

FEDERAL COURT DECISION AFFORDS GREATER PROTECTION TO FOREIGN CHARACTER TRADEMARKS

CASE HAS SIGNIFICANT IMPLICATIONS FOR TRADEMARK PRACTITIONERS

By Paul Jones

One of the side benefits of learning to read Chinese was learning the "real names" of the stores in Toronto's many Chinatowns. Many times they bore no relation to the English name underneath. The trademark implications were intriguing.

As a result of the recent decision by the Federal Court (Trial Division) in *Cheung Kong (Holdings) Limited v. Living Realty Inc.*, 1999 Fed. Ct. Trial LEXIS 1544 (unreported, December 15, 1999) the implications are no longer just intriguing, but a matter of concern to all trademark practitioners.

In this case Cheung Kong (Holdings) Limited, a company controlled by Hong Kong billionaire Li Ka-shing and the owner of the Canadian registration for the trade-mark CHEUNG KONG (TMA 385,395), opposed the application by Living Realty Inc. for the Chinese character trademark shown at Fig. 1 (Application No. 692,232), transliterated in Cantonese as "CHEUNG, KONG, SA and IP" and translated by the applicant as "LONG, RIVER, REAL and



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BUSINESS."

Both parties used the trademarks in association with real estate and investment services. The descriptive reference in the Trade-marks Office for the application was "CHINESE CHARACTERS & DESIGN."



Fig. 1

Previously in the case, the Trade-marks Opposition Board (TMOB) had held that there was no reasonable likelihood of confusion because the mark applied for was a weak mark in the sense that it "...would not create a clear, memorable impression on the average Canadian, and in the sense that the average Canadian could not easily discriminate between sequences of different Chinese characters."

This followed the TMOB's decision in *Cheung's Bakery Products v. Saint Anna Bakery Ltd.* (1992), 46 C. P. R. (3d) 261. Further, based on the *Krazy Glue* case, ((1992), 45 C.P.R. (3d) 161 (F.C.T.D.)), the average Canadian "...not being familiar with the Chinese language, would not find any resemblance between the marks in issue visually, or in sounding or in ideas suggested."

Justice John Evans of the Federal Court did find the marks confusing. In doing so, he held that the appropriate test was

that of the average consumer of the goods or services associated with the trademark, and not that of the average Canadian. He took judicial notice of the existence of a significant Chinese community in Toronto.

Further, he inferred that the applicant targeted its real estate services to the Chinese community partly from affidavit evidence, and partly from the fact that the applied-for trademark was in Chinese characters. Accordingly, the average consumer was considered likely to appreciate fully the appearance, sound, and ideas associated with the Chinese characters.

This decision has implications for practitioners preparing and searching all foreign character trademarks (such as Arabic, Russian, Greek or Hindi), and possibly for foreign language trademarks (such as German, Spanish or Italian) as well. It also has obvious implications for opposition, expungement and infringement proceedings.

With respect to Chinese trademarks, the Trade-marks Office categorizes almost all Chinese character applications under the single heading "Chinese character design," making accurate searches difficult and more expensive.

While transliterations and translations are now required for all such applications, whatever the applicant provides is accepted. Historically, the transliterations have usually been in Cantonese only, which has a sound that is very different from Mandarin, and for which there is no stable transliteration system into the Roman alphabet. And Chinese characters are used in Japanese, Korean and some Vietnamese trademarks in association with different sounds.

Furthermore, the translations provided are not always reliable and are sometimes deceptive. As a result, some confusing Chinese character trademarks are already on the register.

For example there are now

three registrations for the trademark shown at Fig. 2 — "New China" ("Xinhua" in Mandarin) with respect to bookstores (see TMA 523,594, TMA 503,183, and TMA 500,437) and a fourth one, "SUN WA," being the Cantonese transliteration. The latter is held by the owner of

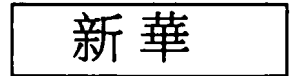


Fig. 2

TMA 503,183, but the Register contains no reference associating the two. TMA 500,437 is different at least, in that the characters are in the calligraphy of Mao Zedong, as used all over China on the state-owned bookstores. The Cantonese transliteration provided for TMA 500,437 is "SUN WAH".

Cantonese is not the only language that lacks a stable and accepted transliteration system. Consider the numerous different spellings in the press of the Arabic name of the current Libyan leader.

A more interesting example was allowed but not registered. In 1997, an American corporation applied for registration of the trademark shown at Fig. 3 for beds and mattresses, and provided the translation "LION

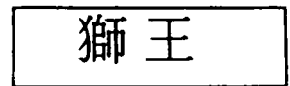


Fig. 3

LORD," which was included in the descriptive reference by the TMO

In my dictionaries, the character shown at Fig. 4 is translated as "king, ruler, prince" and similar such meanings. The primary meaning is always "king," and therefore the better translation is "LION KING" which would be obviously confusing with the trademark held by The Walt Disney Company.

Having the understanding of the average consumer of the wares as the test for confusion

makes commercial sense for trademarks used in ethnic markets. However, it raises inter-

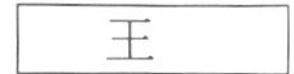


Fig. 4

esting issues for opposition, expungement and infringement actions.

Not all languages have the same degree of redundancy or distinctiveness in their words. Chinese is the best example of this, as Mandarin uses only about 400 syllables for over 10,000 characters. Each character is a one-syllable morpheme. While some words are distinguished by the use of tones, many can only be distinguished by the written character, or when speaking, by the context. This has been wonderful for Chinese poets, but may cause some difficulties for Canadian judges in determining what is "confusing."

And what will constitute use of the mark as registered? Hong Kong and Taiwan use traditional characters, which are similar to the short-form characters used on the mainland, but which are different enough to inhibit mutual understanding.

Holders of existing foreign character trademark registrations may wish to review their position as a result of the decision in *Cheung Kong*. Practitioners preparing applications will now have to ensure that the appropriate linguistic considerations are taken into account. With the recent announcement in Toronto of the development of a program that allows domain names to consist of foreign characters, the registration of foreign character trademarks is likely to increase.

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