

Barbie no “Virgin,” says the Supreme Court of Canada survey evidence must be relevant

by Ruth M. Corbin, Ph.D., LL.M.

BARBIE is a famous brand. At least that is what everyone seems to have agreed by the time Mattel brought its lawsuit to the Supreme Court of Canada. Mattel had taken issue with the owner of a small restaurant chain in the Montreal area, who sought to register the trade-mark “BARBIE’S” for the name of its restaurants. Mattel claimed that its BARBIE trade-mark for dolls is famous enough that people might confuse the two trade-marks, believing that there was a licensing arrangement or other consensual business association between the two. Acknowledging the difference between dolls and restaurant services, Mattel nevertheless argued that a brand like BARBIE could “leap vast product line differences at a single bound.”¹

The Trade-marks Opposition Board ruled against Mattel and allowed the registration. It accepted the argument of the restaurant owner that its use of the “BARBIE’S” name for its small chain of Quebec restaurants was unlikely to create confusion in the marketplace with Mattel’s BARBIE trade-mark. The Board observed that fame of Mattel’s BARBIE was tied to dolls and doll accessories, targeted to children and adult doll collectors, which was “enormously different” from the services and target market of the opponent’s restaurants. There was unlikely to be any confusion, concluded the Board. Mattel appealed the decision to the Federal Court of Canada. That

court also ruled against Mattel, rejecting new survey evidence which Mattel had sought to introduce to substantiate its claims of likelihood of confusion between the two trade-marks.

REASONING OF THE FEDERAL COURT TRIAL DIVISION ON THE MARKETING AND SURVEY ISSUES

Mattel’s appeal to the Federal Court was based to a large extent on the fame of its BARBIE trade-mark. But a finding of confusion between two trade-marks would depend on many surrounding circumstances besides fame, said the court. Fame could not be used as a “trump card.” Among the pertinent surrounding circumstances considered by the Federal Court were the very different target markets of the two trade-marks:

“These restaurants cater to an adult clientele. In fact, the bar occupies a significant part of the square footage of these restaurants and there is nothing about these restaurants that is suggestive of toys, dolls or childhood... On the other hand, the applicant’s BARBIE mark enjoys a very extensive worldwide reputation in association with dolls and related accessories, and obviously targets the market of 3 to 11 year old girls. Therefore, the nature of the wares, as well as the nature of the business of both parties, could not be more different.”²

The Federal Court further expressed displeasure with the survey evidence

which Mattel sought to introduce. The survey involved showing consumers the restaurant’s sign and logo with the name “BARBIE’S” on it (illustrated below).



According to the survey results reviewed in the decision:

- For 57% of the survey respondents, BARBIE dolls came to mind when they saw the BARBIE’S sign;
- 36% of the respondents believed that the company that manufactured BARBIE dolls had something to do with the BARBIE’S restaurant sign; and,
- 99.3% of the participants were familiar with BARBIE dolls.

The Federal Court found that, apart from confirming the fame of BARBIE dolls, the survey produced no useful conclusions. It cited four reasons. First, the stimulus sign had been taken completely out of context:

“No information in any form whatsoever was provided to those who responded to the survey at issue regarding

the exact nature of the business and the services of the restaurant in association with which the trade-mark BARBIE'S was used. The fact that the respondent's restaurants are restaurants for adults (adult decor, bar section, sale of wine and various alcoholic beverages, late business hours, etc.) is essential information which absolutely should have been revealed to those who participated in the survey in order for the results of this survey to have any merit of any kind. It is therefore fundamental to understand that such surveys, to have probative value, cannot take place in a vacuum, as was the case here. It is not sufficient to ask abstract questions without revealing the concrete context underlying the issues."³

A second limitation was the choice of survey population. The population had not been confirmed as restaurant purchasers, and indeed visitors to BARBIE'S Restaurants had been explicitly excluded: "It seems illogical to have excluded individuals who were familiar with [BARBIE'S] restaurants from being eligible to participate. [Mattel] alleges that [the] choice to exclude those who were familiar with the respondent's restaurants as potential participants for the survey was based on the fact that the test for confusion is one of 'first impression.' This reasoning is baffling. In fact, the application of the "first impression" test does not require that the consumer be unaware of the context and the exact nature of the wares, services or business in association with which the trade-mark at issue is used. Quite the contrary, it is precisely the participants who were familiar with the services of the respondent's restaurant and business who would have been in the best position to enlighten us about the likelihood of confusion between the two trade-marks."⁴

A third criticism was the suggestiveness of the questions. Care must be taken so that a question is not unduly suggestive in eliciting answers desired by the sponsor, nor should a question direct respondents into a field of speculation

which they would never entertain had the question not been put.

Finally, the court observed that the survey lacked external validity: "The [survey deficiencies] are especially glaring in that [Mattel] was unable to present a shred of evidence of any concrete case of confusion, when the parties' marks have coexisted for a period of ten years."⁵

In summary, whereas the Federal Court acknowledged that the risk of confusion may be heightened with famous trade-marks, Mattel had not provided sufficient evidence to show that people would indeed infer a business connection between the BARBIE doll and BARBIE'S restaurant enterprises.

When the Federal Court ruled against Mattel, Mattel appealed to the Court of Appeal. When the Court of Appeal ruled against Mattel, Mattel appealed to the Supreme Court of Canada.

SUPREME COURT DISTINGUISHES LEVELS OF FAME

The Supreme Court's decision was highly anticipated. Much was at stake. Owners and supporters of famous brands had long been advancing the view that famous brands deserved to be protected against confusion outside their product sectors. If a food manufacturer began producing energy bars with the NIKE name, one might well expect NIKE to object. While the law governing famous brands is well-developed in the United States, there have been very few cases of precedent-setting value in Canada. Most of the cases heard in Canada had failed to take note of the enormous power of famous brands to attract buying interest, beyond the products or services on which the brand was first used. The most well-known precedent in Canada dealt with PINK PANTHER, a judgment which many believed had unfairly permitted a beauty care company to use that famous name. Indeed, the judicial tribunal of the Court of Appeal had not been unanimous in that decision, the dissenting judge writ-

ing that ignoring the fame which PINK PANTHER had gained beyond its movie origins "tips the balance too far in favour of the copycat artist seeking to profit financially from someone else's creative fortune."⁶ Would the Supreme Court's decision about BARBIE finally be the day that famous brands received their due, in the form of a wider latitude of protection than might be accorded to more ordinary everyday brands?

Yes and no.

The Supreme Court ruled against Mattel, but did leave open the possibility that some trade-marks could be so well known that virtually any use by another party could result in a finding of confusion.

In ruling against Mattel, the Supreme Court formed the main conclusion that while BARBIE was indeed famous in the doll market, its fame did not "transcend" into restaurant services. "At this stage its fame is not enough to bootstrap a broad zone of exclusivity covering [unrelated] products and services."⁷ The Supreme Court used the VIRGIN brand as a distinguishing example. VIRGIN's distinctive red and white logo, the court acknowledged from the facts presented to it, had transcended its product and service line from records to airlines to insurance to superstores.⁸

The Supreme Court's analysis also included detailed commentary on the survey evidence. It confirmed in general the admissibility of survey evidence in trademark disputes, and also confirmed that such evidence would be held to established standards of validity and reliability. But the Mattel survey it found to be irrelevant, by which it meant non-responsive to the legal issues. The survey had failed to prove that Mattel's fame in the doll sector extended to the point of misleading consumers who might encounter the BARBIE'S restaurant name. The court's analysis focused on the main survey question purportedly measuring confusion, which had been as follows: "Do you believe that the company that

makes Barbie dolls might have anything to do with this sign or logo?”

That question, the court said, addressed the wholly different matter of possibilities, and provided no assistance on the issue of confusion. The use of the word “might” in the survey question was directed to a mere possibility, rather than a probability, of confusion. The far reach of mere possibility was reinforced by the word “anything.” “The respondents who answered ‘yes’ to this question may merely have believed that it was within the realm of possibility that the appellant had something to do with the restaurant, rather than actually inferring from the trade-marks that it was likely that the two trade-marks represented wares or services emanating from the same source.”⁹

CONCLUSIONS AND GUIDELINES FOR MARKETERS AND SURVEY RESEARCHERS

The power of famous brands was put in the spotlight by the Supreme Court of Canada. It explicitly acknowledged that famous brands today are among the most valuable assets a business possesses. Famous brands deserve a wider ambit of protection. “A trade-mark’s fame is capable of carrying the mark across product lines where lesser marks would be circumscribed to their traditional wares or services.”¹⁰

The series of regulatory and court decisions regarding the BARBIE brand offers several guidelines to marketers and market researchers.

1. Marketers and market researchers are challenged to pay special attention to defining and measuring brand “fame” for future support in brand protection. The challenge entails many nuances, complications and even frustrations as one discovers the disparate definitions, measurement principles, and legal standards in different countries around the world.

2. Pertinent population for a survey remains a key criterion in Canadian courts for evaluating survey reliability. Despite the accepted principle in law that confusion is a matter of “first impression” by a casual consumer in somewhat of a hurry, first impression does not necessarily mean “first-ever” impression measured by a survey on a particular day. It could include, for example, those whose initial first impression endures, or who have new reasons to take note of a trade-mark.

3. Closed-ended questions may be used to frame an issue, but should avoid leading the respondent. Control conditions, “no opinion,” and “or not” options can mitigate such risk of leading questions.

4. The Supreme Court codified “relevance” as a criterion for evaluating survey evidence. By relevance, it meant pertinence or responsiveness to the legal issues. Relevance is to be distinguished from validity. A survey can be valid if the survey mandate is fulfilled, but still fail on the relevance criterion, if the mandate itself provides an insufficient test of the legal theory or argument being advanced to the court. Relevance is not the survey researcher’s responsibility, although he/she may be in a position to assist counsel to fine-tune the survey mandate at the outset, to help ensure that the survey findings will be helpful to the court.¹¹

5. Advice to ambitious brand-owners: the path to fame should be laced with product line extensions. Mattel had obviously some sense of this, in describing itself in the Supreme Court proceedings as being “in the business of building brand equity”¹² through licensing its name for various accessories. But the company’s efforts had evidently not sufficed for succeeding in the restaurant dispute. By holding up VIRGIN as an example of a company that had successfully established its reputation beyond its original product category, through prod-

uct diversification, the Supreme Court implied that ACTUAL use in unrelated product categories would expand a brand’s ambit of protection. “Use it or lose it.” Those were the Court’s exact words.

REFERENCES

¹ As cited in *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, at para 8.

² *Federal Court* (2004), 248 F.T.R. 228, 2004 FC 361, para. 20, 21.

³ *ibid*, para. 29, 33.

⁴ *ibid* para. 30 - 32 As later clarified by the Supreme Court, the court’s statement should not be interpreted as insisting that the entire population surveyed be familiar with the defendant’s trade-mark.

⁵ *ibid*, para. 34.

⁶ *Pink Panther Beauty Corp. v. United Artists Corp.*, [1998] 3 F.C. 534, at p. 58.

⁷ *Mattel, Inc.*, SCC, *supra*, at para. 7.

⁸ While acknowledging the factual evidence which had been submitted about the VIRGIN brand, to distinguish it from the BARBIE context, the court was careful not to make a legal finding about VIRGIN.

⁹ *Mattel Inc.*, SCC, *supra*, at para 49.

¹⁰ *ibid*, introductory paragraphs.

¹¹ In a previous article, I had proposed the similar standard of “pertinence”, preferring that word over the more frequently and variously-used word “relevance.” I defer to the Supreme Court’s preference of “relevance”.

¹² *Mattel Inc.*, SCC, *supra* para. 13.

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