

# FUNCTIONAL TRADE-MARKS IN CANADA\*

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## 1.0 INTRODUCTION

The purpose of a trade-mark is to distinguish the wares and services of one trader from those of others. A distinguishing guise is a particular type of trade-mark that relates to the outward appearance of a three-dimensional object that distinguishes the wares or services of the owner from the wares or services of others. The owner of a distinguishing guise can acquire trade-mark rights at common law or register the guise under the *Trade-marks Act*.<sup>1</sup> Distinguishing guises currently registered include everything from liquor bottles to a hockey skate blade to a coat design.

Problems arise with distinguishing guise trade-marks when the outward appearance is a feature that is functional. The Canadian courts have taken the view that a trade-mark cannot protect features of a product that are functional even though the *Trade-Marks Act* provides no such prohibition. The functionality of the Lego building block knobs recently prevented the court in *Kirkbi AG et al. v. Ritvik Holdings Inc. et al.*<sup>2</sup> from extending trade-mark protection to them.

This paper canvasses the Canadian law distinguishing guises and functional trade-marks, analyzes the recent judgment in the *Lego* case, and discusses options for protection of “functional trade-marks.”

## 2.0 ACQUIRING TRADE-MARK RIGHTS

In order for a trade-mark to be protected at common law or as a registered trade-mark, it must be a “mark”—that is, statutory subject matter—and have a reputation associated with it. The mark can be a word, a design, or a guise. The reputation must be the result of the use of the mark and be indicative of one source and, secondarily, the quality of the wares or services.

A trade-mark must also be distinctive, in two senses. First, people must recognize that it is a trade-mark. Second, it must be indicative (either actually or by deeming of statute) of one source.

Sometimes, a mark begins its life as a mark with no meaning, but acquires meaning through advertising and use. Marks such as KODAK and XEROX had no

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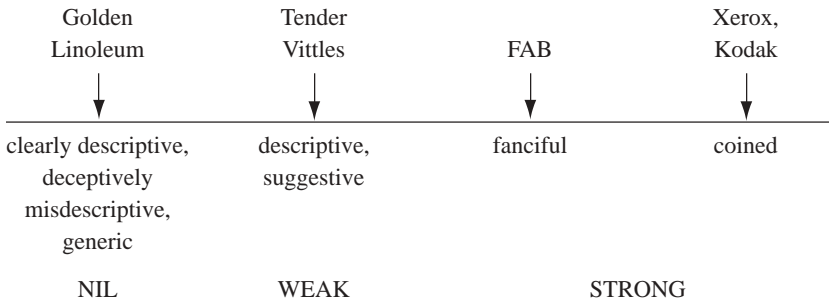
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original meaning, but earned their reputation. These marks are sometimes said to be “inherently distinctive.”

In order to become trade-marks, the meanings of other words have to be “un-learned.” McDonalds had to change from being merely someone’s last name to being the name everyone associates with “two all-beef patties, special sauce, lettuce, cheese.” This acquired distinctiveness is called “secondary meaning.” For example, the primary meaning of “apple” is a fruit; the secondary meaning is a computer from a company in Cupertino, California; the record label of the Beatles; or, in eastern Canada, the name of an auto glass repair company.

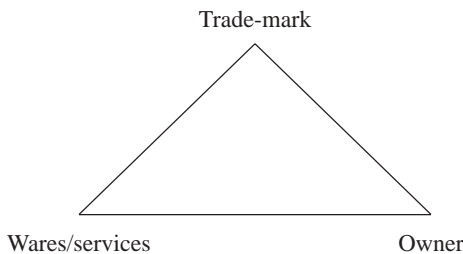
The inherent “strength” of marks can be represented on a scale:



Some words can lose their distinctiveness and their value as trade-marks. Linoleum was a trade-mark for flooring until it became a generic word. Nylon and escalator were once trade-marks and are now generic descriptors of products. Aspirin has become generic in the United States but is still a registered trade-mark of Bayer in Canada.

In trade-mark law, it is possible, with a great deal of effort, to make a purse out of a sow’s ear. PIZZA PIZZA is one of the best examples. Through heavy marketing, the otherwise descriptive name has become a relatively strong mark.

The second form of distinctiveness—that of the owner—can be represented by the triangle shown below.



At the corners of the triangle, one must have a trade-mark, wares or services, and an owner. The trade-mark is connected to the wares or services by the use of the trade-mark. The trade-mark is associated with the owner by the “one source

theory” of trade-marks (the mark must be distinctive of one owner). The old registered-user regime maintained this fiction, as does our current licensing system, by deeming use of a registered trade-mark by licensees to be use of the owner, keeping this side of the triangle intact. The owner is connected at the bottom of the triangle to the wares or services by placing ownership notices on products, labels, or advertising materials. This allows the owner to give the world notice that this is its trade-mark. Break any of these connections and you do not have an enforceable trade-mark.

### 3.0 TRADE-MARKS ACT

The *Trade-marks Act* contains an exhaustive definition of “trade-mark” in s. 2:

- (a) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others,
- (b) a certification mark,
- (c) a distinguishing guise, or
- (d) a proposed trade-mark.

There are therefore really only three categories of trade-marks: a mark to distinguish, a certification mark, and a distinguishing guise. The fourth is a proposed trade-mark, which is merely a future version of a mark.

The *Trade-marks Act* also defines “distinguishing guise” in s. 2:

- (a) a shaping of wares or their containers, or
- (b) a mode of wrapping or packaging wares

the appearance of which is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others.

The case law has said that the three categories of trade-marks are mutually exclusive. Therefore, if something is a distinguishing guise, it cannot be a “regular” mark.

There are further statutory restrictions on distinguishing guises:

1. they are registerable only if they are distinctive as of the date of the application and if the exclusive use by the applicant is not likely to unreasonably limit the development of any art or industry (*Trade-Marks Act*, s. 13(1));
2. the registration of the distinguishing guise must not interfere with the use of any utilitarian feature embodied in the distinguishing guise (s. 13(2)); and
3. similarly, a distinguishing-guise registration can be expunged if it has become likely to unreasonably limit the development of any art or industry (s. 13(3)).

One of the best known distinguishing guises is the Coca-Cola bottle. What started as a mere container became, through advertising campaigns and sales, a trade-mark. The shape of the bottle acquired a secondary meaning.

In the context of distinguishing guises, in *J.B. Williams Company v. Bronnley & Company*, the court said that a distinguishing guise was a “capricious addition to the article itself, the colour, or shape ... of the wrapper, or anything of that kind.”<sup>3</sup>

*J.B. Williams*, therefore, stands for the proposition that if you have something functional, and you add something capricious to it, you can protect that capricious addition, assuming that the capricious addition has acquired secondary meaning.

## **4.0 FUNCTIONALITY AND OTHER INTELLECTUAL PROPERTY RIGHTS**

### **4.1 Copyright Law**

Copyright law protects the form of expression of an idea, but not the idea itself. About 15 years ago, before the *Copyright Act*<sup>4</sup> was amended, intellectual property lawyers were unsure whether the courts were going to protect computer programs under copyright law. After all, computer programs are not Shakespeare; they are operating instructions for computers and therefore make machines work.

In certain cases, however, there may be no further way to express the idea other than in the form of that algorithm. The courts referred to such circumstances as the merger of idea and expression; they were not prepared to allow copyright to protect such works because it would then be monopolizing the idea.

### **4.2 Industrial Design Law**

Industrial designs protect the ornamentation of a useful object, but they do not protect functionality. In this way, industrial designs are distinct from patents, which do protect the way things work. The subject matter of an industrial design, necessarily being ornamental and non-functional, may be capable of being developed into a trade-mark, if it becomes distinctive of the source of the goods.

### **4.3 Patent Law**

Although patents protect functionality of articles, something disclosed in a patent is not automatically disqualified from trade-mark protection.

In *Thomas Betts, Ltd. v. Panduit Corp. et al.*,<sup>5</sup> the plaintiff tried to assert trade-mark rights in the circular shape of an electrical cable tie head that had been illustrated as a preferred embodiment of the invention but was not a claimed feature. The patent for the electrical cable had expired, The court stated:

I have found no authority ... that any element described or depicted in the preferred embodiment—regardless of whether it is claimed or of its importance to the claimed invention—is automatically as a matter of law and without further inquiry disqualified from trade-mark protection.<sup>6</sup>

Decary J.A., writing for the Federal Court of Appeal, issued the following warning for elements of the invention that were essential:

[I]t would be unfair to the public if a patentee could, after the expiry of its patent, use the *Trade-marks Act* to give itself a monopoly over the shape of its invention when that shape is so closely related to the invention as to be for all practical purposes an element essential to making full use of the invention.<sup>7</sup>

## 5.0 THE PRE-LEGO UNIVERSE

### 5.1 Distinguishing Guise Jurisprudence

The jurisprudence before the *Lego* case can be divided into three areas:

1. trade-mark registerability/validity actions;
2. common law passing-off actions; and
3. *Trade-marks Act*, s. 7(b) passing-off actions.

The pre-*Lego* distinguishing guises and get-up jurisprudence illustrates the logic the court applied in protecting distinguishing guises, or not. The cases can further be divided into three categories:

1. distinctive or non-distinctive,
2. merely ornamental designs, and
3. functional marks.

### 5.2 Trade-mark Registerability

#### 5.2.1 Validity and Distinctiveness Jurisprudence

Several trade-marks have been challenged on the basis that they were non-distinctive. There are a series of cases relating to the size and shape of tablets or pills. They typically involve a generic drug company that makes its generic tablet the same size, shape, and colour as the patented drug. Numerous owners of patented drugs have attempted to assert trade-mark rights in their tablet or pill in order to maintain their market advantage. To date, none of them have succeeded, all due to the non-distinctiveness of the size, shape, and colour of the tablet.

In *Apotex Inc. v. Monsanto Canada, Inc. et al.*,<sup>8</sup> Monsanto applied to register the trade-mark consisting of the colour white applied to the whole visible surface of a hexagonal pharmaceutical tablet. The application was opposed. Rouleau J. rejected the application on the basis that Monsanto had not proven that physicians, pharmacists, or patients could and did use the trade-mark in choosing whether to prescribe, dispense, or request Monsanto's product.<sup>9</sup>

In *Novopharm Ltd. v. Bayer Inc.*,<sup>10</sup> the court found that a dusty rose tablet, round in shape with biconflex sides, identified the medication and not the source. Evans J. stated:

[W]hile I accept that the colour, shape and size of a product may together be capable in law of constituting a trade-mark, the resulting mark is, as a general rule, likely to be weak.<sup>11</sup>

Evans J. found that Bayer had a heavy onus to discharge in proving secondary meaning, since pink, round tablets are commonplace in the market. The burden of proving secondary meaning was not discharged simply by pointing out that the product was non-interchangeable. Otherwise, patentees would be able to extend their sole right to market a product long after their patent had expired. Evans J. stated:

Patients may simply refer to the colour and shape of a tablet to identify the medication that they take for a particular condition: “These are the pink round pills that I take for my angina,” not: “My angina tablets are dusty rose and round, and, therefore, I know that they come from the same manufacturer.”<sup>12</sup>

As stated above, the mark (guise) must distinguish the source, not the product.

Likewise, in *Glaxo Wellcome Inc. v. Novopharm Ltd.*,<sup>13</sup> a six-sided shield-shaped tablet was found to be non-distinctive. The court found that “the shield shape had not become, through use, distinctive of the product.”<sup>14</sup> It is interesting to note that the registrar found that the distinguishing guise was, to a large extent, functional because the guise is the medium by which the product is delivered. O’Keefe J. did not comment on this; however, he accepted the reasoning in *Bayer* that, although the shape of a product can constitute a mark, the resulting mark is generally weak.

The Supreme Court of Canada in *Novopharm Ltd. v. Ciba-Geigy Canada Ltd.; Novopharm Ltd. v. Astra Aktiebolag*<sup>15</sup> dismissed an appeal from the Federal Court of Appeal’s finding that the capsule-design brown-pink pharmaceutical tablet was not registerable because the applicant failed to present sufficient evidence to show that the colour and shape of the products served to distinguish those products.

The above pharmaceutical cases are representative but not exhaustive.

Not all colourations are not registerable. The *IVG Rubber Canada Ltd. v. Goodall Rubber Co.*<sup>16</sup> case did not involve tablets, but rather, a helical stripe running the length of a flexible hose. The court found that the stripe had become distinctive, since most purchasers were aware of the colour schemes and high quality of the Goodall hoses. Since the stripe was “not physically essential”<sup>17</sup> and used to distinguish the Goodall hose from other wares, Goodall was able to register the trade-mark.

### 5.2.2 Validity and Ornamentation Jurisprudence

In *W.J. Hughes & Sons “Corn Flower” Ltd. v. Morawiec*,<sup>18</sup> the court held that flower designs cut into glassware were not protectable as a trade-mark. Gibson J. found that the designs were merely ornamental, since the plaintiff used the design for a “utility purpose only, namely, for the purpose of increasing ... the attractiveness of such wares as objects of commerce.”<sup>19</sup> Furthermore, the court held that concurrent registration under the *Industrial Design Act* and the *Trade-marks Act* is

possible.<sup>20</sup> The use of the word “utility” in the *W.J. Hughes* case is unfortunate because it tends to confuse psychological “functionality” with physical functionality.

In a similar case, *Adidas (Canada) Ltd. v. Colins Inc.*,<sup>21</sup> the court did not protect a design consisting of three parallel stripes applied to garments, since the use of vertical stripes on clothing had been widespread for many years. The court found that it is not possible to convert what is merely an ornamental design into a trade-mark. The court stated that the stripes added only to the garments’ attractiveness and were slenderizing, giving the illusion of speed.<sup>22</sup>

The case *McGregor Industries Inc. v. Sara Lee Corp.*<sup>23</sup> involved an application to register a “red toe seam design” and a “pink toe seam design” for use on socks. The court held that the designs were not registerable because they were primarily functional in that they were used for the purpose of constructing the socks. Since the seams could be applied to red and pink socks, they would be perceived as seams. Even if the seams were applied to socks of contrasting colours, the average consumer would not perceive them as trade-marks because they merely added a minor degree of ornamentation to the socks.<sup>24</sup>

The court in *Samann v. Canada’s Royal Gold Pinetree Mfg. Co. Ltd.*<sup>25</sup> found that two evergreen-tree air-freshener trade-marks were valid because they were not used for physical functionality. Although the designs were somewhat ornamental, that did not prevent them from acquiring goodwill. Heald J. stated:

[I]t is likely that any design mark will have some ornamental features. However, that circumstance will not, per se, render a mark unregistrable so long as it possesses the essential requirements for registerability.<sup>26</sup>

### 5.2.3 Validity and Functionality Jurisprudence

The court in *Samann* also rejected the argument that the distinguishing guise was not protectable because it was functional. However, the functionality argument prevented registration of a proposed distinguishing guise in *Imperial Tobacco Co. v. Registrar of Trade-marks*.<sup>27</sup>

In *Imperial Tobacco*, the applicant applied to register as a trade-mark a “transparent outer wrapper and a coloured tearing strip in the form of a ribbon extending around a cigarette package beneath the transparent wrapper.” The mechanism had been protected by a patent that had been declared invalid. The registrar refused to register the mark, and the applicant appealed. The court found that the moisture proof wrapper and the band to open it were primarily designed to perform a function and, therefore, this was not the proper subject matter for a trade-mark. The court stated that the trade-mark applied for was intended to replace the invalidated patents, and that if functional elements were permitted to be registered, it would lead to “grave abuses.”<sup>28</sup>

The reasoning in *Imperial Tobacco* was followed in *Parke, Davis & Co. v. Empire Laboratories Ltd.*<sup>29</sup> where the court held that gelatin bands around the centre of a

capsule were not the proper subject matter of a trade-mark. The band sealed the two halves of the capsule together and also served as a visual indicator of whether the seal was broken. The appellant's patent for capsule bands expired, so the appellant proceeded to register 10 trade-marks, each of which related to a distinct band colour for pharmaceutical capsules. The appellant brought an action against the respondent for trade-mark infringement and passing-off. The Supreme Court of Canada restored the decision of the trial judge in finding that the bands had a functional use—namely, to unite both halves of the capsule. Hall J. stated:

The law appears to be well settled that if what is sought to be registered as a trade mark has a functional use or characteristic, it cannot be the subject of a trade mark.<sup>30</sup>

In *Elgin Handles Ltd. v. Welland Vale Manufacturing Co. Ltd.*,<sup>31</sup> the respondent owned a trade-mark that comprised the “darker colouring of the grain of the wood of tool handles accomplished by fire hardening.”<sup>32</sup> The applicant sought to expunge the trade-mark. The court found that since the fire-hardening process was commonly believed to have the advantage of reducing moisture in the wood, hardening and sealing the surface, and decreasing its tendency to warp, the trade-mark was functional. Jackett P. stated:

[W]here a change in appearance of the goods in relation to which the alleged trade-mark is to be used is the normal result of a process that has a functional use or characteristic, such a change in appearance cannot be a trade-mark.<sup>33</sup>

Accordingly, the trade-mark was expunged.

In *Remington Rand Corp. et al. v. Philips Electronics N.V.*,<sup>34</sup> Remington wished to market a triple-headed rotary electric shaver in Canada, but could not do so without infringing a design mark and a distinguishing-guise registration owned by Philips, so Remington challenged the trade-mark registrations. The Federal Court of Appeal canvassed the case law on functionality and found that the nature and degree of the functionality needed to disqualify a trade-mark from registration had been consistently expressed in the case law. MacGuigan J.A. writing for the court, stated:

If functionality goes either to the trade-mark itself (*Imperial Tobacco* and *Parke Davis*) or to the wares (*Elgin Handles*), then it is essentially or primarily inconsistent with registration. However, if it is merely secondary or peripheral, like a telephone number with no essential connection with the wares, then it does not act as a bar to registration.<sup>35</sup>

Here, the rotary head design made intrinsic reference to the principal feature of the Philips shaver: its cutting heads. Since the design mark depicted the functional elements of the shaver heads, the design mark was primarily functional. Similarly, the distinguishing-guise mark was found to be invalid as extending into the functional aspects of the Philips shaver. The court stated that registration of a primarily functional mark is a restraint on manufacturing and trade because it effectively amounts to a patent or industrial design in the guise of a mark. MacGuigan J.A. found that

[a] mark which goes beyond distinguishing the wares of its owner to the functional structure of the wares themselves is transgressing the legitimate bounds of a trade-mark.<sup>36</sup>

Therefore, of the jurisprudence reviewed above, only *IVG* and *Samann* were successful in holding onto trade-marks rights in their distinguishing guises. A similar pattern is found when the common law passing-off cases are examined.

## **6.0 COMMON LAW PASSING-OFF ACTION JURISPRUDENCE**

The Supreme Court of Canada in *Ciba-Geigy Canada Ltd. v. Apotex Inc.* summarized the elements of the law of passing off:

1. the existence of goodwill,
2. the deception of the public due to a misrepresentation, and
3. actual or potential damage to the plaintiff.<sup>37</sup>

Several cases have considered the passing-off action as it applies to distinguishing guises. In the *Oxford Pendaflex Canada Ltd. v. Korr Marketing Ltd. et al.*<sup>38</sup> case, the plaintiff did not succeed on a passing-off action because it failed to establish goodwill in the get-up of its plastic tray. The Supreme Court of Canada required that the shape of the article acquire a secondary meaning in the minds of consumers so as to act as an indicator of source rather than as an indicator of product. It is not necessary, however, to know “who” that source is, only that it comes from one source.<sup>39</sup>

In *Sport Maska Inc. v. Canstar Sports Group Inc.*,<sup>40</sup> the plaintiff’s passing-off action was dismissed because the plaintiff’s hockey helmet had not acquired a reputation in the market. The plaintiff and the defendant both marketed hockey helmets. In 1991, the Canadian Standards Association amended their standards for helmets, prompting both parties to make certain changes. The defendant took the opportunity to launch a new helmet. The plaintiff alleged that its changes were minor, and that the distinctive appearance of its helmet was preserved. The plaintiff brought an action for passing off, alleging that the defendant’s helmet was changed to benefit from the plaintiff’s goodwill.

Denis J. found that the plaintiff’s and the defendant’s helmets could not be confused:

This is, obviously, a highly subjective conclusion since it is based on an impression. A number of the elements of the evidence militate in its favour. A hockey helmet is a hockey helmet. It is a rigid safety helmet, usually oblong in shape, covered inside with protective foam, used to protect the head of a hockey player. Its utilitarian nature is obvious and fundamental.<sup>41</sup>

It should be noted that this comment also hints of a functionality rejection. The court held that the only way to identify the source is for the manufacturer to affix its cor-

porate name or trade-mark to the helmet, and because the two parties had displayed their names abundantly on their helmets, there was no confusion as to source.

*Ray Plastics Ltd. et al. v. Dustbane Products Ltd.*<sup>42</sup> also involved a common law passing-off action. The plaintiffs sold a combination snowbrush, ice scraper, and squeegee called the “Snow Trooper,” which had an uncommon appearance and was a successful seller. The defendant produced a virtually identical product, and the plaintiff sued for passing off. The court protected the plaintiff’s snowbrush, drawing an inference from the intentional copying that prospective customers were to be misled and that the product had a reputation. The volume of sales and extensive advertising also persuaded the court of the snowbrush’s reputation.<sup>43</sup>

In *Horn Abbot Ltd. et al. v. Thurston Hayes Developments Ltd. et al.*,<sup>44</sup> a case similar to *Ray Plastics*, the plaintiff sued for trade-mark infringement and passing off, and obtained a declaration of infringement and a permanent injunction against the defendant. The court found that the defendant’s board game in association with the trade-mark “Sexual Pursuit” was calculated to trade on the goodwill and commercial success of the plaintiff’s well-known board game sold under the “Trivial Pursuit” trade-mark. Reed J., writing for the court, stated:

The question to ask is whether as a matter of first impression, an average consumer having imperfect recollection could confuse the two games and think they originated from the same source.

Applying this test to the facts of the case, the court concluded that the confusion that was created was that the games had the same source, not that the games were the same.<sup>45</sup>

The court in *Kun Shoulder Rest Inc. v. Joseph Kun Violin and Bow Maker Inc. et al.*<sup>46</sup> found that the defendants were not guilty of passing off their shoulder rest for violins as that of the plaintiff’s. The court examined a number of shoulder rests manufactured by various companies and found that

all of these rests are basically designed in the same manner, with the same practical, functional values and that the various manufacturers have merely taken what was common to the trade and was embodied in Joseph Kun’s original patent that expired in 1987. This, in and of itself, does not constitute passing off.<sup>47</sup>

The owners of the “Toblerone” chocolate bar sued for trade-mark infringement and passing off in *Kraft Jacobs Suchard (Schweiz) A.G. et al. v. Hagemeyer Canada Inc.*<sup>48</sup> The distinctive shape of the Toblerone bar was found to have “substantial goodwill in the marketplace,” and was therefore afforded trade-mark protection.<sup>49</sup> Applying the test of the average customer with imperfect recollection, the court concluded that the average customer would think that the plaintiff’s and the defendant’s chocolate bars were produced and marketed by the same company. The court rejected the defendant’s argument that the grooved feature of the Toblerone bar was functional in nature.

In sum, only the parties in *Ray Plastics*, *Horn Abbot*, and *Kraft Jacobs* were able to protect their distinguishing guises in a passing-off action. The parties in *Horn Abbot* and *Kraft Jacobs* also successfully sued under s. 7(b) of the *Trade-marks Act*, which is a statutory codification of the common law of passing off.

## 7.0 SECTION 7(b) JURISPRUDENCE

Section 7(b) is fueled by the statutory scheme of trade-marks. In *Asbjorn Horgard A/S v. Gibbs/Nortax Industries Ltd.*,<sup>50</sup> the court stated that s. 7(b) is *intra vires* because it has “a rational functional connection to the kind of trade-marks scheme Parliament envisaged.”<sup>51</sup> Section 7(b) states:

No person shall

(b) direct public attention to his wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another.<sup>52</sup>

In the *Adidas* case, discussed above, the plaintiff’s s. 7(b) action failed. The trade-mark was found to be invalid, since the use of vertical and parallel stripes as applied to garments had been widespread for many years and simply added to the garment’s attractiveness for a potential buyer.<sup>53</sup>

However, in *Canadian Converters’ Co. v. Eastport Trading Co.*<sup>54</sup> the court found that the get-up of the plaintiff’s clear plastic wrapper for shirts had acquired a reputation. By selling a large volume of shirts, the “trade and the buying public got to know the get-up as indicating shirts of the plaintiff’s manufacture.”<sup>55</sup> Because the defendant had imitated the plaintiff’s wrapper and caused confusion between its wares and those of the plaintiff, s. 7(b) had been infringed.<sup>56</sup>

The plaintiff was unsuccessful in *Stiga Aktiebolag et al. v. S.L.M. Canada Inc.*<sup>57</sup> in its s. 7(b) action; however, the patent infringement claim was successful. The plaintiff’s snow sled, which incorporated three skis on the bottom, was found not to be sufficiently distinctive from other tri-ski sleds on the market. The court stated:

[Stiga] cannot, from a trade mark point of view, claim a monopoly on such sleds in the absence of readily seen distinguishing features of its own, not common to any tri-ski sled, other than its name or logo.<sup>58</sup>

The court was also of the view that even though a typical purchaser might be confused, this does not make a defendant guilty of passing off if the confusion “is merely a natural consequence of the nature of steerable tri-ski sleds for which [Stiga] cannot claim trade-mark monopoly.”<sup>59</sup> It should be noted that in stipulating this principle, the court also alluded to functionality without saying it expressly.

Of the cases discussed above, only the parties in *Horn Abbot*, *Kraft Jacobs*, and *Canadian Converters* were successful in s. 7(b) actions. The jurisprudence highlights the concerns the courts have in extending trade-mark protection to get-ups and distinguishing guises. The principles formulated were applied in the *Lego* case.

## 8.0 THE LEGO CASE

The *Lego* case involved the shape and configuration of the knobs on the top of the Lego toy building bricks, the most well-known of which has eight studs on the surface. The configuration was described as follows:

[A] rectilinear array of uniform, smooth-sided, flat-topped, cylindrical, co-planar protuberances, the proportions of height, diameter and center-to-center spacing of which are approximately 2:5:8. Where there is more than one row of protuberances, they are arranged in mutually orthogonal rows and columns.<sup>60</sup>

The plaintiffs based their case on passing off of a non-registered distinguishing guise under the *Trade-marks Act*, s. 7(b). The configurations were once protected by patents; however, the patents expired in the late 1970s.<sup>61</sup>

The plaintiffs asserted that the shaping of the knob configuration of LEGO products was a distinguishing guise. They alleged that the defendant adopted and extensively used their “LEGO indicia trade-mark” in its promotion and marketing of its MICRO line of MEGA BLOCK toys. Both the LEGO brand toys and the MEGA BLOCK toys are sold in the same channels of trade, and are even found in the same section of stores.

Gibson J. found Ritvik’s evidence of functionality compelling. Gibson J. accepted the evidence of D.E. Martin, retired Vice-President of Engineering, Tyco Industries. Mr. Martin testified that the Lego indicia mark’s features are dictated by functional considerations, are necessary to achieve the required function of an interlocking brick, and that the shape of the top surface of the Lego basic brick is “purely utilitarian.”<sup>62</sup> Mr. Martin stated that all the features of the building brick are “basic, rudimentary and functional” and that there is nothing arbitrary about its design.<sup>63</sup> Mr. Martin added:

The Lego Indicia mark ... [is] the simplest and most basic geometrical shape to achieve the desired functional result. Cylinders are the obvious engineering choice for the connecting knobs and are the first shapes that come to mind to a competent engineer.<sup>64</sup>

Gibson J. commented that no evidence was adduced on behalf of the plaintiffs to contradict or put into question Mr. Martin’s expert statement, even though the plaintiffs had led evidence of alternate configurations of the upper surface of a construction brick that would “work.”<sup>65</sup>

Gibson J. found on the totality of the evidence before him that the Lego indicia are “functional in all respects save for the inscription of the mark LEGO on each stud.”<sup>66</sup> Gibson J. was heavily influenced by the *Remington* case (discussed above), which, although it dealt with a registered mark, held that functionality cannot be protected. Since the functionality relates primarily or essentially to the plaintiffs’ wares themselves, the LEGO indicia cannot be a common law distinguishing guise, and s. 7(b) of the *Trade-marks Act* had not been contravened.

Gibson J. considered various other aspects of the case on the assumption that his conclusions might be appealed (and possibly overturned). Gibson J. returned to first

principles, reiterating the rule that a distinguishing guise must distinguish the wares or services of its owner from the wares and services of all others, just like any other trade-mark, and that distinctiveness may be either inherent or acquired. Gibson J. noted that registered distinguishing guises cannot limit the development of any art or industry, nor can they interfere with the use of any utilitarian feature embodied in the distinguishing guise, as stipulated under s. 13 of the *Trade-marks Act*.<sup>67</sup>

Gibson J. recognized that the shape of an article is generally not inherently distinctive; however, it may become distinctive if it acquires secondary meaning in the minds of consumers and potential consumers so as to act as an indicator of source rather than as an indicator of the product.<sup>68</sup>

The general principles of passing off were adopted from Mr. Justice Gonthier in *Ciba-Geigy*.<sup>69</sup> First, there was no dispute that the plaintiffs had acquired goodwill in their products. Gibson J. found that the LEGO indicia were not inherently distinctive and were therefore not inherently capable of contributing to the plaintiff's goodwill. However, on the totality of the evidence, the LEGO indicia was found to have acquired distinctiveness through its long use, the dominant market position of the Lego group, and the Lego group's extensive marketing activities in which it prominently featured the LEGO indicia.

Second, with regard to misrepresentation, Gibson J. found that

it is not enough to fulfill this second aspect of the test for passing off to establish confusion. Rather, it must be shown that the confusion amounts to a deception of the public due to a misrepresentation.<sup>70</sup>

*Walt-Disney Productions v. Triple Five Corp.*<sup>71</sup> was relied on for the principle that the ordinary-person test is applicable in a passing-off action to determine if confusion exists. The test involves the standard of the ordinary person who is presented with a product in a commercial background, the presentation of which, on first impression, would leave that person, who has a general recollection of the original product, in a state of confusion as to whether the offered product is that of the defendant or that of the plaintiff.<sup>72</sup> Furthermore, the trade-mark or alleged mark must be considered as a whole and should not be dissected into its constituent parts.<sup>73</sup>

Gibson J. found that, although the plaintiffs established a likelihood of confusion, the defendants' articles were not things calculated to deceive, and, in fact, no deception of the public had occurred. *Reckitt & Colman Products Limited v. Borden Inc. et al.*<sup>74</sup> had held that the adoption of a get-up likely to create confusion constituted a misrepresentation. Gibson J. preferred the reasoning from the *Kun Shoulder Rest* case, where the features taken were common to the trade. He agreed with the evidence of one witness for Ritvik, that if there was confusion in the Canadian marketplace, "it was not a result of a deliberate strategy on the part of Ritvik" to cause confusion.<sup>75</sup> In a somewhat bizarre turn of logic, Gibson J. blamed the Lego Group for the confusion: "[T]o a very real extent, the LEGO group is the author of its own misfortune . . . . [I]ts marketing strategies and practices have been so good that it has left little room, if any, for a competitor such as Ritvik, adopting the purely utili-

tarian or functional features of the LEGO brick ... to distinguish its MICRO MEGA BLOCKS from LEGO's construction bricks."<sup>76</sup>

Third, damage was actually suffered by the plaintiffs because Ritvik has captured a market share, some or all of which would have gone to the plaintiffs in the absence of Ritvik's entry into the market.

There was an appeal filed on September 9, 2002 and it will likely be heard in late 2003 or 2004.

## 9.0 CONCLUSIONS

Barring a revolution in the Court of Appeal, the *Lego* appeal will likely be dismissed and only a fresh look at the issue of functionality of trade-marks by the Supreme Court of Canada will change the non-registerability and non-enforceability of functional trade-marks and distinguishing guises.

In the meantime, owners of patented technology might still be able to extend their functional monopolies if they can claim as a trade-mark, some non-functional embellishment of their functional device and use the functional monopoly of a patent as a platform to launch the non-functional trade-mark.

## ENDNOTES

- <sup>1</sup> *Trade-marks Act*, R.S.C. 1985, c. T-13.
- <sup>2</sup> *Kirkbi AG et al. v. Ritvik Holdings Inc. et al.*, [2002] F.C.J. no. 793 (F.C.T.D.) (hereinafter *Lego*).
- <sup>3</sup> *J.B. Williams Company v. Bronnley & Company* (1909), 26 R.P.C. 765 (C.A.) (hereinafter *J.B. Williams*).
- <sup>4</sup> *Copyright Act*, R.S.C. 1985, c. C-42.
- <sup>5</sup> *Thomas Betts, Ltd. v. Panduit Corp. et al.* (2000), 185 D.L.R. (4th) 150 (F.C.A.) (hereinafter *Panduit*).
- <sup>6</sup> *Ibid.*, at para. 20.
- <sup>7</sup> *Ibid.*, at para. 23.
- <sup>8</sup> *Apotex Inc. v. Monsanto Canada, Inc. et al.* (2000), 6 C.P.R. (4th) 26 (F.C.T.D.) (hereinafter *Apotex*).
- <sup>9</sup> *Ibid.*, at para. 14.
- <sup>10</sup> *Novopharm Ltd. v. Bayer Inc.*, [2000] 2 F.C. 553 (T.D.) (hereinafter *Bayer*).
- <sup>11</sup> *Ibid.*, at para. 77. Evans J. followed the reasoning in *Smith Kline & French Canada Ltd. v. Canada (Registrar of Trade-marks)*, [1987] 2 F.C. 633 (T.D.).
- <sup>12</sup> *Ibid.*, at para. 99.

- 13 *Glaxo Wellcome Inc. v. Novopharm Ltd.* (2000), 8 C.P.R. (4th) 448 (F.C.T.D.) (hereinafter *Glaxo*).
- 14 *Ibid.*, at para. 34.
- 15 *Novopharm Ltd. v. Ciba-Geigy Canada Ltd.; Novopharm Ltd. v. Astra Aktiebolag* (2001), 15 C.P.R. (4th) 327; [2001] F.C.J. no. 1580 (F.C.A.), aff'd. [2001] S.C.C.A. no. 646 (S.C.C.) (hereinafter *Ciba-Geigy*).
- 16 *IVG Rubber Canada Ltd. v. Goodall Rubber Co.* (1980), 48 C.P.R. (2d) 268 (F.C.T.D.) (hereinafter *IVG*).
- 17 *Ibid.*, at para. 9. This case mentioned *Wright's Ropes Ltd. v. Bascom Rope Co.*, [1931] 4 D.L.R. 368 (Ex. Ct.), in which a "yellow coloured strand running through the length of wire rope" was found to be a registerable trade-mark. The registrar in *IVG* relied on this authority in determining that the helical stripe running the length of the hose was registerable as a trade-mark.
- 18 *W.J. Hughes & Sons "Corn Flower" Ltd. v. Morawiec* (1970), 62 C.P.R. 21 (Ex. Ct.) (hereinafter *Corn Flower*).
- 19 *Ibid.*, at 32.
- 20 *Ibid.*, at 32-33.
- 21 *Adidas (Canada) Ltd. v. Colins Inc.* (1978), 38 C.P.R. (2d) 145 (F.C.T.D.) (hereinafter *Adidas*).
- 22 *Ibid.*, at 169.
- 23 *McGregor Industries Inc. v. Sara Lee Corp.* (2000), 6 C.P.R. (4th) 267 (T.M.O.B.) (hereinafter *McGregor*).
- 24 *Ibid.*, at 274.
- 25 *Samann v. Canada's Royal Gold Pinetree Mfg. Co. Ltd.* (1986), 9 C.P.R. (3d) 223 (F.C.A.) (hereinafter *Samann*).
- 26 *Ibid.*, at 231.
- 27 *Imperial Tobacco Co. v. Registrar of Trade-marks*, [1939] 2 D.L.R. 65 (Ex. Ct.) (hereinafter *Imperial Tobacco*).
- 28 *Ibid.*, at 67.
- 29 *Parke, Davis & Co. v. Empire Laboratories Ltd.* (1964), 45 D.L.R. (2d) 97 (S.C.C.) (hereinafter *Parke, Davis*).
- 30 *Ibid.*, at 100.
- 31 *Elgin Handles Ltd. v. Welland Vale Manufacturing Co. Ltd.* (1964), 43 C.P.R. 20 (Ex. Ct.) (hereinafter *Elgin Handles*).
- 32 *Ibid.*, at 20.

- <sup>33</sup> *Ibid.*, at 25-26.
- <sup>34</sup> *Remington Rand Corp. et al. v. Philips Electronics N.V.* (1995), 64 C.P.R. (3d) 467 (Fed. C.A.) (hereinafter *Remington*).
- <sup>35</sup> *Ibid.*, at 476.
- <sup>36</sup> *Ibid.*, at 478.
- <sup>37</sup> *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120, at 132 (hereinafter *Ciba-Geigy*).
- <sup>38</sup> *Oxford Pendaflex Canada Ltd. v. Korr Marketing Ltd. et al.* (1982), 64 C.P.R. (2d) 1 (S.C.C.) (hereinafter *Oxford Pendaflex*).
- <sup>39</sup> *Ibid.*, at 7.
- <sup>40</sup> *Sport Maska Inc. v. Canstar Sports Group Inc.* (1994), 57 C.P.R. (3d) 323 (Que. S.C.) (hereinafter *Sport Maska*).
- <sup>41</sup> *Ibid.*, at 345.
- <sup>42</sup> *Ray Plastics Ltd. et al. v. Dustbane Products Ltd.* (1994), 57 C.P.R. (3d) 474 (Ont. C.A.) (hereinafter *Ray Plastics*).
- <sup>43</sup> *Ibid.*, at 478.
- <sup>44</sup> *Horn Abbot Ltd. et al. v. Thurston Hayes Developments Ltd. et al.* (1997), 77 C.P.R. (3d) 10 (F.C.T.D.) (hereinafter *Horn Abbot*).
- <sup>45</sup> *Ibid.*, at 18, 21-22.
- <sup>46</sup> *Kun Shoulder Rest Inc. v. Joseph Kun Violin and Bow Maker Inc. et al.* (1998), 83 C.P.R. (3d) 331 (F.C.T.D.) (hereinafter *Kun Shoulder Rest*).
- <sup>47</sup> *Ibid.*, at para. 54. In the *Lego* case, Justice Gibson quoted from *Kun Shoulder Rest* in support for not protecting functional designs.
- <sup>48</sup> *Kraft Jacobs Suchard (Schweiz) A.G. et al. v. Hagemeyer Canada Inc.* (1998), 78 C.P.R. (3d) 464 (Ont. Gen. Div.) (hereinafter *Kraft Jacobs*).
- <sup>49</sup> *Ibid.*, at 476.
- <sup>50</sup> *Asbjorn Horgard A/S v. Gibbs/Nortax Industries Ltd.* (1987), 14 C.P.R. (3d) 314 (F.C.A.) (hereinafter *Asbjorn Horgard*).
- <sup>51</sup> *Ibid.*, at 328.
- <sup>52</sup> *Trade-marks Act*, *supra* note 1, s. 7(b).
- <sup>53</sup> *Adidas*, *supra* note 21, at 169.
- <sup>54</sup> *Canadian Converters' Co. v. Eastport Trading Co.*, [1969] 1 Ex. C.R. 493 (Ex. Ct.) (hereinafter *Canadian Converters*).
- <sup>55</sup> *Ibid.*, at para. 6.

- <sup>56</sup> *Ibid.*, at para. 13.
- <sup>57</sup> *Stiga Aktiebolag et al. v. S.L.M. Canada Inc.* (1990), 34 C.P.R. (3d) 216 (F.C.T.D.) (hereinafter *Stiga*).
- <sup>58</sup> *Ibid.*, at 237.
- <sup>59</sup> *Ibid.*
- <sup>60</sup> *Lego*, *supra* note 2, at para. 2. The 2" ¥ 4" Lego block was used as a reference throughout the trial.
- <sup>61</sup> The Lego configurations were invented by Harry Fisher Page, who sold the invention to Lego.
- <sup>62</sup> *Ibid.*, at para. 48.
- <sup>63</sup> *Ibid.*
- <sup>64</sup> *Ibid.*
- <sup>65</sup> *Ibid.*, at para. 49.
- <sup>66</sup> *Ibid.*, at para. 61.
- <sup>67</sup> *Ibid.*, at para. 53.
- <sup>68</sup> *Ibid.*, at para. 69.
- <sup>69</sup> *Ciba-Geigy*, *supra* note 37, at 132.
- <sup>70</sup> *Lego*, *supra* note 2, at para. 119.
- <sup>71</sup> *Walt-Disney Productions v. Triple Five Corp.* (1994), 53 C.P.R. (3d) 129 (Alta. C.A.) (hereinafter *Walt-Disney*).
- <sup>72</sup> *Lego*, *supra* note 2, at para. 124. Note that the ordinary-person test was adopted from *Mr. Submarine Ltd. v. Emma Foods Ltd.* (1976), 34 C.P.R. (2d) 177 in the *Walt-Disney* case.
- <sup>73</sup> *Lego*, *supra* note 2, at para. 125. Gibson J. quoted *Park Avenue Furniture Corp. v. Wickes/Simmons Bedding Ltd.* (1991), 37 C.P.R. (3d) 413, at 426 (F.C.A.) for this principle.
- <sup>74</sup> *Reckitt & Coleman Products Limited v. Borden Inc. et al.*, [1990] R.P.C. 341 (H.L.).
- <sup>75</sup> *Lego*, *supra* note 2, at para. 142.
- <sup>76</sup> *Ibid.*, at para. 144.

