” between the design mark and the opponent’s registered trademark.

The Federal Court Decision

The primary issue before the court involved the determination of whether the two trademarks were confusing. The judge concluded that this determination must be considered from the point of view of an average consumer.

In particular, the determination must be made on the basis of a first impression in the mind of a casual consumer somewhat in a hurry, who had no more than an imperfect impression of the mark that had been registered and did not pause to give the matter any detailed consideration, scrutiny, or to examine closely the similarities or the differences between the marks. The application of this test requires an overall examination of the marks in issue, without close scrutiny or a side by side comparison.

The judge referred to the well-known *Masterpiece* decision of the Supreme Court of Canada. In particular he emphasized that when an opponent relies on a registered word mark, the assessment of confusion must give consideration to not only the current form of use of the registered trademark but also the likelihood of confusion arising from the use of the mark that is permitted by the registration. The current use of a registered word mark does not limit the rights of its owner because the registration grants the owner of a word mark the right to use the words that constitute the mark in any size and with any style of lettering, colouring or design.

Applying this principle, the judge determined that the hearing officer ought to have recognized that the opponent was authorized, based on the rights granted to it from the

registration of its word mark LA PIZZAIOLLE, to use the words LA PIZZAIOLLE or PIZZAIOLLE “in any size, and with any style of lettering, colour or design”, and, therefore, to depict these words in a manner identical to or very similar to that of the PIZZAIOLO Design mark with the same style and colour of lettering as well as the same background colour.

The judge said that the applicant’s design mark was made up of the word PIZZAIOLO written on a green oval background, accompanied by the words “GOURMET PIZZA”. These words were in no way striking or unique and of a generic nature. The word PIZZAIOLO was the dominant element of the design mark.

As a result of the hearing officer’s failure to carry out such an analysis the judge concluded that the hearing officer had committed an error which affected the reasonableness of his decision and the appeal was allowed.

The Federal Court of Appeal

The only issue before the appeal court was whether the judge of the Federal Court had properly applied the reasonableness standard that applies to decisions made by the hearing officer. In order to apply this standard the court was required to focus on the hearing officer’s decision.

Applying this approach the court concluded that there was nothing inherently distinctive in the use of an oval design as the background for the applied-for mark. The word PIZZAIOLO continued to be the dominant feature of the design mark. As a result, when one considered the two marks in the same context as was mandated by *Masterpiece* there were no more differences than when comparing the two word marks concerning which the hearing officer had concluded that there was a likelihood of confusion.

The court observed that the registration of the PIZZAIOLO DESIGN application would provide some flexibility as to how the applicant could use it; however, the registration of a specific design limits the graphic variant that would constitute use by the applicant of its registered mark pursuant to section 4 of the *Act*. The deviations from the registered design must not change the distinctiveness of the mark; it must retain its dominant features.

In light of this finding, the court concluded that but for the error of law made by the hearing officer (the failure to consider the full scope of the rights confirmed by the registration of the opponent's mark), the officer could only reach the same conclusion with respect to the design mark as was reached with respect to the word mark. The decision to dismiss the opposition concerning a design mark was not within the range of acceptable and defensible outcomes and the Federal Court had properly applied the reasonableness standard of review. As a result, the appeal was dismissed.

Before concluding its decision the court said that one should be careful not to give the principle set out in the *Masterpiece* case previously referred to, too great a scope, for there would no longer be any need to register a design mark when one has a word mark. The current decision was entirely based on the facts of the case and the officer's finding as to what would constitute a proper use of the registered trademark. When comparing marks one is always limited to "use that is within the scope of the registration".

The court has previously said that cautious variations of a registered mark can be made without adverse consequences if the same dominant features are maintained and the differences are so unimportant that an unaware purchaser of the goods would not be misled. This principle provides guidance as to what graphic or other deviations from a mark as registered are acceptable.

Comment

Hopefully this decision will prevent the overly broad application of the principle that on an assessment of confusion consideration must be given to not only the current form of use of the registered trademark but also the likelihood of confusion arising from the use of the mark that is permitted by the registration. In this regard, the permitted versions of the mark will be restricted to the versions that maintain the same dominant features as the mark and the differences must be so unimportant that an unaware purchaser would not be misled.

John McKeown

Goldman Sloan Nash & Haber LLP

480 University Avenue, Suite 1600

Toronto, Ontario M5G 1V2

Direct Line: (416) 597-3371

Fax: (416) 597-3370

Email: mckeown@gsnh.com

These comments are of a general nature and not intended to provide legal advice as individual situations will differ and should be discussed with a lawyer.