

Federal Court



Cour fédérale

Date: 20100312

Docket: T-127-09

Citation: 2010 FC 283

Ottawa, Ontario, March 12, 2010

PRESENT: The Honourable Mr. Justice Near

BETWEEN:

MOLSON CANADA 2005

and

Applicant

ANHEUSER-BUSCH, INCORPORATED

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] This is an appeal, pursuant to section 56 of the *Trade-marks Act*, R.S.C. 1985, c. T-13, as amended (the *Act*), from a decision of the Trade-marks Opposition Board (the Board or T.M.O.B.), dated November 28, 2008. In the decision, the Registrar of Trade-marks rejected the opposition filed by the Applicant Molson to Trade-mark Application Serial No. 1,091,807 (the '807 application) for the trade-mark BUDWEISER in Script Label Design for use in association with beer; and clothing, namely t-shirts and hats, and drinking vessels, namely cups, mugs, glasses and steins, filed by the Respondent Anheuser-Busch.

[2] The Applicant requests a declaration that the Registrar of Trade-marks erred in rejecting Molson's opposition to the '807 application, an order reversing the decision of the Registrar of Trade-marks and refusing the '807 application, and costs. The Respondent submits the court should deny the appeal and uphold the November 28, 2008 decision, and costs.

[3] For the reasons below, the appeal is allowed in part. The Registrar of Trade-marks did not have the authority to limit the scope of protection accorded to the Opponent's mark in the present case. The '807 application is confusing with the registered mark TMDA40809 for the ware "beer". The Registrar's decision with regard to the wares "clothing, namely t-shirts and hats, and drinking vessels, namely cups, mugs, glasses and steins" was reasonable.

I. The Application in Dispute

[4] The '807 application is described by Anheuser-Busch as an "updated" version of previously registered beer labels. Anheuser-Busch filed the application on February 6, 2001, based on proposed use in Canada in association with beer; and clothing, namely t-shirts and hats, and drinking vessels, namely cups, mugs, glasses and steins ("the non-beer wares").

[5] The Respondent stated at paragraph 19 of their Memorandum of Fact and Law that the '807 application was filed on the basis of proposed use "because the label differs in minor details from versions of the label previously used and registered by Anheuser-Busch".

[6] The '807 application is reproduced below:



II. The Registered Marks

[7] There are three marks currently on the register that are directly relevant to this case. There is no explanation in the record as to how all of these very similar marks came to be registered by different registrants.

[8] First is the beer label owned by Molson, TMDA40809, the Standard Lager mark. The trade-mark was registered in 1926 by the Drewry's Limited for use in association with Standard Lager. It has passed through a chain of title to Molson and remains relatively unchanged today. The evidence on record demonstrates that Standard Lager has been continuously sold in Canada since 1926; that it is a "niche" brand that is sold almost exclusively in Manitoba, and that Molson does not support the brand with marketing dollars, special promotions, or "give aways".

[9] The Standard Lager mark is set out as such:



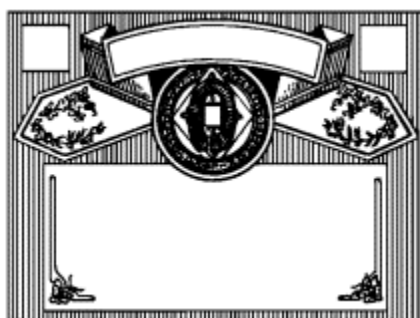
[10] Second and third are the labels owned by Anheuser-Busch, TMA172014 and TMA168703, the Budweiser Labels. These marks were registered in 1970 for use in association with beer. The registrations were made on the basis of use in Canada since at least as early as 1957 and 1903 respectively. The evidence on record demonstrates that Budweiser has used substantially the same label in Canada since the 1880's; that Anheuser-Busch owns a number of registrations for trademarks related to the '807 application; Budweiser is one of the top selling beers across Canada; it is supported by significant marketing dollars, and has an associated set of products such as clothing, beer coolers, etc.

[11] The Budweiser labels are set out thus:

TMA172014:



TMA168703:



III. The Litigation History

[12] There has been an extensive history of litigation between these parties around the three registered marks.

- A. *The Court of Appeal Decision (Carling O'Keefe Breweries of Canada Ltd. v. Anheuser-Busch Inc. (1986), 10 C.P.R. (3d) 433; 68 N.R. 226 (F.C.A.)) (the Court of Appeal decision).*

[13] In 1980, Carling O'Keefe Breweries of Canada Ltd., the then owner of the Standard Lager mark, commenced an action in Federal Court against Anheuser-Busch for infringement of the Standard Lager mark and passing-off. Carling also sought to expunge the registered Budweiser Labels.

[14] Anheuser-Busch defended the action and counterclaimed to expunge the registration for the Standard Lager mark. They sought to expunge Carling's mark on the grounds that the label had been copied from an earlier Budweiser label and therefore the registration had been wrongfully obtained.

[15] The trial judge concluded that the design features of the Standard Lager mark were not an original conception and if not actually copied from the defendant's mark, then it was at least inspired by it and created with knowledge of it (*Carling O'Keefe Breweries of Canada Ltd. v. Anheuser-Busch Inc. (1982), 68 C.P.R. (2d) 1; [1982] F.C.J. No. 1110 (F.C.T.D.), at paragraph 23*).

[16] This decision went to the Court of Appeal. The Court of Appeal reversed the trial judge on the issue of confusion and made four important findings:

- 1) The similarities between the trade marks were confusingly similar and it was impossible to conclude that they were not confusing.
- 2) That there was some type of impropriety in Drewry's obtaining the mark in 1929. The Court of Appeal held that if the mark was not actually copied, it was inspired by and designed with the knowledge of the Budweiser Label (referred to as a cloud on the registration).
- 3) Had the attack on the Standard Lager mark been timely, it should certainly have succeeded. However, Carling was able to rely on the equitable defence of laches and acquiescence, notwithstanding this "cloud" on the initial registration. The Court of Appeal held that there was no basis, in the evidence, that Drewry's conduct in obtaining the registration could be ascribed to Carling.
- 4) As a result of the laches and acquiescence of both parties, neither should be permitted to expunge the others' registrations.

[17] Therefore, while the Court of Appeal did not expressly rule that the registrations should "co exist" on the register, this is what actually happened. Both registrations remain on the register and are valid. The use of the marks was not restricted, such as by territory.

- B. *Successful Opposition by Anheuser-Busch (Anheuser-Busch, Inc. v. Molson Breweries, a Partnership (1993), 49 C.P.R. (3d) 402; [1993] T.M.O.B. No. 13 (T.M.O.B.)*

[18] In 1993, Anheuser-Busch succeeded in opposing Molson's application to register an updated version of its Standard Lager mark for use in association with beer. The opposition was allowed based on the fact that the applied for "updated" Standard Lager mark and the Budweiser marks were confusing. The Trade-mark Opposition Board (T.M.O.B.) held that they were compelled to find the marks confusing because of the previous finding of the Court of Appeal.

- C. *Unsuccessful Opposition by Molson (Molson Breweries, a Partnership v. Anheuser-Busch, Inc. (1995), 66 C.P.R. (3d) 92; [1995] T.M.O.B. No. 213 (T.M.O.B.)*

[19] In 1995, Molson was unsuccessful in opposing the attempt by Anheuser-Busch to register the Budweiser Labels for use in association with various items of merchandise, not including beer. At the hearing, Anheuser-Busch argued that it would be unfair or inequitable for the Registrar to deny Anheuser-Busch the right to register its mark, based on the previous litigation history. The Registrar rejected this argument, stating that the T.M.O.B. does not have the jurisdiction to consider the law of equity. The opposition was disallowed on other grounds.

D. *Recent Legal Action for Passing Off and Infringement*

[20] In 2002, Anheuser-Busch brought an action in Federal Court against Molson for passing off and infringement of the Budweiser labels. Anheuser-Busch determined that Molson was planning to bring its brand Standard Lager to Ontario, to be sold through the Beer Store. The action was settled by the parties.

IV. The T.M.O.B. Decision Under Appeal

[21] The '807 application was filed on February 6, 2001, and advertised on December 11, 2002. The Applicant opposed the '807 application on February 13, 2003. After a full hearing, the T.M.O.B. rejected the opposition pursuant to subsection 38(8) of the *Act* on November 28, 2008.

[22] The grounds for opposition can be summarized as follows:

- That the '807 application is not registerable as it is confusing with a registered trade-mark, namely the Standard Lager mark;
- That Anheuser-Busch is not the person entitled to the registration as it is filed under proposed use and it is confusing with a trade-mark that has been used in Canada by Molson, namely the Standard Lager mark; and

- The '807 application is not distinctive as the mark does not distinguish itself from the wares by Molson sold in association with the Standard Lager mark, namely beer.

[23] The presiding T.M.O.B. Member divided the reasons into two parts based on the wares involved. The first part of the decision was with regard to the '807 application as applied to beer and the second to the non-beer wares.

A. *Beer*

[24] In coming to her conclusion on the ware "beer", the Member relied heavily on the Court of Appeal's decision.

[25] The Member stated that in view of the fact that the parties agreed that there was a likelihood of confusion between the marks as they relate to beer, there was no requirement for her to undertake an analysis under subsection 6(5) of the *Act*. The Member determined that the issue to be determined was whether the Opponent should be allowed to rely on its Standard Lager mark at the T.M.O.B.

[26] At page 7 of the decision, the Member stated that the Applicant Budweiser was asking the Board to follow the decision of the Court of Appeal and allow it to register an updated version of the label. The Member stated "In order to do so however, I need to determine whether I have the jurisdiction to limit the scope of protection accorded to the Opponent's mark in the present case."

[27] The Member found that she had such jurisdiction. The Member determined that the Court of Appeal's decision was a full legal hearing held with respect to the same parties and almost the same marks as applied to beer. The Member then concluded that the Court of Appeal determined that the Standard Lager mark was wrongfully obtained. She relied on *Sunbeam Products Inc. v. Mister Coffee & Services Inc.* (2001), 16 C.P.R. (4th) 53; 2001 FCT 1218, for the position that the Registrar has jurisdiction to state that an opponent can't rely on unlawful use of its mark if the lawfulness issue is clear. She wrote:

In view of the Federal Court of Appeal decision, and the case law discussed above, I consider that I have the authority to limit the scope of protection accorded to the opponent's mark in the present case and allow the parties' marks to co-exist, just as the Federal Court of Appeal did. As a result, I am rejecting each of the grounds of opposition with respect to beer.

I would like to add that by limiting the scope of protection accorded to the Opponent's mark because of the unique facts of this case, I do not consider that I would be causing "grave injustice" or the "nullification of the Opponent's goodwill" as may have been the case had I been a federal court judge deciding that the Opponent's mark should be expunged. While I appreciate that one of the purposes of the Act is to provide protection to the owners of both registered and unregistered marks, in view that the Federal Court of Appeal has recently limited the scope of protection accorded to the Opponent's mark, it seems both reasonable and logical for me to do the same in the present case as it involves the same parties and almost the same marks.

[28] The Member continued by distinguishing this decision from those determined by the T.M.O.B. in *Anheuser-Busch, Inc. v. Molson Breweries, a Partnership* (1993), above, and *Molson Breweries, a Partnership v. Anheuser-Busch, Inc.* (1995), above. The Member stated that as the

issue of whether the Opponent Molson's registration should be accorded limited protection in view of the Court of Appeal decision was not raised in the 1993 decision by the T.M.O.B., the same reasoning should not apply to the current matter.

B. *The Non-Beer Wares*

[29] The Member found that there was not a reasonable likelihood of confusion between the Opponent and Applicant's marks as it is applied to clothing, namely t-shirts and hats, and drinking vessels, namely cups, mugs, glasses and steins. The Member held that the Opponent Molson had not established why the ambit of protection accorded to its Standard Lager label should include wares unrelated to alcoholic brewery beverages. She therefore rejected each of the grounds of opposition with regard to the non-beer wares.

V. Issues

[30] The Applicant argues that the Registrar erred, in fact and law, by:

- Failing to refuse the '807 application on the ground of opposition based on subsections 38(2)(b), (c), (d), 12(1)(d), 16(3)(a) of the *Act*;
- Finding that the Registrar had the jurisdiction to limit the scope of protection accorded to Molson's Standard Lager mark, permitting an application for a trade-mark in opposition in which the parties admit there is a likelihood of confusion in

respect of beer and the Federal Court of Appeal has previously ruled that the Applicant's virtually identical trade-marks are confusing with the Opponent's registered trade-mark, and finding that the opposed trade-mark was confusing with the Standard Lager mark, but nonetheless, reject the opposition based upon subsections 38(2)(b) and 12(1)(d) on the basis of a cloud on the initial registration, which could not in anyway, be ascribed to Molson;

- Limiting the benefit to Molson of the Standard Lager mark in the course of the proceedings;
- Refusing to accept the Standard Lager mark at its face value and in so doing, finding that an opposition proceeding is an appropriate forum for tacit amendments to the trade-marks register; and
- Not refusing the '807 application in view of the facts pleaded.

[31] The Respondent argues the issues in this appeal are:

- The appropriate standard of review;

- Whether Molson has shown that the Registrar erred in deciding that:
 - o When the 1986 Federal Court of Appeal decision is applied, justice dictates that the '807 application be permitted to co-exist on the Trade-marks Register with the Standard Lager mark;
 - o Based on the evidence, there is no reasonable likelihood of confusion between the Standard Lager mark and the '807 application in relation to the non-beer wares; and
 - o The opposition in relation to beer can be considered separately from the opposition in relation to the non-beer wares.

A. *The Parties' Positions*

[32] While atypical for an opposition proceeding, both parties agree that there is a likelihood of confusion between the respective marks at issue in the subject application, for use in association with beer.

[33] However, that is where the agreement ends. The Applicant Molson argues that the Member does not have the jurisdiction to limit the scope of protection accorded to Molson's registration. It is their position that by rejecting their opposition, the Member effectively ruled that the marks are not

confusing on the ground that the Member has the authority to limit the scope of protection accorded to Molson's registered trade-mark by reason of a "cloud on the title" of the initial registration.

[34] The Respondent takes the position that the Member's decision should not be disturbed.

VI. The Standard of Review

[35] Under subsection 56(1) of the *Act*, an appeal lies to the Federal Court of any decision of the Trade-mark Registrar:

Appeal

56. (1) An appeal lies to the Federal Court from any decision of the Registrar under this Act within two months from the date on which notice of the decision was dispatched by the Registrar or within such further time as the Court may allow, either before or after the expiration of the two months.

Appel

56. (1) Appel de toute décision rendue par le registraire, sous le régime de la présente loi, peut être interjeté à la Cour fédérale dans les deux mois qui suivent la date où le registraire a expédié l'avis de la décision ou dans tel délai supplémentaire accordé par le tribunal, soit avant, soit après l'expiration des deux mois.

[36] Under subsection 56(5) of the *Act*, new evidence may be filed on appeal and the Federal Court may exercise any discretion vested in the Registrar.

[37] In this case, Molson filed additional evidence consisting of the Affidavit of Marisa Hood, which included a certified copy of the particulars of Molson's registration No. TMDA40809 and

certified copies of documents from the Federal Court's registry regarding the 2002 action filed against Molson. When additional evidence is filed in the appeal that would have materially affected the Registrar's findings of fact or the exercise of discretion, the Court must decide the issue *de novo* considering all of the evidence before it (*Shell Canada Limited v. P.T. Sari Incofood Corporation*, 2008 FCA 279, 68 C.P.R. (4th) 390).

[38] In their Memorandum of Fact and Law, the Applicant stated that the documents contained in Ms. Hood's Affidavit were included simply to provide context to the dispute between the parties and that it is not their position that the additional evidence requires the Court to decide the issue *de novo*. I agree.

[39] In *Dunsmuir v. New Brunswick*, 2008 SCC 9, [2008] 1 S.C.R. 190, the Supreme Court set out two standards of review for administrative decisions: reasonableness and correctness. Reasonableness is a deferential standard and will usually result where a decision maker is interpreting its own statute or statutes closely connected to its function, with which it will have particular familiarity. A question of law that is of central importance to the legal system as a whole and outside the specialized area of expertise of the administrative decision maker will attract a correctness standard. At paragraph 59 of *Dunsmuir*, above, Justice Bastarache and Justice Lebel wrote for the majority "Administrative bodies must also be correct in their determinations of true questions of jurisdiction or vires."

[40] Recently the issue of the appropriate standard of review for tribunals' interpretation of their enabling legislation was discussed in *Canadian Federal Pilots Assn. v. Canada (Attorney General)*, 2009 FCA 223; 392 N.R. 128 at paragraphs 36-51. In *Canadian Federal Pilots Assn.*, above, Justice John Maxwell Evans stated that correctness is the appropriate standard of review for a true question of pure jurisdiction or vires, which is raised, *inter alia*, in the interpretation of a statutory provision which demarcates the authority of competing different administrative regimes. Under these circumstances, the review must be one of correctness.

[41] The Member's decision to limit the scope of the Standard Lager mark is an issue of jurisdiction. In this case, as discussed below, the Board's interpretation of its jurisdiction comes up against the jurisdiction of the Federal Court as set out in section 57 of the *Act*. Therefore, a correctness standard will be used to review the jurisdictional issue. All other issues will be reviewed on a standard of reasonableness (see *Mattel Inc. v. 3894207 Canada Inc.*, [2006] 1 S.C.R. 772, 49 C.P.R. (4th) 321, *Guido Berlucchi & C.S.r.l. v. Brouillette Kosie Prince*, 2007 FC 245, 56 C.P.R. (4th) 401). In its reasonableness analysis, the Court will be concerned with whether the decision falls within a range of possible, acceptable outcomes, as described in *Dunsmuir*, above, at paragraph 47.

VII. The Statutory Framework

[42] Subsection 38(8) of the *Trade-marks Act* sets out the authority of the Registrar at an opposition hearing. Subsection 38(8) is set out thus:

[...]	[...]
<u>Decision</u>	<u>Décision</u>
(8) After considering the evidence and representations of the opponent and the applicant, the Registrar shall refuse the application or reject the opposition and notify the parties of the decision and the reasons for the decision.	(8) Après avoir examiné la preuve et les observations des parties, le registraire repousse la demande ou rejette l'opposition et notifie aux parties sa décision ainsi que ses motifs.

[43] The Federal Court's jurisdiction with regard to striking out or amending the Trade-marks Registry is set out at section 57 of the *Act*:

<u>Exclusive jurisdiction of Federal Court</u>	<u>Jurisdiction exclusive de la Cour fédérale</u>
57. (1) The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.	57. (1) La Cour fédérale a une compétence initiale exclusive, sur demande du registraire ou de toute personne intéressée, pour ordonner qu'une inscription dans le registre soit biffée ou modifiée, parce que, à la date de cette demande, l'inscription figurant au registre n'exprime ou ne définit pas exactement les droits existants de la personne paraissant être le propriétaire inscrit de la marque.

Restriction

(2) No person is entitled to institute under this section any proceeding calling into question any decision given by the Registrar of which that person had express notice and from which he had a right to appeal.

Restriction

(2) Personne n'a le droit d'intenter, en vertu du présent article, des procédures mettant en question une décision rendue par le registraire, de laquelle cette personne avait reçu un avis formel et dont elle avait le droit d'interjeter appel.

[44] The rights given to the owner of a registered trade mark are set out in section 19:

Rights conferred by registration

19. Subject to sections 21, 32 and 67, the registration of a trade-mark in respect of any wares or services, unless shown to be invalid, gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark in respect of those wares or services.

Droits conférés par l'enregistrement

19. Sous réserve des articles 21, 32 et 67, l'enregistrement d'une marque de commerce à l'égard de marchandises ou services, sauf si son invalidité est démontrée, donne au propriétaire le droit exclusif à l'emploi de celle-ci, dans tout le Canada, en ce qui concerne ces marchandises ou services.

[45] A trade mark is registrable if it meets the following conditions set out in section 12:

When trade-mark registrable

12. (1) Subject to section 13, a trade-mark is registrable if it is not

Marque de commerce enregistrable

12. (1) Sous réserve de l'article 13, une marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :

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|--|---|
| (a) a word that is primarily merely the name or the surname of an individual who is living or has died within the preceding thirty years; | a) elle est constituée d'un mot n'étant principalement que le nom ou le nom de famille d'un particulier vivant ou qui est décédé dans les trente années précédentes; |
| (b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin; | b) qu'elle soit sous forme graphique, écrite ou sonore, elle donne une description claire ou donne une description fausse et trompeuse, en langue française ou anglaise, de la nature ou de la qualité des marchandises ou services en liaison avec lesquels elle est employée, ou à l'égard desquels on projette de l'employer, ou des conditions de leur production, ou des personnes qui les produisent, ou du lieu d'origine de ces marchandises ou services; |
| (c) the name in any language of any of the wares or services in connection with which it is used or proposed to be used; | c) elle est constituée du nom, dans une langue, de l'une des marchandises ou de l'un des services à l'égard desquels elle est employée, ou à l'égard desquels on projette de l'employer; |
| (d) confusing with a registered trade-mark; | d) elle crée de la confusion avec une marque de commerce déposée; |
| (e) a mark of which the adoption is prohibited by section 9 or 10; | e) elle est une marque dont l'article 9 ou 10 interdit l'adoption; |
| (f) a denomination the adoption of which is prohibited by section 10.1; | f) elle est une dénomination dont l'article 10.1 interdit l'adoption; |

(g) in whole or in part a protected geographical indication, where the trade-mark is to be registered in association with a wine not originating in a territory indicated by the geographical indication;

g) elle est constituée, en tout ou en partie, d'une indication géographique protégée et elle doit être enregistrée en liaison avec un vin dont le lieu d'origine ne se trouve pas sur le territoire visé par l'indication;

(h) in whole or in part a protected geographical indication, where the trade-mark is to be registered in association with a spirit not originating in a territory indicated by the geographical indication; and

h) elle est constituée, en tout ou en partie, d'une indication géographique protégée et elle doit être enregistrée en liaison avec un spiritueux dont le lieu d'origine ne se trouve pas sur le territoire visé par l'indication;

(i) subject to subsection 3(3) and paragraph 3(4)(a) of the Olympic and Paralympic Marks Act, a mark the adoption of which is prohibited by subsection 3(1) of that Act.

i) elle est une marque dont l'adoption est interdite par le paragraphe 3(1) de la Loi sur les marques olympiques et paralympiques, sous réserve du paragraphe 3(3) et de l'alinéa 3(4)a) de cette loi.

[46] A trade mark can be opposed on the grounds set out in section 38:

Statement of opposition

38. (1) Within two months after the advertisement of an application for the registration of a trade-mark, any person may, on payment of the prescribed fee, file a statement of opposition with the Registrar.

Déclaration d'opposition

38. (1) Toute personne peut, dans le délai de deux mois à compter de l'annonce de la demande, et sur paiement du droit prescrit, produire au bureau du registraire une déclaration d'opposition.

<u>Grounds</u>	<u>Motifs</u>
(2) A statement of opposition may be based on any of the following grounds:	(2) Cette opposition peut être fondée sur l'un des motifs suivants :
(a) that the application does not conform to the requirements of section 30;	a) la demande ne satisfait pas aux exigences de l'article 30;
(b) that the trade-mark is not registrable;	b) la marque de commerce n'est pas enregistrable;
(c) that the applicant is not the person entitled to registration of the trade-mark; or	c) le requérant n'est pas la personne ayant droit à l'enregistrement;
(d) that the trade-mark is not distinctive.	d) la marque de commerce n'est pas distinctive.

[47] Section 6 sets out when a trade-mark is considered confusing and the factors to be considered in a confusion analysis:

<u>When mark or name confusing</u>	<u>Quand une marque ou un nom crée de la confusion</u>
6. (1) For the purposes of this Act, a trade-mark or trade-name is confusing with another trade-mark or trade-name if the use of the first mentioned trade-mark or trade-name would cause confusion with the last mentioned trade-mark or trade-name in the manner and circumstances described in this section.	6. (1) Pour l'application de la présente loi, une marque de commerce ou un nom commercial crée de la confusion avec une autre marque de commerce ou un autre nom commercial si l'emploi de la marque de commerce ou du nom commercial en premier lieu mentionnés cause de la confusion avec la marque de

commerce ou le nom commercial en dernier lieu mentionnés, de la manière et dans les circonstances décrites au présent article.

Idem

(2) The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

Idem

(3) The use of a trade-mark causes confusion with a trade-name if the use of both the trade-mark and trade-name in the same area would be likely to lead to the inference that the wares or services associated with the trade-mark and those associated with the business carried on under the trade-name are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

Idem

(2) L'emploi d'une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l'emploi des deux marques de commerce dans la même région serait susceptible de faire conclure que les marchandises liées à ces marques de commerce sont fabriquées, vendues, données à bail ou louées, ou que les services liés à ces marques sont loués ou exécutés, par la même personne, que ces marchandises ou ces services soient ou non de la même catégorie générale.

Idem

(3) L'emploi d'une marque de commerce crée de la confusion avec un nom commercial, lorsque l'emploi des deux dans la même région serait susceptible de faire conclure que les marchandises liées à cette marque et les marchandises liées à l'entreprise poursuivie sous ce nom sont fabriquées, vendues, données à bail ou louées, ou que les services liés à cette marque et les services liés à l'entreprise poursuivie sous ce nom sont loués ou exécutés, par

la même personne, que ces marchandises ou services soient ou non de la même catégorie générale.

Idem

(4) The use of a trade-name causes confusion with a trade-mark if the use of both the trade-name and trade-mark in the same area would be likely to lead to the inference that the wares or services associated with the business carried on under the trade-name and those associated with the trade-mark are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

Idem

(4) L'emploi d'un nom commercial crée de la confusion avec une marque de commerce, lorsque l'emploi des deux dans la même région serait susceptible de faire conclure que les marchandises liées à l'entreprise poursuivie sous ce nom et les marchandises liées à cette marque sont fabriquées, vendues, données à bail ou louées, ou que les services liés à l'entreprise poursuivie sous ce nom et les services liés à cette marque sont loués ou exécutés, par la même personne, que ces marchandises ou services soient ou non de la même catégorie générale.

What to be considered

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

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

Éléments d'appréciation

(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) 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 trade-marks 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 wares, services or business;	c) le genre de marchandises, services ou entreprises;
(d) the nature of the trade; and	d) la nature du commerce;
(e) the degree of resemblance between the trade-marks or trade-names 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 dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

VIII. Analysis

[48] The trade-mark opposition process is governed by specific rules relating to entitlement. At the core of every opposition is the question: is the applicant entitled to register the trade-mark as claimed in the application? This case has very unique facts, the crux of which appears to be what rights, if any, Molson can assert with the Standard Lager trade-mark registration.

[49] The Registrar's reasons were divided, the first dealing with the '807 application as it applied to beer and the second as it applied to the non-beer wares. Ultimately, the Registrar rejected the

opposition for both beer and non-beer wares. However, for ease of reference, my reasons will mirror this division.

[50] At the hearing, the Respondent dropped any argument with regard to “bad faith” in the original registration of the Standard Lager mark, as set out in the Court of Appeal decision, being ascribed to the Applicant. I note that any “bad faith” was not ascribed to *Carling O’Keefe Breweries of Canada Ltd.*, above, by the Court of Appeal and cannot be held over to the Applicant.

A. *Application of the 1986 Court of Appeal Decision to This Matter*

[51] Prior to reviewing the Registrars jurisdiction to limit the scope of protection afforded to the Standard Lager mark, it is necessary for me to address the application of the 1986 Court of Appeal decision to this matter.

[52] In 1986, the Court of Appeal made a finding as between trade-mark registration no. 40809, dated November 16, 1926, the Standard Lager mark, and Canadian trade-mark registration no. 168,703, dated April 23, 1970, and no. 172,014, dated October 16, 1970, the Budweiser Labels. In that case, both marks were registered, and each carried the rights as set out in section 19 of the *Act*.

[53] The Standard Lager mark was not expunged and the Court of Appeal decision resulted in the three registered marks co-existing on the register as valid marks. The Court of Appeal did not

specifically limit the scope of protection that the registered marks could enjoy. Any limits that may have been placed on the Standard Lager mark in the decision were only with regard to the Budweiser Labels at issue in that matter.

[54] The Respondent states that the case at bar re-hashes the issues previously addressed by the Court of Appeal. Their position can be summed up by the heading on page 7 of their Memorandum of Fact and Law. The heading states “Prior Court Decision – Same Marks”.

[55] I disagree. In this case, the issue is the registerability of the ‘807 application, based on proposed use, in light of the Standard Lager registered mark.

[56] Through-out these proceedings, including at opposition, the ‘807 application has been referred to by the parties as an “up-to-date” or “updated” version of the Budweiser labels, those already protected as registered marks. However, using different descriptive terms cannot change the legal reality that the Respondent chose to file a new application, based on proposed use, in order to protect the new design label.

[57] The ‘807 application is an application for a unique trade-mark. An “updated” Budweiser label, as an application, cannot claim protection from any limits, if any, the Court of Appeal decision may have placed on the Standard Lager mark with regard to Canadian trade-mark registration nos. 168,703 and 172,014. While it co-exists on the register with the Budweiser Label

marks, the Standard Lager registered mark TMDA 40809 was not expunged or restricted in the Court of Appeal decision.

B. *Jurisdiction*

[58] In the decision, the Member characterized the issue as such: “whether the Opponent ought to be allowed to rely on its Standard Lager Label in this forum...I need to determine whether I have the jurisdiction to limit the scope of protection accorded to the Opponent’s mark in the present case”. The Member answered this question in the affirmative. This was an error.

[59] A trade-mark application can be filed on several grounds, such as prior or proposed use (see section 16 of the *Act*). Under subsection 38(2)(b) of the *Act*, an application for registration may be opposed on the ground that the mark is not registerable. A mark is not registerable if it is confusing with a registered trade-mark (see subsection 12(1)(d)). As set out in section 6, confusion is assessed considering all the surrounding circumstances including the enumerated factors in subsection 6(5).

[60] In an opposition proceeding the Member is limited to determining if a proposed trade-mark is or is not registerable. The Registrar is not to register a new mark if there is a confusing mark on the register. If the registration of an invalid trade-mark is interfering with the registration of a new trade-mark, the applicant can take the necessary steps to have the register corrected (see *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.*, [1968] 2 Ex.C.R. 22; 54 C.P.R. 49, rev’d on other grounds, 57 C.P.R. 1; [1969] S.C.R. 192 (S.C.C.)).

[61] In an opposition proceeding, based upon confusion with a registered mark, the validity of the opponent's registered trade-mark is not in issue. The jurisdiction of the Registrar to consider the validity of an opponents registration was discussed in *Sunshine Biscuits, Inc. v. Corporate Foods Ltd.*, 61 C.P.R. (2d) 53; [1982] F.C.J. No. 15 at paragraphs 21-27 and 44-52. At paragraphs 27 and 57, Justice Alexander Cattanach wrote:

Thus in opposition proceedings it is the possible conflict between a trade mark the registration of which is being applied for and a registered trade mark. That is the issue and not the validity of the registration of the trade mark.

[...]

As previously indicated when the confusion is alleged between a registered trade mark and the applicant for a trade mark if the owner of the registered trade mark is the opponent then the validity of the registered trade mark cannot be raised in opposition proceedings. The remedy available to the applicant lies in expungement proceedings.

[62] I understand that the issue of expungement was raised before the Court of Appeal in 1986 and that the Court declined to expunge any of the registered marks. However, the unique facts of this case cannot oust the clear language of the *Act* and previous case law as to the jurisdiction of the Registrar in opposition proceedings.

[63] Section 41 of the *Act* gives the Registrar a limited number of circumstances in which she or he can alter the register. This authority is triggered by an application by the registered owner of the trade mark and none of the circumstances apply to this case.

(1) Tacit Changes to the Registry

[64] The Registrar does not have the jurisdiction to make tacit amendments to the register.

In *Bacardi & Co. v. Havana Club Holdings S.A.*, 2004 FCA 220; 32 C.P.R. (4th) 306 (F.C.A.),

Chief Justice John D. Richard wrote at paragraph 38:

38 The current situation is analogous to that before Mr. Justice Cattanach in *Sunshine Biscuits Inc. v. Corporate Foods Ltd.* (1982), 61 C.P.R. (2d) 53 (F.C.T.D.). In that case, also in the context of an opposition proceeding, the applicant urged the Registrar to disregard the applicant's trade-mark. Cattanach J. refused, recognizing that the appellant was asking for a de facto expungement of an extant trade-mark. There, as here, the appropriate avenue for the appellants to pursue would have been expungement proceedings before the Federal Court. Regardless of how the request is framed, an opposition proceeding is not the appropriate forum for tacit or manifest amendments to the register.

[Emphasis added]

[65] In *Bacardi & Co. v. Havana Club Holding S.A.*, 2003 FC 938; 237 F.T.R. 292 (T.D.), the opponent wished to rely on its alleged ownership of a registered mark without having the ownership amended by the Federal Court. Justice Luc Martineau held that the Registrar could not do this as it would usurp the exclusive jurisdiction of the Federal Court, adding that the Registrar “cannot do in fact what he cannot do at law” (see paragraph 13).

(2) Equity

[66] During the hearing, the Respondent made several references to the fact that the Registrar's decision was, in essence, fair. At paragraph 59 in their Memorandum of Fact and Law, the Respondent stated that the Registrar "fulfilled her duty to reach a just result, rather than undertaking a merely superficial or mechanical analysis." However, the Registrar is a creature of statute and has no inherent jurisdiction (*Bacardi & Co. v. Havana Club Holding S.A.*, (T.D.), above, at paragraph 19). Section 38 delineates the Registrars powers on opposition, and they do not include any reference to equity.

(3) Jurisdiction of the Federal Court

[67] Pursuant to subsection 57(1) of the *Act*, only the Federal Court has the jurisdiction to alter the Register in the manner advocated by the Respondent and as done by the Registrar. It would be contrary to the intention of Parliament to deprive the Federal Court of this exclusive jurisdiction (see *Bacardi & Co. v. Havana Club Holdings S.A.*, (F.C.A.), above).

(4) Circumstances Where the Opponent May Be Denied the Protection or Rights of a Registered Mark

[68] The Respondent argues that there are circumstances in which the Board has the authority to limit the scope of protection to be afforded to an opponent's mark. First, the Respondent argues there is authority in two Trade Mark Opposition Board decisions: *Canadian Council of Professional*

Engineers v. Krebs Engineers, [1996] T.M.O.B. No. 93; 69 C.P.R. (3d) 267 (T.M.O.B.) and *Enterprise Car & Truck Rentals Ltd. v. Enterprise Rent-A-Car Co.*, [1998] T.M.O.B. No. 174; 87 C.P.R. (3d) 544. Second, the Respondent states that the Registrar may limit the scope of protection when there has been a determination on the issue of lawfulness.

(a) *Trade Mark Opposition Board Decisions*

[69] In *Canadian Council of Professional Engineers*, above, the owner of an official mark was precluded from relying on the mark because it failed to respond to doubts raised by the applicant that the official mark had been wrongly acquired.

[70] As set out at paragraphs 13 and 16 of the decision, the Board Member, relying on Federal Court case law, determined that when the opponent is relying on an official mark and the applicant casts doubt on the required publication provision, then the opponent must adduce evidence of use or may be precluded from relying on that official mark.

[71] The decision in *Canadian Council of Professional Engineers*, above, involved procedural rules unique to official marks that are not applicable to this case.

[72] In *Enterprise Car & Truck Rentals Ltd.*, above, the T.M.O.B. considered an opposition with regard to car and truck leasing and automotive services. Subsequent to the commencement of proceedings, the Applicant obtained an injunction from the Federal Court permanently enjoining the

opponent from using the trade-mark at issue. The Board member determined that the injunction was an additional surrounding circumstance that precluded the opponent from relying on its previously filed application.

[73] In *Enterprise Car & Truck Rentals Ltd.*, above, the Board Member considered the lawfully obtained injunction as part of the surrounding circumstances in a section 6 analysis. The Member did not use the injunction as a basis to disregard the opponents mark.

(b) *Lawfulness*

[74] Based on case law from this Court, an opponent may be denied the benefit of its prior use of a confusingly similar mark when such use by the opponent has already been determined by a court of competent jurisdiction to be unlawful or is otherwise clearly unlawful (see *Sunbeam Products, Inc. v. Mister Coffee & Services Inc.*, 2001 FCT 1218; 16 C.P.R. (4th) 53). The Registrar only has the jurisdiction to state that the opponent cannot rely upon its use of the trade-mark if the lawfulness of the opponent's use is clear.

[75] This issue was discussed by Justice Michael Kelen in *Sunbeam Products, Inc.*, above. At paragraphs 17, 18 and 23, Justice Kelen set out the conditions when the registrar has the jurisdiction to deny an opponent the right to rely on its registered mark (emphasis added):

17 The applicant submits that the Registrar did have the jurisdiction to find that the respondent's use of the trade-name MISTER COFFEE was unlawful. The applicant relies upon *McCabe v. Yamamoto & Co. (America) Inc.* (1989), 23 C.P.R. (3d) 498

(F.C.T.D.) and Lunettes Cartier Ltée v. Cartier , Inc. (1991), 36 C.P.R. (3d) 391 (T.M.O.B.) where the Registrar did find unlawful the use of a trade-mark by an opponent in an opposition proceeding. In McCabe, the Federal Court had evidence of a finding by a U.S. Court that the respondent's use of the trade-mark was an infringement of the appellant's rights. In the Lunettes Cartier case, the Opposition Board had evidence that the respondent was subject to an injunction from the Federal Court enjoining the respondent's use of the trade-marks, the same trade-marks which the respondent was relying upon in support of its opposition.

18 In the case at bar, there is not clear evidence that the use of the trade-mark MISTER COFFEE by the respondent is unlawful. This question requires a proper hearing. The fact that the applicant has not sought an interlocutory injunction or taken legal action prior to 1995, raise questions which need answers in an appropriate legal forum. The Registrar, in the course of opposition proceedings under s. 38 of the Trade-marks Act, does not have the jurisdiction to conduct a full hearing with viva voce evidence to determine the lawfulness of the respondent's use of the trade-mark. If the lawfulness issue was clear, then the Registrar has the jurisdiction to state that the respondent cannot rely upon its use of the trade mark because its use is not lawful. In the case at bar, the Registrar cannot come to that clear conclusion in this opposition proceeding.

[...]

23 The respondent's use of the name MISTER COFFEE commenced in association with services, but evolved to include wares in association with coffee. The applicant's use of the name MR. COFFEE has always been in association with wares, viz. coffee-makers and coffee decanters, but the applicant now seeks to extend the trade-mark to other wares, viz. coffee and cleaning compositions. The applicant and the respondent have both evolved and grown to the point where their businesses are colliding. Accordingly, their respective use of the trade-mark MR. COFFEE and trade-name MISTER COFFEE requires a full legal hearing and determination of the parties' respective rights.

[Emphasis added]

[76] The Respondent argues that in the present case there was a full legal hearing and determination of the parties' prospective rights at the 1986 Court of Appeal hearing.

[77] In this case, the Member could not rely on the decision of the Court of Appeal in 1986 to ground the decision that the lawfulness issue is clear. At page 9 of the decision, the Member stated that, as the Court of Appeal had already limited the scope of protection accorded to the Standard Lager mark, "it seems both reasonable and logical for me to do the same in the present case since it involves the same parties and almost the same marks." As discussed above, that was not the issue facing the Board. The issue at the opposition proceedings was the registerability of the '807 application, based on proposed use, in light of a valid registration, the Standard Lager mark. They were not "almost the same marks".

[78] The Court of Appeal did not find that the Standard Lager mark was unlawful, finding in fact that the Standard Lager registration was not a nullity (see *Carling O'Keefe Breweries of Canada Ltd. v. Anheuser-Busch Inc.* (1986), above, paragraph 33). As discussed above, the Court of Appeal decision, and any limit or restriction place on the Standard Lager mark, was only *visa-vie* the Budweiser registrations, not the '807 application.

[79] By stating that the Applicant could not rely on its Standard Lager registration at the opposition hearing, the Registrar amended the registry by denying the Applicant full enjoyment of its valid registration set out in section 19 of the *Act*. The Registrar does not have such jurisdiction.

(5) Other Considerations

[80] At the hearing and in their Memorandum of Fact and Law, the Respondent emphasized the commercial elements of this case. For example, in their Memorandum of Fact and Law, at paragraphs 83 and 84, the Respondent argued that it would be “patently unconscionable” for Molson to be permitted to rely on its use and registration of the Standard Lager mark to prevent Anheuser-Busch from registering the ‘807 application. They take the position that this is especially so where Anheuser-Busch’s mark was used in Canada well before a copied version was wrongfully registered by Molson’s predecessor Drewry’s, and where Anheuser-Busch’s mark has been used extensively throughout Canada ever since. They state that “Molson’s success in such an attempt would bring the administration of justice into disrepute.”

[81] They also argue that the position is untenable given the extensive advertising, sales, and collateral mechanizing bearing Anheuser-Busch’s Budweiser label, compared to Molson’s more limited use of the Standard Lager mark.

[82] These arguments are based in the commercial realities of the Applicant and Respondent. Such commercial realities require commercial solutions, of which this Court, in this matter, cannot grant. In *Kayser-Roth Canada (1969) Ltd. v. Fascination Lingerie Inc.*, [1971] F.C. 84; 3 C.P.R. (2d) 27 (T.D.), Justice Simon Noël was faced with a trade-mark matter, the outcome of which could have grave commercial implications to one of the parties. Justice Noël stated at paragraphs 17-18:

17 [...] We are indeed dealing here with a statue and, therefore, the only recourses available are those prescribed by the Act [...]

18 The defendant had the burden of establishing that it had a right to take advantage of s. 21(1) and, unfortunately, it has not been able to do so. I have no alternative, under the circumstances, but to reject defendant's defence as the latter, for reasons which I do not have to appreciate, decided not to attack the validity of the registration of the plaintiff's trade mark. I really have no choice. I do so, however, with regret, as the judgment rendered in this case will surely affect the activities of the defendant and require it to cease using the trade mark Fascination.

C. *Is the '807 Application Confusing with the Standard Lager Mark As It Applies to Beer?*

[83] The Respondent argues that the Applicant relies on the Federal Court of Appeal's decision by stating that it is binding on the Registrar as to the issue of confusion. I agree with the Respondent that the Court of Appeal decision is not so binding. Therefore, the Court must undertake a confusion analysis based on section 6 of the *Act*, having regard to all the surrounding circumstances, including those set out in subsection 6(5) (see above).

[84] I note that the factors listed in subsection 6(5) do not necessarily require equal weight, but should be accorded the appropriate weight considering the facts of this case (see *Mattel Inc. v. 3894207 Canada Inc.*, above). As set out in *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, [2006] 1 S.C.R. 824; 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 (see paragraph 20).

[85] In considering the factors as set out in subsection 6(5), I find that factor (a) weighs in the Respondent's favour as the brand and label for their Budweiser beer has become known to Canadians to a greater extent than the Standard Lager brand and label. Factor (b) is heavily weighted for the Applicant as the updated Budweiser label is based on proposed use. Factors (c) and (d) weigh in the Applicant's favour as both labels are for use with beer and the goods move in the same channels of trade and distribution. In this case, factor (e) is weighted in the Applicant's favour as there is a high degree of resemblance between the Standard Lager mark and '807 application based on the design features used in both marks.

[86] In this case, I also will also consider two heavily weighted surrounding circumstances: (1) the fact that the Federal Court of Appeal found two similar marks confusing and (2) that in their Memorandums of Fact and Law both the Applicant and Respondent stated that the Standard Lager mark and the '807 application were confusing.

[87] Based on a confusion analysis as set out in section 6 of the *Act*, I find that the '807 application is confusing with TMDA40809, the Standard Lager mark.

D. *Is the '807 Application Confusing as it Applies to the Non-Beer Wares*

[88] In pages 10 to 14 of the decision, the Member considered the '807 application as it applied to the non-beer wares, namely clothing, namely t-shirts and hats, and drinking vessels, namely cups, mugs, glasses and steins. This aspect of the decision will be reviewed on a reasonableness standard.

[89] The Applicant argues that since the non-beer wares are intended to promote Anheuser-Busch's Budweiser brand of beer it should follow that there is a likelihood of confusion if the mark is displayed on non-beer items such as clothing and glassware, and promotional products. The Respondent states that there is no basis to overturn the Registrar's decision on the non-beer wares and the decision was reasonable.

[90] The Registrar considered all of the factors set out in subsection 6(5) of the *Act*, as well as the significant reputation and extent that the Budweiser label and its main constituent elements; and evidence of merchandising activities in association with the Standard Lager and Budweiser labels. The Registrar determined, on a balance of probabilities, there was not a reasonable likelihood of confusion between the Standard Lager mark and the '807 application as it applied to the non-beer wares and rejected the opposition.

[91] The Registrar's decision was reasonable.

E. *Propriety of the Decision*

[92] The Applicant argues extensively that subsection 38(8) of the *Act* provides that after considering the evidence and representations of the Opponent and the Applicant, that the Registrar shall refuse the application or reject the opposition and that there is no provision for the issuance of a split decision.

[93] In this case, the Registrar did not issue a split decision. The Registrar rejected the opposition. While the reasons were divided into beer and non-beer wares, the decision was not split. Therefore, it is not necessary for me to consider this argument.

JUDGMENT

THIS COURT ORDERS AND ADJUDGES that:

1. The appeal of the Register of Trade-marks decision in relation to the ware “beer” is allowed.
The Applicant’s opposition to the registration of the ‘807 application in relation to the ware “beer” is allowed.

2. The appeal of the Register of Trade-marks decision in relation to the non-beer wares is dismissed. Therefore, the Applicant’s opposition to the registration of the ‘807 application in relation to the non-beer wares is rejected.

3. Due to the divided success in this matter there is no order as to costs.

“ D. G. Near ”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-127-09

STYLE OF CAUSE: MOLSON CANADA 2005
v.
ANHEUSER-BUSCH, INCORPORATED

PLACE OF HEARING: OTTAWA

DATE OF HEARING: DECEMBER 9, 2009

**REASONS FOR JUDGMENT
AND JUDGMENT BY:** NEAR J.

DATED: MARCH 12, 2010

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