

Federal Court



Cour fédérale

Date: 20210122

Docket: T-1944-18

Citation: 2021 FC 73

Ottawa, Ontario, January 22, 2021

PRESENT: Madam Justice Walker

BETWEEN:

BRANDSTORM, INC.

Applicant

and

**NATURALLY SPLENDID
ENTERPRISES LTD.**

Respondent

JUDGMENT AND REASONS

[1] BrandStorm, Inc. (BrandStorm), the Applicant, appeals an August 29, 2018 decision (Decision) of the Trademarks Opposition Board (TMOB) made on behalf of the Registrar of Trademarks. The TMOB rejected BrandStorm's opposition to an application by Naturally Splendid Enterprises Ltd. (Naturally Splendid), the Respondent, for registration of the trademark NATERA (NATERA Mark) in association with a broad range of food, beverage and nutritional products. The appeal is made under section 56 of the *Trademarks Act*, RSC 1985, c T-13 (the Act).

[2] Naturally Splendid, a company with its principal office in Burnaby, British Columbia, filed its application for registration of the NATERA Mark (the Application) based on proposed use of the Mark in Canada. BrandStorm is a U.S. company that distributes organic and fair trade food and beverage products under its NATIERRA mark (NATIERRA Mark).

[3] Before the TMOB, BrandStorm failed in its opposition to the Application because it provided insufficient evidence of prior use of the NATIERRA Mark to establish non-entitlement pursuant to then paragraph 16(3)(a) and subsection 16(5) of the Act (now, paragraph 16(1)(a) and subsection 16(3)) and insufficient evidence of the NATIERRA Mark being known to establish that the NATERA Mark was not distinctive. As BrandStorm had not established prior use of the NATIERRA Mark in Canada, the TMOB did not consider whether the NATERA Mark was confusing with the NATIERRA Mark.

[4] In support of its appeal, BrandStorm filed an affidavit sworn by Ms. Claire Bernole, one of its senior employees, that provides information regarding the development of BrandStorm's business in the United States, the expansion of its business into Canada using the NATIERRA Mark and its sales in Canada of NATIERRA products since 2010. Naturally Splendid did not file new evidence in this appeal.

[5] For the reasons that follow, the appeal is allowed. Briefly, I have found that:

1. The Bernole affidavit filed by BrandStorm pursuant to subsection 56(5) of the Act is material, substantial and probative with the result that it could have led to a different conclusion on one or more of the issues before the TMOB. Accordingly, this appeal takes the form of a *de novo* appeal and I have reviewed the Decision for correctness.

2. The Bernole affidavit establishes BrandStorm's use of the NATIERRA Mark in Canada in the normal course of trade prior to July 16, 2013, the date of filing of the Application, and its non-abandonment of the NATIERRA Mark as of April 22, 2015, the date of advertisement of the Application. The NATERA Mark was confusing with the NATIERRA Mark at the date of filing of the Application. Therefore, BrandStorm's opposition to registration of the NATERA Mark pursuant to paragraphs 38(2)(c) and 16(3)(a) of the Act succeeds.
3. BrandStorm's NATIERRA Mark was sufficiently known in Canada as of June 8, 2015, the date of filing of the opposition, to negate the distinctiveness of the NATERA Mark. Therefore, BrandStorm's opposition to registration of the NATERA Mark pursuant to paragraph 38(2)(d) and section 2 of the Act also succeeds.

I. Background

[6] Naturally Splendid filed the Application (trademark application no. 1,635,350) on July 16, 2013 based on proposed use in Canada of the NATERA Mark in association with food and drink products (hemp products, snack food, salad dressings, yogurt, bakery items, etc.), nutritional supplements, protein shakes and additives, and pet food.

[7] On April 21, 2015, BrandStorm filed trademark application no. 1,724,630 to register the NATIERRA Mark based initially on proposed use in Canada in association with canned and bottled fruits, fruit and mixed fruit/nut snacks, candy, spreads, fruit juices and drinks. BrandStorm subsequently amended its application to delete its reliance on proposed use in Canada to reflect its claimed use of the NATIERRA Mark in Canada since August 2010. BrandStorm states that the reference to "proposed use" in the application was an error resulting from a misunderstanding or miscommunication with its law firm.

[8] The following day, April 22, 2015, Naturally Splendid advertised the Application in the *Trade-marks Journal*.

[9] BrandStorm filed its statement of opposition contesting the Application on June 8, 2015 relying on four grounds of opposition, two of which are relevant in this appeal:

- (1) Naturally Splendid is not the person entitled to register the NATERA Mark because, at the date of filing of the Application, it was confusing with the NATIERRA Mark which BrandStorm had previously and continuously used in Canada (para. 16(3)(a) and subs. 16(5) of the Act); and
- (2) the NATERA Mark is not distinctive having regard to the NATIERRA Mark (s. 2 of the Act).

[10] The parties filed three affidavits in the opposition proceedings: (A) BrandStorm filed an initial affidavit from its chief executive officer, Thierry Ollivier, dated January 21, 2016; (B) Naturally Splendid filed an affidavit sworn by trademark researcher Leah Young dated May 13, 2016; and (C) BrandStorm filed a reply affidavit from Mr. Ollivier dated June 10, 2016. Neither affiant was cross-examined.

II. The TMOB Decision

[11] The TMOB summarized the Application and BrandStorm's opposition, the evidence filed by the parties and summarily rejected two of the grounds of opposition. The TMOB then addressed whether Naturally Splendid was entitled to register the NATERA Mark pursuant to paragraph 16(3)(a) of the Act and found that BrandStorm's evidence established neither:

- (i) use by BrandStorm of the NATIERRA Mark on a continuous basis in the normal course of trade prior to July 16, 2013, the date Naturally Splendid applied to register the NATERA Mark; nor
- (ii) non-abandonment of the NATIERRA Mark as of April 22, 2015, the date of advertisement of the Application.

[12] In his initial affidavit, Mr. Ollivier stated that BrandStorm had sold its NATIERRA products in Canada since at least August 31, 2010 through Canadian distributors such as Winners

Merchants Inc. He provided an invoice dated August 31, 2010 reflecting the sale of a number of BrandStorm's NATIERRA products and a photo showing certain products as "specimens of use in Canada". Mr. Ollivier included as exhibits to his reply affidavit screenshots of the websites of certain online retailers (amazon.ca, amazon.com, vitacost.com, ebay.ca) listing NATIERRA products for purchase by Canadian consumers.

[13] The TMOB found that a single invoice from August 2010 was not evidence of use of the NATIERRA Mark in Canada by BrandStorm in association with its goods for four reasons:

1. Although NATIERRA appeared as part of the description of some of the invoiced items, there was no evidence that the August 2010 invoice accompanied the goods and Mr. Ollivier made no clear statement correlating the invoiced goods with the NATIERRA products depicted elsewhere in his affidavits.
2. Even if the TMOB inferred that the NATIERRA Mark appeared on the invoiced goods, it was unclear whether the invoiced goods were transferred and sold in Canada. Mr. Ollivier did not state that the products were actually sold in Canada, merely that the NATIERRA products were sold by Canadian distributors, requiring a further inference that a Canadian distributor with a Canadian address would sell the products in Canada.
3. BrandStorm provided no clear evidence regarding its normal course of trade for NATIERRA products in Canada. Specifically, BrandStorm filed no evidence of sales volumes or dollar value of sales of its NATIERRA products in Canada for any period from which a normal course of trading could be inferred. Mr. Ollivier's website evidence: (i) did not establish that the website listings were part of BrandStorm's normal course of trade and not third party resales of NATIERRA products available in the United States; and (ii) did not establish any transfers or sales of the product offerings listed in the website pages.
4. The single invoice did not establish continuous use and non-abandonment of the NATIERRA Mark on the relevant material dates. The TMOB concluded:

[35] Even if I were to consider the single invoice as demonstrating a transfer in Canada of goods bearing the NATIERRA mark, this is short of establishing continuous use and non-abandonment of that mark as of the respective relevant dates. Again, the Opponent provides no further evidence of transfers of NATIERRA goods in Canada. Furthermore, the exhibits regarding marketing and

advertising of the NATIERRA goods have no clear nexus with Canada. As such, I am also not satisfied that the evidence demonstrates non-abandonment of the NATIERRA mark by the Opponent in Canada as of the date of advertisement of the Applicant's Mark.

[14] Finally, the TMOB addressed BrandStorm's opposition to registration of the NATERA Mark based on distinctiveness. The TMOB stated that BrandStorm had failed to meet its evidentiary burden of showing that its NATIERRA Mark had become sufficiently known in Canada as of June 8, 2015 to negate the distinctiveness of the NATERA Mark. There was no clear nexus between the exhibits to Mr. Ollivier's affidavits and Canada up to and including the date of filing of the opposition.

[15] The TMOB rejected the opposition pursuant to subsection 38(8) of the Act. On November 5, 2018, BrandStorm launched its section 56 appeal of the Decision.

III. Issues

[16] The issues in this appeal are:

- (1) The standard of review applicable to my review of the Decision;
- (2) Has BrandStorm established use of the NATIERRA Mark in Canada in association with its food and beverage products prior to the filing date of the Application and non-abandonment of the NATIERRA Mark as of the date of advertisement of the Application?
- (3) The likelihood of confusion between the NATERA Mark and the NATIERRA Mark; and
- (4) Was the NATERA Mark distinctive as of the date of filing of BrandStorm's opposition?

IV. Standard of review and the Bernole affidavit

1. *Standard of review*

[17] Subsection 56(5) of the Act permits the parties to a section 56 appeal to file new evidence. Where a party does so and the new evidence is “sufficiently substantial and significant” (*Vivat Holdings Ltd. v Levi Strauss & Co.*, 2005 FC 707 at para 27), the Court may exercise any discretion vested in the Registrar. The appeal takes the form of an appeal *de novo* and calls for the correctness standard (*The Clorox Company of Canada, Ltd. v Chloretec S.E.C.*, 2020 FCA 76 at para 21 (*Clorox Company*); see also *Obsidian Group Inc. v Canada (Attorney General)*, 2020 FC 586 at paras 26, 28 (*Obsidian*)). In such case, the Court accords no deference to the conclusions of the original decision maker.

[18] If no new evidence is filed in the appeal or if any new evidence filed is not sufficiently substantial and material, the Court will apply the appellate standard of review and assess questions of law according to the correctness standard and questions of fact and of mixed fact and law (other than extricable questions of law) for palpable and overriding error (*Clorox Company* at paras 22-23, citing *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at para 36 (*Vavilov*) and *Housen v Nikolaisen*, 2002 SCC 33). The presumption of reasonableness review of the merits of administrative decisions established by the Supreme Court of Canada in *Vavilov* is rebutted by the words of subsection 56(5) of the Act.

[19] New evidence will trigger a *de novo* review of the Decision if, as stated above, it is material and significant to the issues addressed by the TMOB. It cannot merely repeat the evidence that was in substance before the TMOB. The test this Court is to apply is whether, on

preliminary assessment, the new evidence could lead to a different conclusion on one or more of the issues before the TMOB (*AIL International Inc. v Canadian Energy Services L.P.*, 2019 FC 795 at paras 20-21). My colleague, Justice Fuhrer recently summarized the nature of the Court's assessment of new evidence in a section 56 appeal (*Obsidian* at para 29):

[29] Accordingly, I must assess the nature, significance, probative value, and reliability of the Obsidian's new evidence, in the context of the record, and determine whether it would have enhanced or otherwise clarified the record in a way that might have influenced the Registrar's conclusions on a finding of fact or exercise of discretion, had it been available at the time of the Decision: *Seara Alimentos Ltda v Amira Enterprises Inc*, 2019 FCA 63 at paras 23-26.

2. *Analysis of the Bernole affidavit*

[20] Ms. Bernole is BrandStorm's Director of Operations and has been employed by the company for many years. As Director of Operations, she oversees BrandStorm's product sourcing, packaging and distribution. The information in the Bernole affidavit seeks to address the deficiencies identified by the TMOB in BrandStorm's initial opposition evidence.

Ms. Bernole was not cross-examined on her affidavit.

[21] In her affidavit, Ms. Bernole sets out details of BrandStorm's origins in California in 2002, its U.S. business and sales, and its expansion to Canada. She states that BrandStorm first used a number of brand names for its products but decided in 2010 to adopt the NATIERRA Mark as an umbrella mark for all products, using NATIERRA stickers and labelling in connection with its various product lines.

[22] Ms. Bernole explains that BrandStorm began selling NATIERRA products to Canadian retailers in 2009 (Pusateri's Fine Foods, Winners and HomeSense stores) and continued to do so as at the date of the affidavit. Paragraph 11 of the affidavit sets out BrandStorm's annual revenues from sales of NATIERRA products to Canadian retailers from 2010 to 2017. For 2013 and 2014, the table indicates "?". For the remaining years, the amounts range from \$3,327 to \$19,205. Exhibits B1 and B2 to the affidavit contain BrandStorm's records of sales to Canadian retailers from August 2010 to October 2018 (save and except the period from April 2012 to December 2013).

[23] The Bernole affidavit then describes BrandStorm's use of the NATIERRA Mark on product packaging for Canada. In order to comply with Canadian regulatory requirements, NATIERRA products sold to Canadian customers were originally over labelled with a bilingual/metric sticker (Exhibit C). Exhibits D1-D4 contain representative specimens of BrandStorm's packaging of certain of its NATIERRA products sold to Canadian retailers beginning in 2010. With respect to online sales, Ms. Bernole notes that BrandStorm promotes its NATIERRA products on its website 'natierra.com', which has been in operation and accessible to Canadian consumers since 2014. Exhibits E1-E17 are screenshots from the website for dates in 2010, 2011 and 2015.

[24] Finally, Ms. Bernole states that BrandStorm's business records include email exchanges with named representatives at TJX Canada discussing product placement at HomeSense and Winners stores in Canada. Exhibits G1 and G2 contain two purchase orders for NATIERRA products from TJX Canada for HomeSense and Winners in 2013.

[25] I find that the evidence contained in the Bernole affidavit and exhibits regarding sales of NATIERRA products in Canada is substantial and significant such that it could have materially affected the Decision. The new evidence focusses on the TMOB's four central reasons for rejecting the opposition and Naturally Splendid has raised no issue with the reliability of Ms. Bernole's evidence.

[26] Ms. Bernole's evidence addresses the TMOB's findings that BrandStorm had provided no evidence regarding its normal course of trade for NATIERRA products in Canada and no evidence of volume or dollar value of sales of NATIERRA products in Canada from which a normal course of trading could be inferred. Ms. Bernole also provides evidence of BrandStorm's Canadian packaging using the NATIERRA Mark. The correlation of the evidence provided by the Bernole affidavit to the TMOB's concerns, in light of the sparse content of BrandStorm's original evidence in the record, leads to the conclusion that the new evidence substantively enhances the record. As a result, I will undertake a *de novo* review of the evidence and determine whether the Decision was correct or whether BrandStorm's opposition should succeed, without deference to the TMOB's findings.

V. Analysis

1. *The material dates and onus*

[27] For ease of reference, the material dates for determination of the issues in this appeal are:

- (A) Naturally Splendid's entitlement to register the NATIERRA Mark: BrandStorm must establish use of the NATIERRA Mark prior to the date of filing of the Application (July 16, 2013) and non-abandonment of the NATIERRA Mark as of the date of advertisement of the Application (April 22, 2015); and

- (B) The distinctiveness of the NATERA Mark: BrandStorm must demonstrate that the NATIERRA Mark had become sufficiently known in Canada as of the date of filing of its opposition (June 8, 2015) to negate the distinctiveness of the NATERA Mark.

[28] While Naturally Splendid bears the legal onus of establishing, on a balance of probabilities, that its application to register the NATERA Mark complies with the requirements of the Act, BrandStorm must first provide sufficient evidence from which it can reasonably be concluded that the facts alleged in support of its opposition exist (*Mcdowell v The Body Shop International PLC*, 2017 FC 581 at para 23).

2. *Paragraph 16(3)(a) and subsection 16(5) of the Act/Entitlement to register: BrandStorm's use in Canada and non-abandonment of the NATIERRA Mark*

[29] Pursuant to paragraph 16(3)(a) and subsection 16(5) of the Act, Naturally Splendid is entitled to secure registration of the NATERA Mark in respect of the goods specified in the Application unless, at the date of filing of the Application, the NATERA Mark was confusing with a trademark that: (A) had been previously used or made known in Canada by any other person; and (B) had not been abandoned by the other person as of the date of advertisement of the Application. BrandStorm argues that the NATIERRA Mark is such a trademark with the result that Naturally Splendid is not entitled to register the NATERA Mark. The first question in assessing BrandStorm's section 16 arguments is whether BrandStorm has discharged its evidentiary burden of establishing use in Canada of the NATIERRA Mark before July 16, 2013.

[30] Section 2 of the Act defines the word “use” in relation to a trademark to mean any use that is deemed by section 4 to be “a use in association with goods or services”. In turn, subsection 4(1) provides:

<p>4 (1) A trade-mark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.</p>	<p>4 (1) Une marque de commerce est réputée employée en liaison avec des produits si, lors du transfert de la propriété ou de la possession de ces produits, dans la pratique normale du commerce, elle est apposée sur les produits mêmes ou sur les emballages dans lesquels ces produits sont distribués, ou si elle est, de toute autre manière, liée aux produits à tel point qu’avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.</p>
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[31] The evidence before me regarding BrandStorm’s use of the NATIERRA Mark in Canada since 2010 consists of the evidence before the TMOB, Mr. Ollivier’s two affidavits and exhibits and Ms. Young’s affidavit and exhibits, and the new Bernole affidavit and exhibits. I have structured my analysis of the evidence to address the impact of BrandStorm’s new evidence, the evidentiary deficiencies identified by the TMOB, and Naturally Splendid’s argument that the new evidence continues to lack detail and clarity. Naturally Splendid maintains that BrandStorm’s evidence fails to establish its sales of NATIERRA products Canada prior to or at the material dates.

[32] For the reasons that follow, I find that BrandStorm has established use of the NATIERRA Mark in Canada in association with its products prior to July 16, 2013 within the meaning of subsection 4(1) of the Act.

[33] I note at the outset of my analysis that Naturally Splendid did not cross-examine either Mr. Ollivier or Ms. Bernole. Their respective statements and evidence have not been contradicted and are assumed to be true. Naturally Splendid cannot now seek to cast doubt on the truthfulness or accuracy of the evidence; Naturally Splendid is restricted to argument regarding any continued deficient content of the Bernole evidence.

[34] I begin with the general statement made by Ms. Bernole in her affidavit attesting to BrandStorm's business in Canada since 2010. She states, "BrandStorm started selling NATIERRA products to Canadian retailers in 2009, and continues to sell NATIERRA products to Canadian retailers up to the present". Ms. Bernole lists the company's first Canadian customers as Pusateri's Fine Foods, Winners stores and HomeSense stores.

[35] Ms. Bernole's introductory statements regarding BrandStorm's entry into the Canadian market provide context for the more specific sales evidence that follows in her affidavit and exhibits. There is no reason for the Court to doubt her statements.

[36] Paragraph 11 of the Bernole affidavit sets out a table of annual sales revenues of “BrandStorm’s NATIERRA products to Canadian retailers” by year from 2010 to 2017. For the years prior to 2013 and the July 2013 filing of the Application, those sales figures are:

2010: \$15,101

2011: \$19,205

2012: \$3,327

[37] Ms. Bernole’s table includes no annual sales numbers for 2013 and 2014. She indicates only a “?”. I will return to this issue in addressing Naturally Splendid’s submissions regarding BrandStorm’s alleged abandonment of the NATIERRA Mark.

[38] The TMOB found that a single invoice from Mr. Ollivier evidencing a sale into Canada in 2010 was insufficient to establish a normal course of trading in Canada. The TMOB acknowledged a single invoice may suffice to prove use of a trademark in the context of paragraph 16(3)(a) proceedings but the sale or sales evidenced by that invoice must be examined in light of all the surrounding circumstances (*JC Penney Co. Inc. v Gaberdine Clothing Co. Inc.*, 2001 FCT 1333 at para 92 (*JC Penney*)). The TMOB stated, “the Opponent provides no evidence of volume or dollar value of sales of NATIERRA products in Canada for any period, from which its normal course of trade could possibly be inferred”.

[39] Naturally Splendid emphasizes that Ms. Bernole included with her affidavit no additional invoices, only sales records and two purchase orders. Naturally Splendid is correct in this regard. However, the provision of multiple invoices is not determinative where there is evidence from

which the Court may infer a normal course of trade (see *Sim & McBurney v Gordon*, 2020 FC 710 at para 23). BrandStorm's evidence in the Bernole affidavit includes:

1. Paragraph 11: Annual sales revenues from sales of BrandStorm's NATIERRA products to Canadian retailers from 2010 to 2017. This evidence responds directly to one of the material evidentiary deficiencies identified by the TMOB;
2. Exhibits B1 and B2: BrandStorm's records of sales to Canadian retailers from August 31, 2010-May 3, 2012 (\$37, 632.72) and January 20, 2014-October 29, 2018 (\$93,794.70). The sales records list the Canadian retailer by name, the name of each individual product sold, some with specific reference to 'NATIERRA' and others referring to 'Himalania' pink salt and goji berries or 'Nature's All Foods' organic products, and the quantity and dollar value of each sale;
3. Exhibits G1 and G2: Two purchase orders (Winners, HomeSense), each from February 2013 with a start ship date of March 20, 2013, detailing the product (by 'nat' prefix) and volume ordered. The purchase orders include a Mississauga invoicing address and freight forwarding instructions from the exiting country (U.S.). The contact number in both purchase orders for freight forwarding questions is a Mississauga number (905 area code);
4. Paragraphs 14 and 15, Exhibits C, D1-D4: Ms. Bernole states that BrandStorm revised the packaging for its NATIERRA products sold to Canadian customers to comply with Canadian regulatory requirements. She provides photographic evidence in Exhibits C, D1-D4 of representative specimens of such packaging. The representative, bilingual specimens show the NATIERRA Mark in connection with, among other products, Himalayan pink salt and various Goji berry products.

[40] I find that the foregoing evidence establishes BrandStorm's normal course of trading in Canada of products bearing the NATIERRA Mark from August 2010. BrandStorm's aggregate Canadian sales for the years 2010-2012 (Exhibit B1) correspond with the amounts provided by Ms. Bernole at paragraph 11 of her affidavit. Exhibit B2 demonstrates continued sales of NATIERRA products in Canada from January 20, 2014 through 2015. The Canadian sales records refer to specific NATIERRA products and sales, and provide sufficient nexus between the particular products sold in Canada to Canadian retailers and BrandStorm's use of the

NATIERRA Mark in Canada. The detailed information in those records can be cross-referenced in part to the Canadian labelling of the depicted NATIERRA products in Exhibits D1-D4.

[41] Ms. Bernole's evidence is consistent with that of Mr. Ollivier and the invoice included as Exhibit A to his original affidavit in the opposition proceedings. The invoice is dated August 31, 2010 and references Winners Merchants Inc., carries an invoicing address of Mississauga, Ontario, and details the NATIERRA products purchased, the quantity of each product sold and total amount of the invoice. The invoice is stamped as paid.

[42] BrandStorm has satisfied its evidentiary burden. The evidence reflects a series of repeat sales of products bearing the NATIERRA Mark to established Canadian retailers prior to and as at the material dates sufficient to establish use and non-abandonment of the NATIERRA Mark for purposes of paragraph 16(3)(a) and subsection 16(5) of the Act (*JC Penney* at para 92; *Corporativo De Marcas GJB, SA DE CV v Bacardi & Company Ltd.*, 2014 FC 323 at paras 42-43).

[43] I agree with Naturally Splendid that the purchase orders at Exhibits G1 and G2 to the Bernole affidavit do not reflect actual sales as they may or may not have been fulfilled. They do bolster BrandStorm's evidence of an ongoing relationship with Winners and HomeSense through 2013 for delivery of NATIERRA products in Canada.

[44] Naturally Splendid submits that Ms. Bernole's evidence can be construed as establishing sales to U.S. wholesalers for delivery into Canada. Naturally Splendid argues that BrandStorm

has provided no evidence of either delivery addresses or actual delivery of NATIERRA products to HomeSense or Winners in Canada.

[45] Ms. Bernole states that BrandStorm has made sales of NATIERRA products to Canadian retailers since 2010. She attaches as Exhibit B3 to her affidavit an email dated October 19, 2009 from Ms. McFarlane of Winners and HomeSense stores stating she had seen BrandStorm's Goji Berry Trail Mix at a Pusateri store in Toronto and wished to inquire about sourcing BrandStorm's products for their stores. Ms. McFarlane stated, "[i]f you are familiar with our American counterparts Home Goods (300 stores) and TJ Maxx (1650 stores), we are the Canadian division with over 250 stores across Canada". Ms. McFarlane provides her address as Mississauga, Ontario. Other exhibits to the Bernole affidavit contain sales revenues and purchase orders from HomeSense and Winners. The August 2010 invoice attached as an Exhibit to Mr. Ollivier's affidavit and the purchase orders contained in Exhibits G1 and G2 to the Bernole affidavit use addresses in Mississauga, Ontario. Ms. Bernole's statement regarding BrandStorm's sales to Canadian retailers coupled with documentary evidence linking its sales operations to Canada are clear. I see no reason to draw the inference posited by Naturally Splendid.

[46] Naturally Splendid argues that BrandStorm has provided no evidence that products bearing its NATIERRA Mark were ever placed on the shelves of Canadian retailers. Again, Naturally Splendid is correct but this omission from the evidence is not determinative. In *L'Oréal, Société Anonyme v Cosmética Cabinas, S.L.*, 2016 FC 680 (*L'Oréal*), Justice LeBlanc (as he then was) addressed the issue of sales to a Canadian distributor (*L'Oréal* at para 45):

[45] I would also note that it now appears well established that the sale of a product associated with a trade-mark to a distributor,

as opposed to a consumer, the end user, constitutes a transfer of property in the product “in the normal course of trade” as defined in subsection 4(1) of the Act. In my view, the following passage from *Philip Morris Inc. v. Imperial Tobacco Ltd. et al.* (1985), 7 CPR (3d) 254, 35 ACWS (2d) 258, aptly summarizes the state of the law on this issue:

[99] . . . The Act simply requires evidence of sales in the normal course of trade. In the *Molson Cos. Ltd. v. Halter* (1976), 28 C.P.R. (2d) 158 at p. 177 Gibson J. writes:

In essence, in order to prove “use” in Canada of a trade mark for the purpose of the statute, there must be a normal commercial transaction in which the owner of the trade mark completes a contract in which a customer orders from the owner the trade mark wares bearing the trade mark which wares are delivered by the owner of the trade mark pursuant to such contract to such customer. In other words, as s. 4 of the Act prescribes, the “use” must be “in the normal course of trade” at the time of the transfer of the property in or possession of such wares.

[100] The Act does not define the persons to whom the sales are made. A “customer” can be a wholesaler as well as a retailer, as long as the sale is made in the normal course of trade as defined by s. 4 of the Act. It has also been established that the words “normal course of trade” recognize the continuity of a transaction from the manufacturer to the ultimate consumer and provide protection for the manufacturer’s trade mark throughout these intervening transactions: see *Manhattan Industries Inc. v. Princeton Mfg. Ltd.* (1971), 4 C.P.R. (2d) 6; *Marchands Ro-Na Inc. v. Tefal S.A.* (1981), 55 C.P.R. (2d) 27, 14 B.L.R. 123; *Saxon Industries, Inc. v. Aldo Ippolito & Co. Ltd.* (1982), 66 C.P.R. (2d) 79; *Royal Doulton Tableware Ltd. et al. v. Cassidy’s Ltd. Cassidy’s Ltee* (1984), 1 C.P.R. (3d) 214, 5 C.I.P.R. 10.

[47] BrandStorm has established the sale of its NATIERRA-branded products in Canada in the normal course of trade beginning in 2010. It is not required to provide evidence of the sale of those products to consumers. BrandStorm's sales to its Canadian retailers in 2010-2012 were not token or otherwise outside the normal course of trade. The volume and repeat nature of the sales strongly suggests that those Canadian retailers actually sold NATIERRA goods on a regular basis to their Canadian shoppers.

[48] Naturally Splendid argues that BrandStorm has not provided evidence of the location of the transfer of title to its NATIERRA products sold to Canadian retailers or of the specific products so sold and their labelling. I agree that the evidence before me does not establish where title to BrandStorm's goods passed from BrandStorm to its Canadian retailers. Naturally Splendid correctly notes that the free on board (FOB) location on the August 2010 invoice is stated as Los Angeles, California. The purchase orders in Exhibits G1 and G2 also suggest that title to the goods to be purchased was to pass at the FOB point. However, subsection 4(1) of the Act states that a trademark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, the trademark is marked on the goods themselves.

[49] The question is whether BrandStorm has provided evidence sufficient to link the NATIERRA Mark with the products sold, and possession transferred, to its Canadian retailers.

The evidence relevant to this question is as follows:

- BrandStorm's Canadian sales records establish the company's sales of NATIERRA products in Canada and identify NATIERRA products by name and by certain item codes referencing 'NAT'. The records refer to a range of products including NATIERRA pink salt (various products), NATIERRA goji trail mix,

NATIERRA organic cocoa powder, NATIERRA goji dark and milk chocolate covered berries, and NATIERRA yogurt covered goji berries;

- The Exhibits to Ms. Bernole’s affidavit provide labelling examples of the NATIERRA Mark on certain of BrandStorm’s products that reflect its bilingual Canadian labelling and that can be cross-referenced to the Canadian sales records. In her affidavit, Ms. Bernole explains BrandStorm’s labelling evolution and processes.

[50] I find that the scope and detail of the evidence provided by Ms. Bernole, together with that of Mr. Ollivier (including the August 2010 Winners invoice), is sufficient to establish that the NATIERRA Mark was present on BrandStorm’s products at the time of transfer of possession to Canadian retailers.

[51] Naturally Splendid raises the omission from Ms. Bernole’s table of BrandStorm’s annual revenues from Canadian sales of NATIERRA products of any dollar value for 2013 and 2014. Naturally Splendid argues that this omission reflects BrandStorm’s abandonment of the NATIERRA Mark as of the material date for determining non-abandonment (April 22, 2015). I do not agree.

[52] I find that Ms. Bernole’s evidence, when considered in its entirety, establishes that BrandStorm had not abandoned the NATIERRA Mark as of April 22, 2015. Ms. Bernole explains in her affidavit that her sales figures for 2010-2014 reflect only products sold exclusively under the NATIERRA brand name and that there “would likely have been” additional products sold under BrandStorm’s HIMALANIA and NATURE’S ALL FOODS brands that carried NATIERRA stickers. She then confirms that “the sales of HIMALANIA and NATURE’S ALL FOODS products in 2014 to Winners and Pusateri’s Fine Foods would have included products bearing NATIERRA stickers”. She also states that sales in 2015 of

HIMALANIA and NATURE'S ALL FOODS products to Winners, Pusateri's and The Gourmet Secrets, another Canadian retailer, were sold with packaging bearing the NATIERRA Mark as an umbrella or house Mark, reflecting completion of BrandStorm's global shift to exclusive use of the NATIERRA Mark. In addition, BrandStorm's sales records contained in Exhibit B to the Bernole affidavit reflect sales of NATIERRA products to Canadian retailers from January 2014 through and after April 2015 to Winners and Pusateri's.

[53] Finally, Naturally Splendid argues that BrandStorm itself admitted that it had not used the NATIERRA Mark in Canada before July 16, 2013 when it filed its application for registration based on proposed use of the Mark. I do not find this argument persuasive. In her affidavit, Ms. Bernole explains that BrandStorm's application to register the NATIERRA Mark based on proposed use was an error due to miscommunication or misunderstanding with its counsel. The error has since been rectified. The correction of the NATIERRA application is consistent with Exhibit H to Ms. Bernole's affidavit, a February 2019 email between BrandStorm's U.S. and Canadian counsel referencing the NATIERRA application and BrandStorm's use of the Mark in Canada since at least 2010. It is also consistent with the remainder of BrandStorm's evidence of prior use in Canada of the NATIERRA Mark. Naturally Splendid seeks to cast doubt on Ms. Bernole's evidence in its submissions. Again, Naturally Splendid chose not to cross-examine Ms. Bernole and cannot in argument allege intentional omissions from her affidavit.

[54] In summary, I find that BrandStorm has established its use in Canada of the NATIERRA Mark prior to July 16, 2013 and its non-abandonment of the Mark as of April 22, 2015. The

evidence before the Court is not perfect but it is sufficient to demonstrate BrandStorm's normal course of trade of NATIERRA products to Canadian retailers since 2010.

3. *The likelihood of confusion between the NATERA Mark and the NATIERRA Mark*

[55] Once BrandStorm has established use and non-abandonment of the NATIERRA Mark in Canada, subsection 16(3) requires an assessment of whether the NATERA Mark was confusing with the NATIERRA Mark as of July 16, 2013. If so, Naturally Splendid is not entitled to registration of the NATERA Mark.

[56] The concept of confusion between two trademarks is set out in subsection 6(2) of the Act. Essentially, the use of a trademark causes confusion with another trademark if the use of both marks in the same area "would be likely" to lead to the inference that the goods associated with the two trademarks are manufactured or sold by the same person.

[57] The test for confusion is hypothetical and is well-established in the jurisprudence. In *Clorox Company*, the Federal Court of Appeal recently cited the hurried consumer test set out by the Supreme Court of Canada in paragraph 20 of *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23:

The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the name Cliquot on the respondents' storefront or invoice, at a time when he or she has no more than an imperfect recollection of the VEUVE CLICQUOT trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks. [...]

[58] Subsection 6(5) of the Act sets out the inquiry the Court must undertake in considering a likelihood of confusion between two trademarks:

<p>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</p>	<p>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 :</p>
<p>(a) the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known;</p>	<p>a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;</p>
<p>(b) the length of time the trademarks or trade names have been in use;</p>	<p>b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;</p>
<p>(c) the nature of the goods, services or business;</p>	<p>c) le genre de produits, services ou entreprises;</p>
<p>(d) the nature of the trade; and</p>	<p>d) la nature du commerce;</p>
<p>(e) the degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them.</p>	<p>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.</p>

[59] The starting point for my consideration of the subsection 6(5) factors, and the most important of the factors, is the degree of resemblance between the NATERA and NATIERRA Marks (*Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27 at para. 49 (*Masterpiece*)). The Supreme Court stated that this factor is likely to have the greatest effect in a confusion analysis.

The Supreme Court also noted that, if two trademarks at issue do not resemble each other, it is unlikely that a strong finding on the other factors would result in a likelihood of confusion.

[60] The TMOB did not address the question of whether the NATERA and NATIERRA Marks were confusing. Before me, the parties focussed their arguments regarding confusion on the degree of resemblance between the Marks, BrandStorm's prior use in Canada of the NATIERRA Mark, and the nature of the goods/channels of trade for the goods identified in their respective applications for registration.

[61] BrandStorm emphasizes that Naturally Splendid is seeking registration of the NATERA Mark as a word mark, with no particular depiction or design element. In other words, Naturally Splendid has requested broad coverage for the word in the market. BrandStorm submits that the Court's confusion analysis must also be broadly focussed with reference to the statement of goods set forth in the Application (*Masterpiece* at paras 53-58).

Degree of resemblance

[62] I find that the NATERA Mark and NATIERRA Mark bear a striking resemblance. They both evoke the concepts of nature and the earth. They are similar visually and phonetically. In my view, the hurried consumer in a grocery store, with imperfect recollection, would not note differences in the Marks. This factor weighs heavily in BrandStorm's favour.

[63] Justice Rothstein described the phrase 'degree of resemblance' (*Masterpiece* at para 62):

[62] Resemblance is defined as the quality of being either like or similar; see *Shorter Oxford English Dictionary on Historical*

Principles (5th ed. 2002), at p. 2544, under the definition of “resemblance”. The term “degree of resemblance” in s. 6(5) (e) of the Act implies that likelihood of confusion does not arise solely from identical trade-marks. “[D]egree of resemblance” recognizes that marks with some differences may still result in likely confusion.

[64] The Marks at issue both consist of a single word: NATERA and NATIERRA. The first three letters of the Marks are identical and suggest nature and natural products. The remainder of the letters differ only slightly, ‘TERA’ and ‘TIERRA’, and suggest soil, earth or the earth. When used in connection with food and beverages, the two words speak to organic and natural products. NATERA and NATIERRA also sound similar. The fact that they consist of three and four syllables respectively does not substantially diminish their resemblance.

Inherent distinctiveness, Extent to which Marks have become Known and Length of time of use of the Marks

[65] The parties made only brief reference to the concept of inherent distinctiveness in their submissions, stating that the NATERA and NATIERRA Marks are inherently distinctive as they are invented words that convey a distinct impression of nature or natural products.

[66] In terms of acquired distinctiveness, the length of time during which a trademark has been in use is an important factor (*Mattel, Inc. v 3894207 Canada Inc.*, 2006 SCC 22 at para 77). Naturally Splendid’s application for registration of the NATERA Mark is based on proposed use and there is no evidence before me of any actual use of the NATERA Mark in Canada. In contrast, BrandStorm has established use of its NATIERRA Mark in Canada since August 2010 in respect of organic and fair trade products sold by a number of Canadian retailers.

[67] Naturally Splendid argues that BrandStorm has evidenced little use of its NATIERRA Mark by Canadian retailers. I am not persuaded as reflected in the preceding paragraphs of this judgment. BrandStorm's use of the NATIERRA Mark in Canada cannot be characterized as nominal. It has provided evidence of repeat sales beginning in 2010 to four well-known Canadian retailers, involving a significant cross-section of its NATIERRA products. The evidence suggests that the NATIERRA Mark had acquired distinctiveness for the products sold by BrandStorm in association with that Mark in the food products sector generally and the natural foods sector specifically.

[68] The scope and length of use of the NATIERRA Mark in Canada favour BrandStorm.

Nature of products and Channels of trade

[69] In their applications for registration, Naturally Splendid and BrandStorm associate their respective Marks with a broad range of natural and snack-type food, beverage products and supplements. The listing of the products differs, with the NATERA Mark proposed for use in association with a broader list of items that includes bakery items, nutritional supplements and pet food. Naturally Splendid submits that those "drastically" different sets of products would likely be sold in different sections or aisles of a grocery store, thereby minimizing the possibility a consumer would wrongly associate the NATERA goods with those bearing BrandStorm's NATIERRA Mark. I agree with Naturally Splendid that the list of items in its Application is broader than that proposed by BrandStorm and, importantly, broader than the NATIERRA products BrandStorm has demonstrated have been sold in Canada since 2010. This finding weighs in Naturally Splendid's favour. Nevertheless, in the absence of any evidence of likely

product placement from Naturally Splendid, I cannot conclude that all of its products proposed for use in connection with the NATERA Mark will likely be located in different areas of a store, should the eventual channels of trade for the parties' products overlap.

[70] Naturally Splendid argues that there is no evidence that its goods will be sold through the same channels of trade as BrandStorm's NATIERRA products. I am not persuaded by this argument.

[71] The products in association with which the NATERA Mark and NATIERRA Mark are proposed to be used or are used fall within the general category of food products and, more narrowly, natural food products. Both sets of products would typically be sold in grocery stores and retailers that carry food products, such as Winners and HomeSense. BrandStorm has demonstrated that its NATIERRA products are sold in Canadian grocery retailers and in other Canadian retailers that stock groceries. Naturally Splendid has filed no evidence of its proposed channels of trade but acknowledges that its NATERA products would be sold in grocery stores. I find that there is sufficient similarity in the nature of the parties' products to conclude that the channels and locations of trade or sale of Naturally Splendid's proposed NATERA products and BrandStorm's NATIERRA products will be substantially proximate.

Findings regarding confusion

[72] In conclusion, I find that the first impression in the mind of the hurried grocery shopper for the type of products at issue would likely be that NATERA Mark and NATIERRA Mark are very similar and that the products in question are products from the same source. The shopper

would not distinguish the Marks. The significant resemblance between the NATERA and NATIERRA Marks would likely confuse such a shopper who would not pause to examine closely the similarities and differences between the two Marks. The shopper would expect to see Naturally Splendid and BrandStorm's food products in the same type of retail establishment and in overlapping locations in the store.

[73] I conclude that there was a likelihood of confusion between the NATERA Mark and the NATIERRA Mark at the date of filing of the Application for purposes of subsection 16(3) of the Act.

4. *Was the NATERA Mark distinctive as of the date of filing of BrandStorm's opposition?*

[74] The TMOB addressed briefly BrandStorm's opposition to the Application based on paragraph 38(2)(d) and section 2 of the Act and the argument that the NATERA Mark was not distinctive as at June 8, 2015, the date BrandStorm filed its opposition to the Application. In light of the evidence before it, the TMOB concluded that the NATIERRA Mark was not "sufficiently made known in Canada as of the date of the filing of the opposition to negate the distinctiveness of the [NATERA] Mark".

[75] To establish "non-distinctiveness", BrandStorm must show that its NATIERRA Mark had become "sufficiently known" in Canada to negate the distinctiveness of the NATERA Mark (*Bojangles' International LLC v Bojangles Café Ltd.*, 2006 FC 657 at paras 33-34). A trademark is distinctive if it signifies a single source for the products it accompanies.

[76] I have found that the evidence before me establishes BrandStorm's use of the NATIERRA Mark in Canada and a likelihood of confusion as of July 16, 2013. The significant resemblance between the NATERA and NATIERRA Marks was a critical factor in my confusion analysis. Distinctiveness is assessed at a later date, June 8, 2015, by which date BrandStorm has demonstrated additional sales into Canada in the Bernole affidavit, as confirmed by the sales records in Exhibit B2. It is reasonable to conclude that the NATIERRA Mark had gained further exposure in Canada by June 2015 and that the NATERA Mark would be likely to continue to cause confusion in the minds of more Canadian consumers.

[77] The consumer with imperfect recollection would be likely to assume the same source for the NATERA and NATIERRA products. Therefore, I find that the NATERA Mark was not distinctive as of June 8, 2015.

VI. Conclusion

[78] BrandStorm's appeal of the TMOB Decision is allowed. The new evidence filed in this application, together with the evidence before the TMOB, establishes two of BrandStorm's grounds of opposition to the Application.

VII. Costs

[79] Prior to the hearing of this appeal, BrandStorm submitted a Bill of Costs reflecting a request for costs, calculated in accordance with Column III of Tariff B of the *Federal Courts Rules*, SOR/98-106, in the approximate amount of \$5,000 and disbursements of approximately \$500. At the hearing, the parties discussed the matter of costs and agreed that costs in the range

of \$4,000 to \$5,000 were reasonable. Considering the parties' submissions and the Bill of Costs, an award of \$4,500, inclusive of fees, disbursements and taxes, to BrandStorm is appropriate.

JUDGMENT IN T-1944-18

THIS COURT'S JUDGMENT is that:

1. The appeal is allowed.
2. The August 29, 2018 decision of the Trademarks Opposition Board is set aside in respect of trademark application No. 1,635,350 for NATERA.
3. The Registrar of Trademarks is directed to refuse trademark application No. 1,635,350 for NATERA pursuant to subsection 38(12) (formerly subsection 38(8)) of the *Trademarks Act*.
4. The Respondent, Naturally Splendid Enterprises Ltd., shall pay costs to the Applicant, BrandStorm, Inc., in the lump sum amount of \$4,500, inclusive of fees, disbursements and taxes.

"Elizabeth Walker"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1944-18

STYLE OF CAUSE: BRANDSTORM, INC. v NATURALLY SPLENDID ENTERPRISES LTD.

PLACE OF HEARING: HELD VIA VIDEOCONFERENCE BETWEEN TORONTO, ONTARIO, OTTAWA, ONTARIO AND VANCOUVER, BRITISH COLUMBIA

DATE OF HEARING: JULY 28, 2020

JUDGMENT AND REASONS: WALKER J.

DATED: JANUARY 22, 2021

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