

## IP monitor

### Confusion: more than just the sum of its parts

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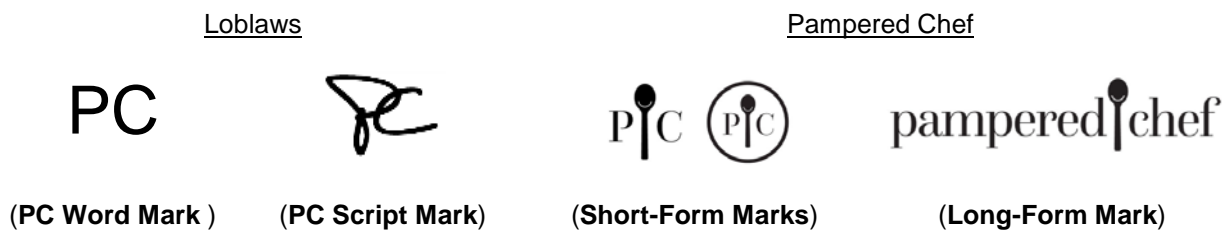
#### August 2019 Trademarks and brands

In claims for trademark infringement and passing off, plaintiff success is determined by the ability to establish confusion. Section 6 of the *Trade-marks Act* (the *Act*) provides a non-exhaustive list of elements to be considered by the court, namely inherent distinctiveness, length of time, nature of the goods, services or business, nature of the trade and degree of resemblance between the trademarks.

In *Loblaws Inc. v Columbia Insurance Company*, the plaintiff's claim was dismissed on the grounds that confusion could not be established between Pampered Chef's short-form marks and Loblaw's PC Marks.

Loblaws is a well-known food retailer that has steadily expanded its market from grocery products to include kitchenware, houseware products and even financial services. For decades through its retail banners, Loblaws has been selling these products and services under its private label "President's Choice" and "PC" and its related trademarks (the *PC Marks*).

The defendant, Pampered Chef, is an American multilevel marketing business model corporation selling kitchenware. Its trademark, associated with the sale of housewares in Canada through in-home and virtual catalogue parties, is a "P" and "C" separated by the "happy spoon".



After filing its trademarks in Canada in 2015, Pampered Chef began to sell, distribute and advertise housewares in Canada bearing its short-form marks. Moreover, Pampered Chef began operating a reward incentive program known as "PC Dollars."

Loblaws instituted proceedings whereby it claimed the short-form marks were identical or confusingly similar with the PC Marks, and PC Dollars was identical to the PC word mark. The burden rests on the plaintiff to establish a likelihood of confusion, as opposed to a mere possibility of confusion.

The court determined that the PC word mark has significant acquired distinctiveness, although somewhat less than that of the PC script mark, and the acquired distinctiveness of the PC Marks, the length of time the marks have been in use and the similarity in the parties' goods and customers favour Loblaws.

### **Court ruled no confusion between trademarks at issue**

The court ultimately ruled there was no confusion between the marks at issue due in large part to the differences in trade channels: Loblaws sells its goods principally through brick-and-mortar stores while Pampered Chef sells principally through independent consultants. Despite both parties targeting the same consumers, the court held the trade channel analysis indicates Loblaws' customers would be aware of where its products were sold and would not expect them to be available through Pampered Chef's distinct sales channels. In addition, using Pampered Chef's name and long-form logo on its websites further supports the conclusion that customers are not likely to be confused when they encounter the short-form marks.

On assessing the degree of resemblance, the happy spoon was deemed a significant feature of Pampered Chef's trademarks owing in part to the fact it is a design feature, which is notably absent from the PC word mark, and due to its prominent placement in the marks. Despite the marks sounding the same, the happy spoon's presence reduced the degree of resemblance between the short-form marks and the PC word mark. The PC script mark which, due to its design element benefits from a higher degree of inherent and acquired distinctiveness than the PC word mark, also suffers from a lower resemblance with Pampered Chef's short-form marks, owing again to the presence of the happy spoon. As a result, the degree of resemblance was not sufficient to conclude that a likelihood of confusion had been established.

Loblaws submitted survey evidence showing between 11% and 17% of participants misidentified the Pampered Chef's mark as associated with President's Choice. However, the survey neglected to consider surrounding contextual cues regarding how Pampered Chef's customers would encounter the short-form marks in the real world, namely the use of Pampered Chef's long-form logo or its name before or at the time the consumer encounters the short-form marks. As a result, little weight was given to the survey.

In addition, the court emphasized the lack of evidence of actual confusion. Although the relevant issue is "likelihood of confusion" and not "actual confusion," failing to provide any evidence of actual confusion does not bode well and may lead to the court drawing an adverse inference, particularly in instances of prolonged concurrent use. This was the case in this matter as the court determined that Loblaws had not succeeded in establishing reasonable likelihood of confusion between the short-form marks and the PC word mark.

This case is a reminder that the factors listed at section 6(5) of the *Act* are not exhaustive. Moreover, each element need not receive equal weight. The facts will ultimately dictate whether greater significance be given to one factor over the others. As such, it is important to strive for a global picture of all the surrounding circumstances when assessing the likelihood of confusion, taking care to include a detailed factual review in the analysis.

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