

World Trademark Review Daily

Harley-Davidson may sell Screamin' Eagle clothing in association with famous house mark **Confusion**

Canada - Smart & Biggar/Fetherstonhaugh

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In *H-D USA LLC v Berrada* (2014 FC 207, March 4 2014), the Federal Court of Canada has recognised that Harley-Davidson may sell its Screamin' Eagle brand of clothing and collateral items in Canada in association with its well-known HARLEY-DAVIDSON trademark, notwithstanding another party's trademark registration for SCREAMING EAGLE for operation of retail clothing stores and its sale of Screaming Eagle clothing for more than 20 years. This decision should be of particular interest to owners of well-known brands, as it underscores the ability to avoid confusion by closely associating a sub-brand with a strong and widely recognised house mark. The decision also provided one of the most comprehensive reviews by a Canadian court of a dilution claim based upon Section 22 of the [Trademarks Act](#).

In this case, Harley-Davidson sought from the court a declaration that its use in Canada of its SCREAMIN' EAGLE trademark in connection with clothing did not infringe the trademark rights of the defendants. The defendants operate two retail stores in Quebec under the registered trademark SCREAMING EAGLE, and at times have operated "itinerant", temporary stores elsewhere in Canada, from which they have sold Screaming Eagle clothing and accessories to motorcyclists for over 20 years. In their counterclaim, the defendants alleged that Harley-Davidson had engaged in depreciation of goodwill, statutory passing off and trademark infringement by selling clothing and accessories in association with its SCREAMIN' EAGLE trademark. Although the defendants had also owned trademark registrations for SCREAMING EAGLE and SCREAMIN' EAGLE for clothing, these were inadvertently not renewed during the course of the litigation, and were therefore of no legal effect.

In dismissing the defendants' claims of statutory passing off and trademark infringement, the court held that the defendants had failed to establish a reasonable likelihood of confusion between their registered trademark SCREAMING EAGLE, for use in Canada in association with the operation of retail clothing stores, and Harley-Davidson's SCREAMIN' EAGLE trademark, which it had used in Canada in association with clothing and accessories, among other goods.

The court noted that "the prime consumer" of Harley-Davidson's Screamin' Eagle clothing, through whose eyes the issue of confusion must be determined, is a Harley-Davidson motorcyclist, who is "quite familiar" with the plaintiffs' brand and also knows the HARLEY-DAVIDSON trademark with which Harley-Davidson's Screamin' Eagle clothing is always associated. Since "[t]he average Harley-Davidson owner, who seeks Screamin' Eagle clothing, also looks for the [Harley-Davidson] bar and shield logo and the distinctive orange and black colouring associated with Harley-Davidson", the court ruled that a likelihood of confusion between the two trademarks was "improbable, if not impossible".

The court recognised that an action for trademark infringement could not succeed "where a confusing trademark is accompanied by distinguishing indicia that would avoid misrepresentation as to the source" of the associated goods or services. Finally, the court indicated that it could not ignore the basic fact that Harley-Davidson has existed for more than 110 years as a brand and is one of the most famous marks in the world, and that the evidence established that, for Harley-Davidson riders and customers, SCREAMIN' EAGLE is associated only with Harley-Davidson and with no other brand.

The court also dismissed the defendants' claim that Harley-Davidson had depreciated the value of the goodwill attaching to the defendants' registered trademark SCREAMING EAGLE. In doing so, the court found that the defendants had failed to establish all four "elements" of the test set out by the Supreme Court of Canada in *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée* (2006 SCC 23):

1. Use of the registered trademark - the court found that Harley-Davidson did not use the defendants' registered trademark, but rather used its own trademarks, when it sold clothing and accessories in Canada under its SCREAMIN' EAGLE trademark.
2. Evidence of significant goodwill - the court found that "the relevant universe of consumers" was to be "made up of [Harley-Davidson] owners/riders". As a result, the goodwill attached to the defendants' trademark was hugely outweighed by that attached to Harley-Davidson's own trademarks, including its prior use of SCREAMIN' EAGLE in connection with motorcycle parts and accessories, which are "better known and enjoy much greater brand recognition and fame".
3. Such use likely to have an effect on goodwill - given the fame of the plaintiffs' brand, the court found that the relevant universe of consumers was more likely to associate the defendants' trademark with Harley-Davidson, rather than vice versa; in any event, the court ruled that "a mental association... with [Harley-Davidson] does not in itself establish an effect on the [d]efendants' goodwill".

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4. Such effect likely to be damaging - the defendants had “failed to adduce any evidence of lost sales or damage to their goodwill”, as the court found that the defendants had instead “willingly created and nourished this association” with Harley-Davidson in an effort to trade on the plaintiffs’ name.

As a result, the court dismissed all of the defendants’ claims, notwithstanding both the defendants’ trademark registration for SCREAMING EAGLE stores and the defendants’ 20 years of sales of Screaming Eagle clothing.

In addition, the court expressed difficulty reconciling the defendants’ actions given their “willingness... to create some form of association with [Harley-Davidson] for their own benefit”, and questioned the defendants’ good faith “since they accuse[d] [Harley-Davidson] of passing off and confusion and yet they ha [d] clearly taken several initiatives to associate themselves with the [HARLEY-DAVIDSON] mark and reinforce that association with their own customers”. Having found that the defendants had willingly tried to associate themselves with Harley-Davidson and trade on its name, the court barred the defendants from any equitable relief.

This decision is of considerable note for a number of reasons. First, the court gives very detailed consideration to the test for depreciation of goodwill. Not since *Veuve Clicquot* has Section 22 of the Trademarks Act been examined by a court in such detail. Second, this decision demonstrates that a famous house mark may assist a sub-brand from creating a reasonable likelihood of confusion. Third, the court’s ruling serves to remind litigants of the importance of “clean hands”, as evidence of a party’s bad faith may disentitle it from being granted equitable relief.

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