

Federal Court



Cour fédérale

Date: 20191017

Docket: T-9-19

Citation: 2019 FC 1305

Ottawa, Ontario, October 17, 2019

PRESENT: The Honourable Mr. Justice Roy

BETWEEN:

1648074 ONTARIO INC.

Applicant

and

AKBAR BROTHERS (PVT) LTD.

Respondent

JUDGMENT AND REASONS

[1] This is an appeal launched pursuant to section 56 of the *Trademarks Act*, RSC, 1985, c T-13, [the *Act*] from the decision of the Registrar of Trade-marks dated October 31, 2018 granting the opposition by Akbar Brothers (PVT) Ltd. (“Akbar”) to the registration by 1648074 Ontario Ltd. (“164”) of the trade-mark “DO GHAZAL & Design” (the Mark).

[2] The Mark is as follows:

DO GHAZAL
دو غزال

It was applied for in association with the following goods:

- (1) Tea leaves and tea bags (Goods(1)); and
- (2) Dried fruits namely mulberries, apricots and nuts namely almonds, walnuts, hazel nuts, pistachios and cashews and food products namely rice, oil, pickles and spices (Goods (2)).

[3] The opposition comes from Akbar, a company incorporated in Sri Lanka, which is the owner of the registered trade-mark ALGHAZALEEN TEA & Design (No TMA 594,177).

Among several grounds for opposition, Akbar claims that the Mark is not distinctive having regard to its registered trade-mark and its trade-mark DO GHAZAL and Design (not registered in Canada), both used in association with tea.

[4] The Registrar of Trade-marks granted the opposition of Akbar, thus rejecting the 164 application. 164 appeals that decision before this Court.

[5] The opponent raised a number of grounds of opposition which will not need to be reviewed because 164 was successful before the Registrar of Trade-marks in having them dismissed; no cross-appeal was launched. They referred to sections 30(a) and 30(b) of the *Act* at the time. Furthermore, an attempt by Akbar to amend its statement of opposition to add a section 16(1)(a) ground of opposition was rebuffed, as was some evidence, offered by Akbar in reply, which was ruled to go beyond what is permissible in reply; section 43 of the *Trade-marks*

Regulations, SOR/96-195, required the reply evidence to be “strictly confined to matters in reply” and the Registrar concluded that the evidence offered in reply was not evidence responding to matters raised in the applicant’s evidence, but rather was evidence that should have been filed in chief. The opponent raised section 30(i) of the *Act*, but it was not addressed by the Registrar, other than noting at paragraph 38 of the decision that:

... the [Applicant’s] evidence shows that the Applicant’s affiant Mr. Yadgar, who identifies himself as the founder and President of the Applicant, was also the director of the Opponent’s distributor in Canada which could suggest bad faith on the Applicant’s part in applying for its principal’s trade-mark (Akbarally cross-examination, Q65-68).

[My emphasis.]

At the time, section 30(i) read:

30. An applicant for the registration of a trade-mark shall file with the Registrar an application containing

- i) a statement that the applicant is satisfied that he is entitled to use the trade-mark in Canada in association with the goods on services described in the application.

I. The decision under review

[6] That left the decision under review to be limited to a narrow issue. The opposition is based on the allegation that the Mark is not distinctive, having to do with the DO GHAZAL & Design and ALGHAZALEEN TEA and Design trade-marks.

[7] The Registrar’s decision focuses exclusively on DO GHAZAL & Design. In view of its finding concerning the DO GHAZAL & Design trade-mark, the Registrar chose not to address

the likelihood of confusion with the opponent's registered ALGHAZALEEN TEA & Design trade-mark (decision, para 59). As already pointed out, the Registrar did not address at all a ground of opposition based on then section 30(i) of the *Act*.

[8] In this case, the Registrar made two findings concerning the DO GHAZAL and Design trade-mark. First, it found that Akbar had successfully discharged its initial evidentiary burden that its trade-mark had become known in Canada sufficiently to negate the distinctiveness of the Mark to be registered. Second, it concluded that 164 had not been successful in showing "that its Mark is adapted to distinguish or actually distinguishes its goods from those of the Opponent" (decision, para 40), in view of the confusion analysis conducted in the case.

[9] The appeal launched in this case deals with the distinctiveness of the Mark. Section 38 of the *Act* provides for the grounds that may be used to support an opposition. Subsection (2)(d) reads:

Grounds	Motifs
38(2) A statement of opposition may be based on any of the following grounds:	38(2) Cette opposition peut être fondée sur l'un des motifs suivants :
(d) that the trademark is not distinctive;	d) la marque de commerce n'est pas distinctive;

[10] The initial burden addressed by the Registrar is whether the GO GHAZAL & Design trade-mark has become known in Canada sufficiently to negate the distinctiveness of the Mark to be registered. The burden shifts back to the applicant once the initial burden has been discharged by the opponent, so that the applicant must then show that its mark is registrable. It is of course

for an applicant to establish, on the habitual standard of proof in civil matters, that the application complies with the requirements of the *Act* (*Christian Dior, S.A. v Dion Neckwear Ltd.*, 2002 FCA 29, [2002] 3 FC 405, para 10).

[11] The Registrar found that the DO GHAZAL & Design mark was sufficiently known in association with the tea products to negate the distinctiveness of the Mark to be registered (prior to the opposition). The evidence supporting the finding is presented as being:

- annual sales in Canada (\$105,000 in 2012; \$193,000 in 2013; \$255,000 in 2014);
- labels bearing the DO GHAZAL & Design mark were attached to the products sold in Canada;
- commercial invoices for shipments of tea from the opponent to Canada between July 29, 2012 and June 13, 2014.

[12] Since was discharged the initial burden on the opponent of showing that the DO GHAZAL & Design trade-mark had become known in Canada sufficiently to negate the distinctiveness of the Mark, the Registrar went on to consider whether there would be confusion between the marks, because 164 must then show that the Mark is adapted to distinguish its goods from those of Akbar.

[13] The Registrar assessed confusion, taking into consideration all of the relevant surrounding circumstances, including the factors listed in section 6(5) of the *Act*:

What to be considered**Éléments d'appréciation**

6(5) In determining whether trademarks or trade names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

6(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris :

(a) the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known;

a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;

(b) the length of time the trademarks or trade names have been in use;

b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;

(c) the nature of the goods, services or business;

c) le genre de produits, services ou entreprises;

(d) the nature of the trade; and

d) la nature du commerce;

(e) the degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them.

e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux, notamment dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

[14] Starting with the degree of resemblance, the Registrar acknowledges that the two trademarks are identical in appearance and sound, as well as in the ideas suggested by the marks.

Furthermore, the two marks have the same inherent distinctiveness; there is evidence of some acquired distinctiveness in the Mark, but limited to “tea leaves and tea bags”, not with respect to dry fruits. However, the acquired distinctiveness of DO GHAZAL & Design by Akbar is seen as

being considerably more. As a result, it is found “that the Opponent’s mark has become known to a greater extent in Canada than the Mark” (decision, para 49).

[15] The length of time favours 164, concerning “tea leaves and tea bags” (164 started using the Mark on May 1, 2009 and Akbar used the trade-mark starting in 2012). There is a clear overlap between the “tea leaves and tea bags” of 164 and the opponent’s tea, as well as between the parties’ business and channels of trade.

[16] Citing *Andres Wines Ltd. v E. & J. Gallo Winery*, (1975) 25 CPR (2d) 126 (FCA), the Registrar concludes that “(a) mark is not adapted to distinguish an applicant’s goods if, at the time opposition proceedings are commenced, it is already known as the trade-mark of another in respect of similar goods ... The dominant word components of both parties’ marks are identical, their goods are almost identical or overlapping, and the Opponent’s mark had been used to a greater extent than the Mark as of the material date” (decision, para 55).

It follows that 164’s onus has not been discharged in that it has not established, on a balance of probabilities, that its application for the registration of the trade-mark complies with the *Act*.

II. The argument on appeal

[17] The appellant in this Court, the applicant for the registration, takes issue with the Registrar’s finding that, as of the date of the filing of the opposition (September 9, 2014), Akbar’s DO GHAZAL & Design trade-mark had become known in Canada sufficiently to negate the distinctiveness of the Mark. It argues that the standard of review in this regard ought

to be correctness. In the alternative, 164 submits that the decision is unreasonable concerning distinctiveness. The applicant/appellant submits that Akbar has not satisfied the test as articulated in *Bojangles' International LLC v Bojangles Café Ltd.*, 2006 FC 657, 293 FTR 234, 48 CPR (4th) 427 [*Bojangles'*], and endorsed recently in *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd.*, 2019 FCA 10.

[18] There is no challenge of the analysis conducted by the Registrar of the confusion between the marks. Rather, the applicant/appellant contends specifically, and only, that the *Bojangles'* test of whether a trade-mark is sufficiently well-known so as to negate the distinctiveness of another mark was erroneously applied.

[19] The applicant/appellant labels its ground of appeal as the Registrar applying a “use-based analysis” instead of a “distinctiveness-based analysis” (memorandum of fact and law, para 34). It boils down to a simple proposition. The sales reported by Akbar are solely to a distributor, Amana. That, claimed Akbar, is sufficient to discharge its initial evidentiary burden. The Registrar wrote at paragraph 38 of the decision that, “(i)n any event, the evidence of record supports the finding that Amana is the Opponent’s distributor and it is trite law that use of a trade-mark in Canada by a distributor amounts to use by the owner of the trade-mark [*Manhattan [sic] Industries Inc v Princeton Manufacturing Ltd.* (1971), 4 CPR (2d) 6 (FCTD)]” [*Manhattan Industries*]. The reference to *Manhattan Industries* signals in the view of 164 an error of law as that case is not a case about distinctiveness, but rather a case concerned with expungement, and thus prior use. It argues that “(t)his appeal does not concern issues of expungement, non-entitlement or prior use, but whether Akbar has met its evidentiary burden on distinctiveness,

which is a separate - and greater - burden than use” (memorandum of fact and law, para 41). The sales to a distributor cannot meet the burden of showing distinctiveness. Such evidence does not relate to consumer recognition of a trade-mark. That, the applicant/appellant contends, constitutes an error of law which, in its view, carries a standard of review of correctness.

[20] If that is not an error of law, the Registrar’s decision is at any rate unreasonable because the evidence offered cannot meet the *Bojangles’* test. There lacks evidence about what Amana, the distributor of Akbar’s products in Canada, actually did, when were the products sold and to whom, thus forcing the Court to speculate. In fact, there is no evidence to speak of about Amana. There is no evidence of sales or of whether there was promotion or advertisement of the DO GHAZAL tea in Canada. Finally, the Court is referred in the applicant’s written case to two decisions of the Registrar (*Brandstrom v Naturally Splendid Enterprises*, 2018 TMOB 95 [*Brandstrom*] and *In the matter of an opposition by Empire Comfort Systems, Inc. to application No 1, 481,784 for the trade-mark Broilmaster in the name of Onward Multi-Corp. Inc.*, 2015 TMOB 80 [*Empire Comfort Systems*]) where, according to 164, in similar circumstances the Registrar concluded that the evidentiary burden had not been met. The applicant/appellant suggested that the lack of advertising is particularly problematic if one wishes to meet the evidential burden on distinctiveness.

[21] The opponent/respondent argues for its part that the marks are not distinctive. It also raises the applicant’s bad faith, relying on section 30(i) of the *Act*. For Akbar, the standard of review on appeal is reasonableness, which implies deference towards the decision-maker’s decision. In the circumstances of this case, there was sufficient evidence to meet the *Bojangles’*

test in that the use of the opponent's trade-mark by a distributor in Canada amounted to use of the trade-mark by the opponent itself: that negates the distinctiveness of the Mark prior to opposition.

III. Analysis

A. *Preliminary issue*

[22] At the outset, it is necessary to situate where this appeal lies because of how the case was argued initially. As noted earlier, the Registrar never addressed Akbar's argument that section 30(i) of the *Act* was engaged, yet Akbar argued in its written case as if this is an issue that is open for debate in this appeal. Such is not the case. Section 56 of the *Act* confers on this Court jurisdiction about an appeal from a decision of the Registrar. The parties agreed at the hearing of the case that the Court does not have jurisdiction to entertain an appeal where the Registrar has not made a decision on an issue. If any authority is needed in support of such conclusion, it will suffice to refer to Strayer J., then of this Court, in *Tradition Fine Foods Ltd. v Kraft General Foods Canada Inc.*, [1991] 35 CPR (3d) 564, 43 FTR 257 who wrote:

11 The respondent contends that in these circumstances I should make a decision on its ground of opposition based on alleged confusion between its mark and that of the appellant, a ground with which the Opposition Board did not deal. Counsel were unable to refer me to any direct authority on the proper role of the Court in such circumstances. I have serious doubts that I have jurisdiction to decide, at first instance, on grounds of opposition not dealt with by the Opposition Board and not forming part of its decision. Subsection 56(1) of the Trade Marks Act provides that:

56(1) An appeal lies to the Federal Court from any decision of the Registrar under this Act ...

In this respect there has been no "decision" by, or on behalf of, the Registrar concerning confusion and therefore there is no appeal before me within the meaning of the Act. Further, even though I have the same evidence before me as the Registrar will have, if I have a discretion in the matter I would still refer the matter back to the Registrar with his specialized knowledge so that if there is a further appeal the Court will have the benefit of his views. I am therefore referring the other aspects of the opposition back to the Registrar for determination.

I share that view. If 164 were to prevail on their appeal, this is a matter that would have to be referred back to the Registrar.

[23] The same is true of the argument offered by Akbar according to which there is confusion between its registered trade-mark ALGHAZALEEN TEA & Design (TMA 594,177) and the Mark that 164 wishes be registered. Given the conclusion reached by the Registrar concerning the unregistered mark used by Akbar, the DO GHAZAL & Design mark, the Registrar did not consider that ground either.

[24] Finally, the applicant/appellant confines itself to appealing the ruling on the sole ground of whether Akbar has shown that the mark it has used since 2014 was sufficiently known in association with tea products to negate the distinctiveness of the Mark. Such knowledge must be demonstrated at a time prior to the filing date of the statement of opposition. It is for an opponent to registration to show that its products are known enough to negate the distinctiveness of the Mark it opposes. Such requirement, referred to as the initial evidentiary burden, must be satisfied before an applicant sees the burden reversed and is called upon to show that its Mark distinguishes its goods from those of an opponent or that its Mark is adapted to distinguish its goods. As the Registrar stated, that in turn takes the matter to an examination of the confusion

between the marks. The applicant/appellant claims that the matter of confusion is not reached because the opponent has not satisfied its initial evidentiary burden.

B. *Standard of review*

[25] The first issue that needs to be addressed is what the standard of review is in this case. There was new evidence that was offered by the parties, pursuant to section 56(4) of the *Act*. However, that evidence never rises in this case to the level required for the Court to apply a correctness standard, thus coming to its own conclusion, because the new evidence would not have materially affected the findings made by the Registrar on the facts or on the discretion exercised (*Molson Breweries v John Labatt Ltd.*, [2000] 3 FC 145, (FCA) [*Molson Breweries*]). It follows that the matter has to be reviewed on a reasonableness standard, thus recognizing that the tribunal's expertise is owed deference (*Dunsmuir v New Brunswick*, 2008 SCC 9, [2008] 1 SCR 190, paras 47 to 49; *Molson Breweries*, para 48; *Mattel, Inc. v 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 SCR 772, at para 40).

[26] Here, both parties have offered some new evidence, but it does not change in a material way the case which was before the Registrar: it does not have probative significance extending beyond the evidence already before the Registrar. As stated in *Vivat Holdings Ltd. v Levi Strauss & Co.*, 2005 FC 707:

[27] To affect the standard of review, the new evidence must be sufficiently substantial and significant. If the additional evidence does not go beyond what was in substance already before the board and adds nothing of probative significance, but merely supplements or is merely repetitive of existing evidence, then a less deferential standard is not warranted. The test is one of quality, not quantity: *Garbo Group Inc. v. Harriet Brown & Co.*

(1999), 1999 CanLII 8988 (FC), 3 C.P.R. (4th) 224(F.C.T.D); *Canadian Council of Professional Engineers v. APA - Engineered Wood Assn.* (2000), 2000 CanLII 15543 (FC), 7 C.P.R. (4th) 239 (F.C.T.D.); *Mattel, Inc. v. 3894207 Canada Inc.* (2004), 2004 FC 361 (CanLII), 30 C.P.R. (4th) 456 (F.C.).

On behalf of the applicant, the further affidavit of Mohammed Yadgar was submitted. He merely states that 164 imports tea in bulk as well as in tea bags to be packaged as tea with its Mark. It appears that the products are sold to wholesalers, and then retailers in the Greater Toronto Metropolitan area. It appears that the sales are relatively modest and declining between 2009 and 2015.

[27] Akbar for its part offered the evidence of a production engineer who testified on tea bag packaging. No mention was made of that evidence at the hearing: there is no relevance of the evidence to these proceedings. The affidavit of one Huzefa Akbarally is repetitive of the evidence offered initially at the opposition stage by Inayetally Akbarally. He identifies Amana Canadian Ltd as Akbar's distributor in Canada, from 2004 to 2015, with Mohammed Yadgar being one of its directors. That evidence may be relevant to other grounds of opposition, but not the one being the subject of the appeal. The same is true of the evidence relative to the sales with the mark ALGHAZALEEN TEA & Design. As for DO GHAZAL & Design, the affiant repeats the information already provided and submits documentary evidence which relates to ALGHAZALEEN TEA (Design) which precedes by many years the alleged use made by Akbar of the DO GHAZAL & Design mark. Accordingly, the new evidence does not rise to the level of turning the reasonableness standard of review into the correctness standard where the Court does not have to show deference, but must rather reach its own conclusion.

[28] 164 also argued that the issue confronting the Court is a question of law which qualifies in its view as requiring a standard of correctness. Although it agreed that the Registrar correctly identified the appropriate test to be satisfied by an opponent as part of its initial evidentiary burden, before the burden shifts and an applicant must satisfy the Registrar that its Mark is registrable, 164 claims that the test was erroneously applied. It argues that erroneously applying the test constitutes an extricable question of law. It labels such “error of law” as being, in the case at hand, a “use-based analysis” instead of the more appropriate “distinctiveness-based analysis”.

[29] As framed, I must confess that I cannot find the extricable question of law. The applicant concedes that the Registrar applied the right test, yet it contends that it has been erroneously applied. That, in my view, constitutes a mixed question of fact and law. I agree that applying the wrong test constitutes an error of law. Similarly, not considering certain elements of the test may actually constitute a pure error of law (*Canada (Director of Investigation and Research) v Southam Inc.*, [1997] 1 SCR 748, para 39). But such is not the case here. A “question of mixed fact and law involves applying a legal standard to a set of facts” (*Housen v Nikolaisen*, 2002 SCC 33, [2002] 2 SCR 235, para 26). That appears to be the grievance made by the applicant in this case. The facts, it says, do not support the conclusion that the legal test has been met. As I understand it, the applicant/appellant considers that too much focus was put by the Registrar on the use that can be inferred from the limited evidence submitted by the opponent. The dichotomy between “use-based analysis” and “distinctiveness-based analysis”, whatever that means, is more descriptive than enlightening.

[30] On its face, that alleged dichotomy does not establish a question of law, and certainly not one that would be extricable. In fact, it appeared at the hearing that what is at play is truly whether or not the “use” is sufficient enough to establish distinctiveness, i.e. providing enough evidence to negate the Mark’s distinctiveness. The difficulty in this case is that so little is said by the Registrar. Be that as it may, in the view of the appellant, the simple fact that products have been delivered to a wholesaler does not say anything about the place taken in the market-place. In effect, the evidence reveals very little other than sales to a distributor. That is, in my view, the definition of a mixed question of fact and law: is applied by the Registrar the legal standard to the facts to conclude that the test is met. In effect, the applicant argues that the mere “use” of the mark in this case cannot suffice. On the other hand, having a distributor, claims Akbar, constitutes use of a trade-mark, which constitutes the use by the owner of the mark. That “use” suffices to meet the initial evidentiary burden as found by the Registrar (decision, para 38, last sentence and para 39). That is the long and short of it. Does that evidence meet the test? Such question of mixed fact and law calls for a standard of review of reasonableness.

C. *Reasonableness*

[31] It follows that the Registrar’s decision is to be reviewed on a standard of reasonableness. In *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd.*, 2019 FCA 10 [*Sadhu Singh*], the Federal Court of Appeal re-asserted that the test devised in *Bojangles’* continues to be the correct test in assessing distinctiveness. In that case, the Federal Court articulated the standard to prove that a trademark is sufficiently well-known so as to negate another mark’s distinctiveness. Under that test, a mark “must be known to some extent at least to negate the established distinctiveness

of another mark, and its reputation in Canada should be substantial, significant or sufficient” (*Bojangles*’ at para 34; *Sadhu Singh*, para 4).

[32] The Court in *Sadhu Singh* notes that the “question of distinctiveness is primarily one of fact” (para 14). If the opponent “has successfully acquired notoriety in the mark in Canada sufficient to negate the distinctiveness of the appellant’s mark” (para 15), it does not matter who began to use the mark first. That defeats an argument made by 164 who claims it started using the Mark some three years before the opponent. The real issue in this case is whether that knowledge of the mark, its notoriety, has been achieved by Akbar such as to negate the distinctiveness of 164’s Mark. The applicant argues that knowledge of Akbar’s trade-mark has not been established, by the evidence submitted, at the required level. I agree.

[33] The notoriety we are concerned with is obviously not that of global brands. That would be setting the bar significantly higher than where a bar should be set as an initial evidentiary burden, such that the onus reverts back to the applicant for registration who must then satisfy the Registrar that its mark can be registered. It is rather that an opponent must initially show that its mark is known, and it must be known enough to negate the established distinctiveness of another mark. It was for Akbar to offer that evidence. It has gone missing.

[34] In effect, the evidence offered by Akbar is very limited. Its Managing Director claims that Akbar is the number one exporter of tea from Sri Lanka. The DO GHAZAL trade-mark is registered in a number of countries (statutory declaration, para 9) for a variety of wares including at times tea.

[35] The witness relies on sales figures for tea products in Canada for years 2012, 2013 and 2014, totalling \$555,000 US. However, the evidence offered for 2014 evidently goes beyond the date of filing of the opposition (September 9, 2014), which is the date used to assess distinctiveness, such that evidence coming from after that date lacks relevance. Sales to the wholesaler are likely less than \$500,000 before September 9, 2014. That is more than a full quarter. It is also in evidence that there would have been nine shipments to a wholesaler during the three year period. That is it. Not a word about distribution or marketing, or evidence tending to show that the brand, the trade-mark is known.

[36] There is no evidence before the Registrar, or this Court, of what the wholesaler did with the shipments. It is not known if the tea was sold, to whom and where, or re-exported. There is no evidence of marketing efforts or advertisement. The only attempt at connecting with Canadian consumers of tea, in order to show, presumably, some reputation or notoriety of some kind, that would be substantial, significant or sufficient, is through statements of a very general nature that are not supported by evidence, but rather by the belief of someone who acknowledges never having come to Canada. The Managing Director writes in his statutory declaration:

19. Drinkers of fine tea are very selective as to the nature of the tea that they drink and it is my belief that the ordinary consumer of fine tea in Canada who seeks out tea products from Sri Lanka would be well aware of Akbar, our reputation, and our line of Ceylon teas.

Indeed, this says very little. The statutory declaration does not even discriminate between the unregistered DO GHAZAL & Design mark, in use allegedly in 2012, 2013 and 2014, and its registered mark ALGHAZALEEN TEA & Design, allegedly in use from 2004 to 2013, where

the Managing Director offers observations about the Canadian tea consumer. As indicated before, Akbar's new evidence fails to bring anything new that could supplement that which was before the Registrar.

[37] The Registrar's decision on distinctiveness runs for just a few lines. The facts on which the Registrar relies are presented at paragraph 33 of its decision: annual sales, labels bearing the DO GHAZAL & Design mark, copies of commercial invoices. There is not much discussion to be found of how the Registrar reached the conclusion that "the Opponent has met its initial evidentiary burden with respect to this ground of opposition" (decision, para 39). Indeed, it is not completely clear why the Registrar made that decision. As the Supreme Court found in *Newfoundland and Labrador Nurses' Union v Newfoundland and Labrador (Treasury Board)*, 2011 SCC 62, [2011] 3 SCR 708, the adequacy of reasons is not a stand-alone basis for quashing a decision. However, the reasons may well have to be of a certain quality. At paragraph 16, one reads:

Reasons may not include all the arguments, statutory provisions, jurisprudence or other details the reviewing judge would have preferred, but that does not impugn the validity of either the reasons or the result under a reasonableness analysis. A decision-maker is not required to make an explicit finding on each constituent element, however subordinate, leading to its final conclusion (*Service Employees' International Union, Local No. 333 v. Nipawin District Staff Nurses Assn.*, [1975] 1 S.C.R. 382, at p. 391). In other words, if the reasons allow the reviewing court to understand why the tribunal made its decision and permit it to determine whether the conclusion is within the range of acceptable outcomes, the *Dunsmuir* criteria are met.

However, such ground of review was not raised and therefore should not be further entertained.

[38] It remains that the decision under review must be reasonable. Here, the only analysis relevant to distinctiveness at the initial stage is that “(i)n any event, the evidence of record supports the finding that Amana is the Opponent’s distributor and it is trite law that use of a trade-mark in Canada by a distributor amounts to use by the owner of the trade-mark [*Manhattan [sic] Industries Inc v Princeton Manufacturing Ltd* (1971), 4 CPR (2d) 6 (FCTD)].” (decision, para 38).

[39] The test is not only whether or not Akbar’s trade-mark was used, through a distributor, but rather that the mark “must be known to some extent at least to negate the established distinctiveness of another mark, and its reputation in Canada should be substantial, significant or sufficient” (*Bojangles*’, at para 34 as endorsed in *Sadhu Singh*, para 4). The use of a trade-mark, in the sense of the use by a distributor becomes the use of the exporter, is one thing. Negating the established distinctiveness of another mark is quite another. At the very least, there must be some evidence relevant to how well it is known. There is in this case no evidence of any kind of knowledge of the mark, or of the reputation of Akbar’s brand and trade-mark. The complete absence of evidence of knowledge, let alone of reputation and notoriety, is glaring.

[40] The requirement to show that the mark is known is not new. How much should a mark be known was discussed in *Motel 6, Inc. v No. 6 Motel Limited*, [1982] 1 FC 638 [*Motel 6*], where our Court found the following:

... On the issue of lack of distinctiveness of a mark, although it must be shown that rival or opposing mark must be known to some extent at least, it is not necessary to show that it is well known or that it has been made known solely by the restricted means provided in s. 5, *supra*. It is sufficient to establish that the other

mark has become known sufficiently to negate the distinctiveness of the mark under attack.

[p. 653.]

A complete lack of evidence with regard to being known in Canada cannot be the foundation to satisfy that the mark has become known sufficiently to negate the distinctiveness. It is not so much that the Registrar had to weigh the evidence to ascertain if the mark has become known sufficiently: there is no evidence.

[41] In *Bojangles*, Justice Simon Noël helpfully summarized the propositions on distinctiveness in the context of paragraph 38(2)(d) (one ground of opposition is that the trade-mark is not distinctive) and section 2 (the definition of “distinctive”) at paragraph 33 of the decision:

- The evidential burden lies on the party claiming that the reputation of its mark prevents the other party's mark from being distinctive;
- However, a burden remains on the applicant for the registration of the trade-mark to prove that its mark is distinctive;
- A mark should be known in Canada to some extent at least to negate another mark's distinctiveness;
- Alternatively, a mark could negate another mark's distinctiveness if it is well known in a specific area of Canada;
- A foreign trade-mark owner cannot simply assert that its trade-mark is known in Canada, rather, it should present clear evidence to that effect;
- The reputation of the mark can be proven by any means, and is not restricted to the specific means listed in section 5 of the Act, and it is for the decision-maker to weigh the evidence on a case-by-case basis.

[My emphasis.]

[42] Justice Noël considered the evidence presented in *E. & J. Gallo Winery v Andres Wines Ltd.*, [1976] 2 FC 3 [*Andres Wines*] and *Motel 6* and observed that there was evidence of advertising and articles circulating in Canada, together with intensive advertising on television in *Andres Wines* (decision, para 31), and direct evidence of knowledge by consumers, as well as articles in Canadian and American widely-distributed daily newspapers in *Motel 6* (decision, para 32).

[43] The point of the matter is not that advertising or articles in publications must be present. There are of course other ways of establishing knowledge of the trade-mark. It is rather that, in this case, there is no indication of some consumers' knowledge or of any marketing effort, including advertising or direct evidence of consumer knowledge of the mark, let alone evidence of representation or public acclaim, as opposed to the evidence in the leading cases. Indeed, in the case at hand, there is not even an attestation about the distribution and sales of Akbar's product.

[44] The applicant brought to the Court's attention three decisions from the Registrar of Trade-marks. In *Brandstorm*, the Registrar was "not satisfied that the Opponent's NATIERRA trade-mark was sufficiently made known in Canada as of the date of the filing of the opposition to negate the distinctiveness of the Mark" (para 38). The Registrar faulted the opponent for the lack of evidence concerning sales in Canada other than to distributors. At paragraph 33 of the decision, we find the gist of the ruling:

Even if I were to infer that the NATIERRA mark appeared on such goods, I agree with the Applicant that it is unclear whether such invoiced goods were ultimately transferred and sold *in Canada*. Mr. Ollivier's statements are not clear in this respect; nowhere in

his affidavit does Mr. Ollivier clearly state that such products were actually sold in Canada. Mr. Ollivier simply states that the Opponent's " NATIERRA products were sold by Canadian distributors such as Winners Merchants Inc.", leaving it to an inference that a Canadian distributor with a Canadian address would subsequently sell such products in Canada.

[Italics in the original and my emphasis.]

There is clearly an analogy to be drawn with the situation in this case where the sole evidence is that of sales to one distributor.

[45] Perhaps even more relevant is *Empire Comfort Systems*. In that case too the opponent relied on distinctiveness, together with other grounds. The ground of opposition invoking distinctiveness is defeated on two bases. First, the evidence is not sufficient to ascertain how many units (BBQs) were sold in Canada during any period of time; as the Registrar points out, the opponent's witness "provides only a vague statement that sales have been "in the thousands of dollars on an annual basis" " (decision, para 67). Second, there was a lack of advertising such that the test articulated in *Bojangles'* can be satisfied:

[68] The Opponent has also not provided any advertising figures. While the Roberts affidavit establishes that some of the Opponent's dealers displayed its products on their websites, there is no indication how many Canadians visited those sites and there is no information regarding the extent to which those dealers may have advertised the Opponent's products to Canadian consumers. The Opponent's own website had a fairly modest number of hits from Canadians (3,733 hits between November 14, 2009 and November 13, 2010 and 2, 479 hits between November 14, 2010 and November 13, 2011) and at least some of those hits were likely after the material date.

[69] Although Mr. Rigney states in the first Rigney affidavit that brochures advertising the Opponent's products in association with the trade-mark BROILMASTER are available to customers at retail locations in Canada, he does not indicate how many are

typically distributed to customers or whether the distribution is limited to the retailers identified in paragraphs 10 and 11 of his affidavit.

[46] The evidence in *Empire Comfort Systems*, in order to meet the test of “become known sufficiently in Canada to negate the distinctiveness of the Mark” (decision, para 63), was significantly more extensive than the evidence available in this case, yet the Registrar was unable to conclude that the opponent had satisfied its burden “that its trade-mark's reputation was substantial, significant or sufficient as of the material date” (decision, para 70). The evidence of use and reputation is much less in the instant case. In fact it is inexistent beyond that tea was sold to a wholesaler.

[47] *Domaines Pinnacle Inc. v Les Vergers de la Colline Inc.*, 2014 TMOB 110, aff'd 2016 FC 188 [*Pinnacle*], a case presented at the hearing, is another Registrar decision on distinctiveness. In that decision, the Opposition Board member attached himself to the use made of the product, bottles of cider using the mark CID. He found that the evidence of sales to consumers was deficient. The evidence of sales to consumers was at best murky. At paragraph 102, one reads:

However, the ground of opposition, as argued by the Opponent, supposes that there was a risk of confusion on the relevant date between its CID mark and Mark. This leads to the presumption that the consumer could not distinguish the Wares and Services from the Opponent's products. The ultimate test is with consumers and not the SAQ, which is an expert in this field. Accordingly, it is the consumer having a vague knowledge of products displaying the CID mark who ultimately had to determine whether the Wares and Services came from the same source as the Opponent's CID products. Since we are referring to the consumer, the Opponent had the initial evidentiary burden of proving that its CID mark was known to Canadian consumers on the relevant date.

[My emphasis.]

If one is to rely on the sales made in Canada to satisfy its evidential burden to show that its mark was known to some extent, there need be evidence of sales. The Registrar found in *Pinnacle* that consumers had gone to the opponent's production site to purchase cider, but the general public did not have contact with the product. The proof of sales to a distributor, the Société des alcools du Québec, was not enough; it was "clearly insufficient to conclude that the Opponent's CID mark was known to some extent" (para 100). I observe that, for good measure, the Registrar noted the absence of evidence concerning promotional activities:

[93] Regarding the promotion of cider displaying the Opponent's CID mark, Mr. Crawford claims in his Crawford 1 affidavit that the Opponent had an approximate average annual promotional budget of CAD\$700,000. However, he admitted in his cross-examination that this budget covered all of the Opponent's products. We therefore have no information concerning the CID ciders alone. Mr. Crawford also mentioned in his cross-examination that the promotion in 2010 was limited to brochures at the Opponent's store and promotional display racks. None of these documents was filed. There had been no newspaper advertising of the Opponent's CID ciders.

[94] Regarding promotional activities in 2011, Mr. Crawford stated in his cross-examination that the Opponent's CID ciders were listed in the Sobeyes IGA, Metro, Provigo Maxi Loblaws supermarket chains, without specifying what he actually meant by 'listed'. An information newsletter for food store retailers had indeed been produced, but was dated May 30, 2011, i.e. after the relevant date.

As a result, the distinctiveness opposition ground was dismissed. In my view, the evidence in the case at hand is equally deficient.

[48] The opponent originally focused most of its written case on its opposition based on section 30(i) of the *Act*. Given that there was no appeal pending because that ground of opposition was not even addressed by the Registrar, the argument is premature.

[49] As for the distinctiveness ground of opposition, the opponent argues that the decision is reasonable because “(a)n opposing mark need only be known “to some extent at least”, and its reputation need only be “substantial, significant or sufficient”” (memorandum of fact and law, para 29). Before the Court, the opponent did not dispute the authority of the *Bojangles’* test; it simply argued that it met its burden.

[50] In the view of the opponent, the use of the mark in Canada through a distributor (*Manhattan Industries*) may suffice. There is no need to prove the use that was made of the mark by the distributor and no attempt was made to show that its reputation in Canada is substantial, significant or sufficient.

[51] The opponent cites two cases: *Lin Trading Co v CBM Kabushiki Kaisha*, [1989] 1 FC 620 (FCAD) [*Lin Trading*] at paras 6 and 9, and *Stink Inc v Salt & Pepper Holdings Ltd*, 2001 FCT 549, 13 CPR (4th) 140, at para 28 [*Stink Inc*]. In *Stink Inc*, the proposition advanced therein, which the opponent seeks to apply to its case, is merely, in the words of Addy J. in *Motel 6*, that non-distinctiveness “also may be founded on evidence of knowledge or reputation of the opposing mark spread by means of word of mouth and evidence of reputation and public acclaim and knowledge by means of newspaper or magazine articles as opposed to advertising. All relevant evidence may be considered which tends to establish non-distinctiveness” (pp. 58-59).

As should be evident, this passage is of no assistance to the opponent. The issue is not that relevant evidence has been excluded; it is that there is no evidence that establishes knowledge by consumers. Sales to a distributor are not sufficient to establish the knowledge by consumers to negate distinctiveness.

[52] *Lin Trading* does not provide either assistance to the opponent. It centers on what is the meaning of “use” in relation to a trade-mark, in the context of whether a mark was registrable in view of paragraph 16(1)(a) of the *Act*. That does not relate to the test of *Bojangles*’. In the words of the Court of Appeal in *Lin Trading*, “(t)he question remains whether these transfers were made “in the normal course of trade” so as to constitute use of the mark in Canada by CBM or, as the appellant contends, that they were not so made” (pp. 624-625).

[53] In our case, it is the knowledge of the opponent’s mark acquired by consumers that is required to be sufficient to negate distinctiveness. That is dearly missing. The mere fact that a distributor received products may establish “use”, but it is not sufficient to establish knowledge by consumers, let alone that the trade-mark has become known in Canada sufficiently to negate the distinctiveness of the mark to be registered. The opponent urges the Court to speculate that the sufficient knowledge is present: this is to be resisted. There is nothing known, literally, of the opponent’s mark in Canada.

[54] In order for a decision to be reasonable, it must fall within a range of acceptable outcomes which are defensible in respect of the facts and the law. Reasonableness is also concerned with the process; it “is concerned mostly with the existence of justification,

transparency and intelligibility within the decision-making process” (*Dunsmuir*, para 47). In my view, the decision under review is not reasonable both because of the process and the outcome.

[55] With respect, a decision which concludes without any evidence to support the conclusion reached lacks intelligibility, as well as justification. Similarly it is not falling within a range of possible, acceptable outcomes because it is not defensible in respect of the facts and the law. There is a complete lack of evidence of the use made of the mark that could support knowledge by consumers sufficient to negate the distinctiveness of the mark to be registered. In those circumstances, the only conclusion that can be reached by the Court is that the decision under review is unreasonable.

IV. Conclusion

[56] It follows that the applicant’s appeal must succeed. The decision of the Registrar accepting the ground of opposition based on para 38(2)(d) of the *Act* (the trade-mark is not distinctive) is set aside. The applicant/appellant is entitled to its costs in accordance with Rule 407 of the *Federal Courts Rules*, SOR/98-106.

[57] However, there are two other grounds of opposition that remain outstanding. It is therefore required that the matter be returned to the Registrar for the purpose of examining those grounds of opposition and reaching a conclusion with respect to both.

JUDGMENT in T-9-19

THE COURT HEREBY ORDERS:

1. The appeal is granted;
2. The registrar's decision accepting the ground of opposition based on paragraph 38(2)(d) of the *Trademarks Act* (distinctiveness) is set aside;
3. The matter of the remaining two grounds of opposition, one based on paragraph 30(i) and the other relating to the reasonable likelihood of confusion between the mark whose registration is sought and the registered ALGHAZALEEN TEA and Design trade-mark of the opponent, is returned to the Registrar for determination;
4. Costs in accordance with Rule 407 of the *Federal Courts Rules* are granted to the applicant/appellant.

“Yvan Roy”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-9-19

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