

IP monitor

The importance of being diligent: avoiding the pitfalls of trademark distinctiveness

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Intellectual property

The Federal Court of Appeal recently released a decision that serves as a stark reminder to brand owners of the importance of both applying to register their trademarks promptly and taking active steps to police their marks. Failure to protect one's mark could, as was the case here, result in the mark losing distinctiveness, and becoming unregistrable, in the face of infringing use.

The appellant in *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd.*, [2019 FCA 10](#), publishes a Punjabi newspaper under the name "AJIT" in India, which has been distributed in Canada since 1968. At its peak distribution between 1990 and 1994, the appellant averaged only 29 annual subscriptions. The respondent similarly has published a Punjabi newspaper under the name "AJIT" since 1993 that is distributed in Vancouver and the Greater Toronto Area. The respondent's weekly distribution figures are approximately 11,000 newspapers in Vancouver and 13,000 in Toronto.

The appellant originally applied to register the trademark AJIT in 2010, based on use of the mark since as early as 1968. The respondent, which at the time had four pending trademark applications incorporating the term AJIT, subsequently filed an opposition.

The Trademarks Opposition Board held that if the respondent's mark was known "to some extent" and had a "substantial, significant or sufficient" reputation in Canada, then it would be sufficiently well known so as to negate the earlier mark's distinctiveness. Ultimately the board found in the respondent's favour and the appellant's application was rejected for lack of distinctiveness. The Federal Court then upheld the board's decision.

On review, the Court of Appeal sided with the previous decisions, dismissing the appeal for lack of distinctiveness. Despite the appellant's earlier use of the AJIT mark, the Court of Appeal observed that both parties used AJIT concurrently for over a decade. In that time, the respondent had successfully acquired notoriety in the mark in Canada sufficient to negate the distinctiveness of the appellant's mark. This conclusion is consistent with earlier passing off litigation between the parties, where the Federal Court concluded the word AJIT was not sufficiently distinctive though a stylized AJIT logo was: [2018 FC 1039](#).

Failing to police its mark

Critically, the appellant was found not to have taken sufficient steps to protect its rights while the respondent used the AJIT mark. By not effectively policing the mark in Canada, the respondent's subsequent use of AJIT was enough for

the appellant's mark to lose distinctiveness. The Court of Appeal confirmed that, "*It is incumbent upon a trader to protect the distinctiveness of its mark even in the face of infringing use.*"

The *Sadhu* case is an example of a situation that goes beyond the limits of the principles set out in *Caricline Ventures Ltd v ZZTY Holdings Ltd.*, [2002 FCA 446](#). *Caricline* is often cited for the proposition that a few scattered and unprosecuted infringements by several traders is not sufficient to cause a mark to lose distinctiveness, nor will extensive infringement by a single trader be sufficient; rather, it is a matter of degree. It is clear that in *Sadhu*, the court gave abundant weight to the length of time of the respondent's concurrent use of the mark and the appellant's failure to act upon it.

Sadhu highlights the importance of brand owners putting in place comprehensive trademark protection and enforcement strategies. A brand owner must take decisive steps against potential infringers to ensure it retains its rights. While the degree to which distinctiveness is eroded by infringing use must be considered in each case, this recent decision confirms that extensive infringing use may cause a mark to lose its distinctiveness. As always, brand owners should remain vigilant for any potentially infringing use and take immediate action to maintain the distinctiveness of their marks.

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