

# USE OF LAUDATORY TERMS IN TRADEMARKS: AN OVERVIEW FOR THE BEVERAGES SECTOR

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Business competition in the beverages sector is as fierce as any other, with each business searching for a way to stand out among the rest. In an effort to distinguish its product from those of its competitors', a business may be tempted to choose a trademark that at least in part simply lauds the quality of its goods and services. After all, if a company believes that it makes the best and finest beer in Canada and wishes to boast about it, why shouldn't it simply call its beer "BEST & FINEST"?<sup>[1]</sup> The short answer is that businesses should consider their Canadian marketing strategies in view of Canadian trademark law. From a policy perspective, an Examiner of an application to register a trademark must determine whether other traders should also be able to use the same terms in association with their own goods and services. Given that trademark rights afford some measure of exclusivity, why should one company be permitted to exclude others from using laudatory terms in association with its goods and services?

Under Canadian trademark practice, "[w]ord or prefixes having a laudatory connotation are *prima facie* descriptive terms",<sup>[2]</sup> and words, prefixes, or phrases that "laud the worth, importance or value of a good or services are generally not [considered to be] inherently distinctive".<sup>[3]</sup> Because laudatory terms themselves have little to no inherent distinctiveness, using them as a part of a trademark could very well diminish the inherent distinctiveness of such trademark as a whole.<sup>[4]</sup> This, in turn, can adversely impact the ability of the trademark owner to obtain registration status for the trademark without first demonstrating by way of affidavit or statutory declaration that the trademark, despite being laudatory, had by the filing date of the application for registration, acquired distinctiveness in Canada as an indicator of source, through widespread and or longstanding use of the trademark in association with its goods. This requirement places an added burden on a trademark owner that it would not have faced had it selected a mark that is not *prima facie* descriptive and without inherent distinctive character. In other words, the use of laudatory terms as, or as a part of, trademarks could very well have its drawbacks from a legal perspective, and the ability to obtain trademark registration and/or prevent others from using those laudatory terms in association with competing goods and services may be compromised.

The Canadian Trademarks Examination Manual provides a non-exhaustive list of words and phrases that are

generally considered laudatory epithets and therefore considered to be clearly descriptive and/or not inherently distinctive. This non-exhaustive list includes words like SUPERIOR, SUPER, SUPREME, ULTRA, ULTIMATE, AUTHENTIC, ORIGINAL, QUALITY, VALUE, WONDERFUL, TERRIFIC, BEST, EXCELLENT, PERFECT, and others.<sup>[5]</sup> In addition to this general list provided in the Canadian Trademarks Examination Manual, the following table provides a non-exhaustive list of terms that have also been deemed to be laudatory (at least to some degree) in nature, insofar as such terms were used as, or as a part of, trademarks in association with the beverages industry:

Term	Goods/Services	Reason
SWEET <sup>[6]</sup>	Nutritionally fortified beverages to support general health and well-being, fruit juices, and vegetable drinks (among other beverages)	<i>“The Mark further includes the term “sweet” which can indeed take on a laudatory connotation when used as an adjective, in addition to being descriptive of the character of a number of the Applicant’s goods.”</i>
STELLER <sup>[7]</sup>	Alcoholic beverages, namely wine	The term “Steller” may be perceived as a play on the word “Stellar” which may be seen as laudatory
QUEEN <sup>[8]</sup>	Coffee, Italian styled coffee and hot milk called cappuccino, tea, hot chocolate, soft drinks, juices (among other beverages and food items)	<i>“As for the ideas suggested, the words KING and QUEENS both refer to monarchs, although QUEENS can also refer to kings’ wives. Moreover, in the context of the trademarks as a whole, both KING and QUEENS may impart a laudatory connotation.”</i>
KING <sup>[9]</sup>		

GOOD <sup>[10]</sup>	Coffee, cocoa, tea, coffee-based beverages, tea-based beverages, beers, and non-alcoholic beers (among other beverages)	<i>“It is difficult to determine the dominant portion of the Mark. There are two distinct portions: “smart food” and “good mood”. Each one of them is composed of a laudatory word and a noun.”</i>
SMART <sup>[11]</sup>	Coffee, cocoa, tea, coffee-based beverages, tea-based beverages, beers, and non-alcoholic beers (among other beverages)	<i>“[...] the laudatory word SMART in the context of food products is suggestive of products that would be a healthier choice than other available products”</i>
GRAN <sup>[12]</sup>	Tequila	<i>“The inherent distinctiveness of the applied-for mark GRAN PADRE is also further lessened to the extent that consumers of alcoholic beverages would perceive the prefix GRAN as a laudatory term, that is, as a truncation of the laudatory word GRAND.”</i>
PINNACLE <sup>[13]</sup>	Apple-based alcoholic beverages; apple-based non-alcoholic products namely, sparkling and non-sparkling juice, sparkling sweet cider, beverage, purees, compotes, jellies, jams, candies, pies, sauces, baby foods and cereals.	<i>“Indeed, both trade-marks are made up of the dictionary word “pinnacle” that is defined as the highest point, the culmination, a summit or a tall pointed formation, such as a mountain peak. Accordingly, the trade-marks, when considered in the context of the wares at issue, may evoke a summum and so they arguably have a laudatory connotation.”</i>

XL <sup>[14]</sup>	non-alcoholic beverages, namely, energy drinks	<i>“Moreover, XL can be interpreted as an abbreviation for the descriptive words “extra large” and EXEL may be suggestive of the laudatory word “excel.”</i>
PRESIDENTE <sup>[15],[16],[17]</sup>	beer	<i>“The word “president(e)” is not inherently strong due to its somewhat laudatory nature.”</i>
	Alcoholic beverages, namely margaritas for consumption on or off the premises;  Beer;	<i>“Neither the opponent’s mark PRESIDENT nor the applied for mark PRESIDENTE &amp; Design possesses a high degree of inherent distinctiveness as PRESIDENT is a common word having a somewhat laudatory connotation in relation to wares, that is, suggesting a “leading” or first rate product.”</i>
OLD <sup>[18]</sup>	Alcohol	<i>“In both of these cases, as in our situation, the evidence demonstrated that the rum was not manufactured in Cuba.</i>
SELECT <sup>[19]</sup>		<i>However in those cases the trademarks comprise the English laudatory words “old” and “select.”</i>
GREAT <sup>[20]</sup>	Alcoholic brewery beverages	<i>“[T]he word “great” is a laudatory expression referring to the quality of the beer[...].”</i>

<p>COLLECTOR<sup>[21]</sup></p>	<p>port wine, table wines and brandies</p>	<p><i>“The applied for mark COLLECTOR does not possess a high degree of inherent distinctiveness because the mark is somewhat laudatory in suggesting that the applicant’s wares are of interest to collectors, that is, of high quality and desirable.”</i></p>
<p>IMPERIAL<sup>[22]</sup></p>	<p>Alcoholic beverages</p>	<p><i>“Given that “imperial stout” is a type of beer, the applicant’s mark would be understood to refer to an imperial stout that comes from Samuel Smith. If a purchaser was not familiar with this type of beer, then he/she might instead react to “imperial” as a descriptive or laudatory term, given that one definition of “imperial” is “of superior or unusual size or excellence” [Webster’s Ninth New Collegiate Dictionary].”</i></p>

<p>CLASSIC<sup>[23]</sup></p>	<p>Carbonated beverages</p>	<p><i>“All but one of the opponent’s registered trade-marks include the coined term COCA-COLA or COKE. Thus, those marks are inherently distinctive. As for registration No. 179,028 covering the trade-mark CLASSIC, the primary dictionary definition for the word “classic” is “of recognized value; serving as a standard of excellence.” Thus, that mark is laudatory and inherently very weak when used with any wares.”</i></p>
<p>SUNSHINE<sup>[24]</sup></p>	<p>Fruit juice</p>	<p><i>“The opponent’s registered mark SUNSHINE is inherently distinctive although it has a slightly suggestive or laudatory connotation when used with the registered wares orange juice since it suggests that the product promotes good health or that it has a southern origin. Thus, the opponent’s mark is not inherently strong.”</i></p>

SNAPPY[25]	Soft drinks	<p><i>“The opponent's mark SNAPPY POP is a relatively weak mark since the word "snappy", in relation to drinks, means drinks having a pungent or brisk flavour [...] Therefore, there is also a laudatory aspect to the mark SNAPPY POP which further acts to diminish the inherent distinctiveness of the mark [...]”</i></p>
THE ____ OF FINE BEER[26]	Beer	<p><i>“In other words, the construction THE OF FINE BEER is laudatory 'per se.' [...] Therefore, at most, the applicant's mark THE COGNAC OF FINE BEER for beer is somewhat laudatory or suggestive of beer of a higher quality.”</i></p>
DELIGHT[27]	catering services, namely, the services of supplying coffee-making equipment, tea-making equipment, prepackaged coffee and tea, sugar, cups, and stirrers	<p><i>“The mark COFFEE DELIGHT is highly suggestive of the applicant's catering services, although perhaps somewhat less so in relation to the opponent's wares namely, a coffee creamer. The marks also have a laudatory connotation, owing to the component DELIGHT, which further diminishes the inherent distinctiveness of the marks.”</i></p>
EXCELLENCE[28]	coffee machines; non-carbonated beverages, namely coffee, tea, chocolate and lemonade	<p><i>“In the present case, the word EXCELLENCE is laudatory in that it connotes wares or services that are first-class or of top quality.”</i></p>

GOLD <sup>[29]</sup>	Wines	<i>“The applicant's trade-mark, too, is inherently weak. MOSEL has been disclaimed and GOLD is at least somewhat laudatory.”</i>
EXTRA <sup>[30]</sup>	Alcoholic beverages	<i>“The word “extra” used in association with wares has the laudatory connotation that the wares are something beyond the usual or put another way, extraordinary, special and the like.”</i>

**Take-away:** Selecting a trademark that distinguishes your goods and services from those of your competitors helps you differentiate yourself from the crowd. While using laudatory terms as, or as a part of, your trademark may have its benefits, such action may also have its drawbacks – particularly from a trademark distinctiveness and enforcement perspective. Simply put, unless you have the benefit of long-term or widespread use to establish acquired distinctiveness of an inherently laudatory term, signifying that you believe in the superiority of your product by selecting as a trademark “BEST [BEVERAGE]” may not actually be the best idea.

[1] The authors note that Canadian law distinguishes between mere puffery (i.e. tolerable boastful opinion which no reasonable consumer would take as an actual representation of performance) and advertising claims upon which reasonable consumers would rely, the latter of which requires objective substantiation. This article does not consider laudatory terms beyond their treatment in the Canadian trademark registration process under the *Trademarks Act* and does not analyze same as advertising claims under the *Competition Act*.

[2] *Mitel Corporation v Registrar of Trade Marks* (1984), 79 CPR (2d) 202.

[3] Canadian Trademarks Examination Manual, para. 4.9.5.9.

[4] *Goudas Food Products & Investments Ltd v Unadulterated Food Products, Inc* (1995), 66 CPR (3d) 243 (TMOB).

[5] Canadian Trademarks Examination Manual, paras. 4.4.8, 4.9.5.9, and 4.9.5.11.

[6] *Energy Beverages LLC v Evolution Fresh, Inc*, 2021 TMOB 231, ¶122.

[7] *Arterra Wines Canada Inc v Sundial Grower Inc*, 2021 TMOB 67, ¶132 and 35.

[8] *SD Pero Holdings Inc v Cannoli Queens Inc*, 2020 TMOB 94, ¶164.

[9] *Ibid*.

[10] *Canada Bread Company, Limited v Dr Smood ApS*, 2019 TMOB 136, ¶25.

[11] *Canada Bread Company, Limited v Dr Smood ApS*, 2018 TMOB 34, ¶114.

[12] *Patron Spirits International AG v Destileria 501, SA DE CV*, 2016 TMOB 40, ¶28.



- [13] *Constellation Brands Inc v Domaines Pinnacle Inc*, 2013 TMOB 153, ¶135.
- [14] *Molson Canada 2005 v XL Energy Marketing Sp z oo*, 2012 TMOB 38, ¶125.
- [15] *Vincor International Inc v Cerveceria Nacional Dominicana C por A*, 2011 TMOB 157, ¶122.
- [16] *Vincor International Inc v Brinker Restaurant Corporation* (2009), 74 CPR (4th) 163, ¶130 (TMOB).
- [17] *Vincor International Inc v Cerveceria Nacional Dominicana C por A*, 2004 CarswellNat 4534, ¶110 (TMOB).
- [18] *Havana Rum & Liquors, SA v Ron Matusalem & Matusa of Florida, Inc*, 2011 TMOB 67, ¶117.
- [19] *Havana Rum & Liquors, SA v Ron Matusalem & Matusa of Florida, Inc*, 2011 TMOB 67, ¶117.
- [20] *Molson Canada 2005 v Labatt Brewing Company Limited*, 2009 CanLII 82104, ¶115 (TMOB).
- [21] *Andres Wines Ltd v Adriano Ramos Pinto- Vinhos, SA* (2008), 68 CPR (4th) 462, ¶112 (TMOB).
- [22] *Molson Breweries v Samuel Smith Old Brewery (Tadcaster)*, 2004 CarswellNat 3138, ¶128 (TMOB).
- [23] *Coca-Cola Ltd v The Southland Corporation*, 2001 CanLII 37994 (CA TMOB).
- [24] *Federated Foods Limited v Okanagan Dried Fruits Ltd*, 1998 CanLII 18585 (TMOB).
- [25] *Goudas Food Products & Investments Ltd v Unadulterated Food Products Inc* (1995), 66 CPR (3d) 243 (TMOB).
- [26] *Institut National des Appellations d'Origine v Brick Brewing Co, Limited*, 1995 CanLII 10276 (TMOB).
- [27] *Interprovincial Cooperative Limited v Habbib*, 1994 CanLII 10067 (TMOB).
- [28] *Melitta-Werke Bentz & Sohn v VKI Technologies Inc* (1992), 44 CPR (3d) 256, ¶17 (TMOB).
- [29] *Molson Breweries v JP Delf Co* (1990), 32 CPR (3d) 521, ¶17 (TMOB).
- [30] *Molson Cos v John Labatt Ltd* (1981), 58 CPR (2d) 157, ¶118 (TMOB).

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### **A Cautionary Note**

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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