

Registrability of Geographical Place Names as Trademarks in Canada

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The Federal Court of Appeal recently provided some guidance on the registrability of trademarks that are geographical place names, thereby reconciling what previously were considered by some to be conflicting judicial approaches. In so doing, the Court distinguished marks that are clearly descriptive of the place of origin of the associated goods/services from those that are deceptively misdescriptive and held that consumer perception of the geographical significance of a trademark is only relevant in the latter instance.

In *MC Imports Inc. v. AFOD Ltd.*, 2016 FCA 60 (“*MC Imports*”), the appellant, MC Imports Inc., imported and sold fish and seafood products under the trademark LINGAYEN. Lingayen is a municipality in the Philippines known for its bagoong shrimp paste. In the Federal Court, MC Imports Inc. commenced a summary trial for the infringement of its mark by the respondent, AFOD Ltd. By counterclaim, AFOD Ltd. challenged the validity of the LINGAYEN mark.

The Federal Court granted the motion for summary trial, but held the registration of the LINGAYEN mark invalid under paragraph 18(1)(a) of the *Trade-marks Act*, on the basis the mark contravened paragraph 12(1)(b) of the *Act*.

Paragraph 12(1)(b) prohibits the registration of a trademark that is clearly descriptive or deceptively misdescriptive of the place of origin of the associated goods or services. The trial judge noted a doctrinal divide alleged by the parties in the interpretation of this provision in two decisions of the Federal Court: *Consorzio del Prosciutto di Parma v. Maple Leaf Meats Inc.* 2001 F.C.J. No. 89, [2001] 2 F.C. 536 (“*Parma*”) and *Sociedad Agricola Santa Teresa Ltd. v. Vina Leyda Limitada* 2007 FC 1301, 63 C.P.R. (4th) 321 (“*Leyda*”). Specifically, the parties alleged that the divide in these cases was over the role of the ordinary consumer’s perception of the mark in asking whether it clearly described or deceptively misdescribed the place of origin of the goods or services. The trial judge indicated that he was unconvinced that such a divide existed in the jurisprudence and declined to resolve it on the basis that he arrived at the same result following either approach.

MC Imports Ltd. appealed the trial judge’s decision and sought a declaration that its mark was in compliance with paragraph 12(1)(b) and that its registration was valid.

On appeal, the FCA reviewed the problematic cases *Parma* and *Leyda* before articulating a novel legal test for determining whether a mark is clearly descriptive of a place of origin under paragraph 12(1)(b).

In *Parma*, the registered trademark PARMA was used in association with meat products, namely prosciutto. Its validity was challenged by a group of prosciutto producers operating in Parma, Italy. The issue was whether the mark was deceptively misdescriptive of a place of origin since the goods at issue were not actually produced in Parma. The Court adopted the test articulated in *Atlantic Promotions Inc. v. Registrar of Trade Marks* (1984), 2 C.P.R. (3d) 183 (F.C.T.D.) and held that the determination of whether a mark is deceptively misdescriptive contrary to

paragraph 12(1)(b) hinged on whether the general public in Canada would be misled into believing that the goods or services associated with a mark had their origin in the geographical location of the trademark. Since ordinary consumers in Canada were not generally aware of Parma as a region in Italy and did not associate the production of meat products with Parma, the Federal Court held that they would not be misled that the meats sold in association with the PARMA mark had their origin in Parma. Accordingly, the trademark was held to be in compliance with paragraph 12(1)(b) and the registration was valid.

While *Parma* dealt with the “deceptively misdescriptive” branch of paragraph 12(1)(b), the issue in *Leyda* was whether the trademark LEYDA was clearly descriptive of wine produced in the region of Leyda in Chile. In *Leyda*, the Federal Court held that the perspective of the ordinary consumer in Canada was not relevant and stated that “a shrewd trader should not be permitted to monopolize the name of a foreign wine district in Canada by registering it as a trademark”¹ regardless of the knowledge, or lack thereof, of the average Canadian consumer of the geographical significance of a trademark.

In *MC Imports*, the FCA distinguished *Parma* and *Leyda* based on the branch of paragraph 12(1)(b) at issue. In this case, the trademark at issue was also the name of the place of origin of the associated goods and the issue was whether the mark was clearly descriptive. Accordingly, the FCA adopted the approach in *Leyda* and articulated the following three-pronged test for such instances:

- i. Determine whether the impugned trademark is a geographical place name;
- ii. Determine whether the goods or services originate from the geographical place used as the trademark; and
- iii. Consider any evidence of prior use of the mark and determine whether the mark was distinctive at the relevant time?

Whether the Impugned Trademark is a Geographical Place Name

When assessing the registrability of a mark under the “clearly descriptive” branch of paragraph 12(1)(b), the perspective of the ordinary consumer is generally irrelevant. However, the FCA noted that resort to consumer perceptions may be necessary where a geographical place name has other meanings. For example, “Sandwich” is a geographical place name in the United States and the United Kingdom, but it is also a food product. Accordingly, the primary meaning of the word to the average Canadian consumer must be considered. In such instances, the relevant ordinary consumer is the ordinary consumer of the goods or services with which the mark is associated. The FCA cautioned that this approach should only be used where a mark has multiple meanings, not all of which are geographical, and that it was not intended to exclude trademarks composed of geographical place names not widely known by Canadians from the ambit of paragraph 12(1)(b).

Whether the Goods or Services Originate from the Geographical Place Used as the Trademark

If the goods or services originate from the geographical place which is used as a trademark, then the mark will be considered to be clearly descriptive of the place of origin. The FCA stressed that an applicant of a trademark registration should not be allowed to benefit from a consumer’s

¹ See *Leyda* at para. 9.

lack of knowledge in geography² and that it should remain open to all producers of goods and services to describe the origin of what they are selling³.

Alternatively, if the goods or services do not originate from the geographical location used as a trademark, then the mark is misdescriptive and its registrability must be determined under the “deceptively misdescriptive” branch of paragraph 12(1)(b). Since the case at issue concerned the “clearly descriptive” branch, the FCA considered it unnecessary to set out the analytical approach for determining whether a trademark was “deceptively misdescriptive” under paragraph 12(1)(b).

Whether the Trademark’s Prior Use is Relevant

A determination that a trademark is clearly descriptive of a place of origin does not automatically preclude the registration of a mark. Subsection 12(2) provides an exception to paragraph 12(1)(b). Despite being clearly descriptive or deceptively misdescriptive, a trademark is nonetheless registrable if it has acquired distinctiveness as of the filing date of the application. To demonstrate that a trademark has become distinctive of the associated goods or services, evidence of both prior use and acquired distinctiveness as a result of that use must be presented. The relevant perspective is that of the ordinary consumer of those goods or services.

Application of the New Legal Test Under Paragraph 12(1)(b)

It was established that LINGAYEN is the name of a municipality in the Philippines and that the goods associated with the LINGAYEN mark originated in that municipality.⁴ Since no evidence of acquired distinctiveness was provided by the appellant, the FCA held the mark to be clearly descriptive of the place of origin and unregistrable. MC Imports Ltd.’s registration was accordingly invalid.

Practical Implications

In the past, some trademarks have been registered where the trademark contained the name of a geographical place name and the goods/services may have originated from that place provided the ordinary consumers of the goods/services were unaware that the trademark referred to a geographical place name or where the geographical place did not have a recognized connection to the goods/services in question. Following *MC Imports*, it may be more difficult to register such trademarks moving forward. Of significance, it is no longer relevant whether the ordinary consumers are aware that the trademark referred to a geographic place and that the place is recognized as having a connection to the goods/services in question.

² See *MC Imports* at para. 65.

³ See *MC Imports* at para. 68.

⁴ No evidence was presented by the appellant to suggest that the ordinary meaning of “Lingayen” was anything else but the Philippine municipality.