

### Federal Court finds SPIRIT BEAR official marks to be unenforceable Certification/collective marks Canada - Macera & Jarzyna LLP Confusion Enforcement

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*In Terrace (City) v Urban Distilleries Inc* (2014 FC 833), the Federal Court has found that two official marks were unenforceable.

The [Canadian Trademarks Act](#) provides protection for "official marks" under Section 9 of the statute. Official marks can be owned only by a "public authority", and only after they are adopted and used. There is neither an examination process nor a registration process; the official mark is simply advertised, and provides protection for every class of goods and services.

A 'public authority' is not defined in the act. However, the Federal Court has held that:

1. the government must have significant control over an entity to be a public authority, such as having members on the board; and
2. there must be a benefit to the public.

The City of Terrace (British Columbia) and Kitsoo Band Council are each owners of an official mark (No 918,006 for Kitsoo and No 915,508 for Terrace) for the mark SPIRIT BEAR. They share ownership through a cross-licensing agreement.

Urban Distilleries Inc manufactures spirits under the unregistered trademarks SPIRIT BEAR VODKA, SPIRIT BEAR GIN and SPIRIT BEAR ESPRESSO INFUSED VODKA.

Terrace and Kitsoo commenced an action for an injunction against Urban. Urban filed a defence and counterclaim, alleging, among other things, that the SPIRIT BEAR official marks are unenforceable as there was no adoption and use prior to the respective applications.

Terrace and Kitsoo subsequently filed a motion for summary judgment asking the court to make a determination on a variety of issues, including whether:

1. the plaintiffs are public authorities;
2. the plaintiffs had shown adoption and use as of the date of publication of their official marks;
3. Urban's unregistered marks consist of, or so nearly resemble as to be likely to be mistaken for, the plaintiffs' official marks SPIRIT BEAR; and
4. any limitation periods, estoppel or laches arguments applied.

The court may grant a motion for summary judgment only if it is satisfied that there is no genuine issue for trial. The court may determine questions of fact and law if such determinations can be made from the material before it. On such a motion, the court is entitled to assume the parties have put their best foot forward with regard to the evidence submitted.

Official marks are attacked either through an action, by asserting that the public authority did not meet the requirements for publication at the time of the registrar's publication of the mark, or by either an application for judicial review or a Trademarks Act appeal of the registrar of trademarks' decision to publish the official mark. A party can also defend itself from an injunction application either by asking for a stay and filing an application for judicial review, or by defending itself by way of counterclaim, as Urban did here.

All that is required for adoption and use is that the public authority demonstrate that the official mark was made available for public display prior to publication. Such use cannot be abstract. It must be associated with a particular ware or service, and a connection must be made with the ware or service and the mark. Public display can include the display of a mark on a website in association with a particular service. Use has also been found when an announcement for the service and a logo, containing the mark and a graphical depiction of the mark, has been published in a public newsletter. However, a mark is not used where it is not distinguished from surrounding text. A mark is also not used in association with a ware or service if it is used on internal communications only.

Terrace provided a City webpage discussing Kermodei bears. However, its website did not mention SPIRIT BEAR as a mark in association with services. Terrace also provided a variety of communications, all of which were classified as internal. Terrace also provided a template of a letter for all correspondence in 2003. It was unclear whether 'Spirit Bear' used on a letter, in a collection of other bear names, was being

used as an official mark for the city, or was just a decoration on the footer of a letter. It appeared indistinguishable as a mark.

Although the spirit bear has been part of the Kitasoo Band's culture for generations, this was not enough to raise it to the level of use on wares or services. A third-party newsletter from Klemtu Tourism included the headline "Spirit Bear Quest". The use of 'Spirit Bear' on the newsletter was not distinguished from the other text, and instead, took the form of a headline. On the rack-cards, the use of 'Spirit Bear' was always paired with 'Quest' or 'Tour'. Even if this amounted to use, it was use of the mark SPIRIT BEAR QUEST or SPIRIT BEAR TOUR, and not of SPIRIT BEAR. This was not use of SPIRIT BEAR as required for an official mark.

Since Terrace and Kitasoo had not provided evidence of 'use' of the mark in association with wares or services as of the relevant dates, the official marks were unenforceable. The plaintiffs' summary judgment motion was dismissed, and the defendant's counterclaim was granted.

*John Macera, Macera & Jarzyna LLP, Ottawa*

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