



Archive

Channel

## Target Corporation fails to obtain injunction against use of 'target'

Confusion

### Canada - Powell Trade Mark Services

Enforcement

September 09 2011

In [Target Brands Inc v Fairweather Ltd](#) (2011 FC 758, June 23 2011), the Federal Court has dismissed the plaintiffs' application for an interlocutory injunction prohibiting the defendants from using the word 'target' or a bull's-eye design in association with their retail stores in Canada.

**Target Brands Inc** and Target Corporation have been using the word 'target' and a bull's-eye design in association with their department stores since 1962 throughout the United States. The defendants are associated companies and acquired the registration for the trademark TARGET APPAREL in 2001.

In 2002 the plaintiffs initiated cancellation proceedings against the defendants' registered trademark TARGET APPAREL covering clothing. The registrar of trademarks found that the defendants had failed to establish use of their trademark and expunged the registration. The defendants appealed the registrar's decision and the Federal Court reversed the registrar's order. The plaintiffs appealed the Federal Court's decision and the Federal Court of Appeal affirmed the Federal Court's decision on November 26 2007.

Once the defendants received the Federal Court of Appeal decision, they began negotiations to acquire an established chain of retail stores and opened their first Target Apparel retail store in 2009 in Canada.

In 2010 the plaintiffs became aware of the defendants' retail stores and issued notice to the defendants objecting to their use of the word 'target'. They proceeded with another cancellation proceeding against the defendants' TARGET APPAREL mark. Those proceedings are still pending.

The plaintiffs then commenced proceedings against the defendants seeking damages and a

permanent injunction preventing them from using the trade name Target or a bull's-eye mark. The defendants counterclaimed, alleging that the plaintiffs infringed their registered trademark TARGET APPAREL. The trial for these proceedings is scheduled for 2012.

The issue to be decided was whether the defendants should be prohibited from using the trademark TARGET APPAREL in association with their retail clothing stores until the final decision of these proceedings.

There are three questions that the courts address in awarding interlocutory injunctions:

1. Is there a serious question to be tried?
2. Would the applicant suffer irreparable harm if the injunction were refused?
3. In whose favour does the balance of convenience lie?

The test is conjunctive and the applicant must succeed on all questions.

Additionally, the court considers the factors of a passing-off action pursuant to Subsection 7(b) of the **Trademarks Act**, which states:

*"7. Prohibitions - No person shall... (b) direct public attention to his wares, services or business in such a way as to cause or be likely to cause confusion in Canada, at the time he commenced so to direct attention to them, between his wares, services or business and the wares, services or business of another..."*

The factors for establishing passing off are:

- existence of goodwill;
- deception to the public due to the misrepresentation; and
- actual or potential damage to the plaintiff.

The court first considered whether there was a serious question to be tried. The court found that the evidence showed that the plaintiffs' claims were not frivolous, that there was a serious issue to be decided, and that the parties are sizeable business entities with similar trade names selling similar products.

The court then considered whether the applicant would suffer irreparable harm if the injunction were refused. With regard to the existence of goodwill, the court relied on precedent case law in finding

that, while the plaintiffs were not active in the Canadian marketplace, they had established goodwill in Canada through their advertising and department store credit cards held by Canadians.

With regard to confusion, both parties had filed survey evidence in favour of their position. The court conceded that the survey evidence established some likelihood of confusion in the Canadian marketplace. However, it was not convinced that consumer confusion would prevail once the plaintiffs had opened a large department stores in comparison to the defendants modest retail store.

In support of their claim on damages, the plaintiffs submitted expert evidence alleging potential damage to their 'brand promise' resulting in loss of goodwill and market share which, once lost, might be impossible to regain. The defendants attacked the evidence challenging the expert's qualifications and resources in which his opinion was based. The court found that the plaintiffs had failed to establish that they would suffer irreparable harm to their 'brand promise' based on the expert evidence.

The court concluded that the level of confusion among potential consumers required further review and assessment; given the relatively short period of time to when the trial starts, the plaintiffs had not proven that they would suffer irreparable harm during that time period.

The court then examined the balance of convenience. Should the interlocutory injunction be granted, the defendants would be forced to remove their retail signage, creating doubt among their consumers. The court was mindful that the plaintiffs were entering the marketplace in 2013, while the defendants were already in the Canadian marketplace. However, it found that the defendants had not commenced their expansion plans until the Federal Court of Appeal's decision was rendered and that they had taken precautionary steps to preclude confusion with the plaintiffs' trade name and design. Thus, the court held that the balance of convenience for an interlocutory injunction lay with the defendants.

Target Corporation missed its mark this time, but the story is far from over.

*Jennifer Powell, Powell Trade Mark Services, Vancouver*

© Copyright 2003-2011 **Globe Business Publishing Ltd**