

Federal Court



Cour fédérale

**Date: 20120628**

**Docket: T-157-11**

**Citation: 2012 FC 824**

**Ottawa, Ontario, June 28, 2012**

**PRESENT: The Honourable Mr. Justice Harrington**

**BETWEEN:**

**REYNOLDS CONSUMER PRODUCTS, INC.**

**Applicant**

**and**

**P.R.S. MEDITERRANEAN LTD.**

**Respondent**

**REASONS FOR ORDER AND ORDER**

***“Oh! what a tangled web we weave. When first we practice to deceive!”***

**Sir Walter Scott (1808)**

[1] The applicant is the registrant in Canada of the word trade-mark **GEOWEB** for use in association with “[r]oad base and ground support plastic webbing sheets for building roads and preventing erosion of roads”. Later on, the Canadian Intellectual Property Office registered the respondent’s trade-mark **NEOWEB** for use in association with the same sort of wares.

[2] This is an application under section 57 of the *Trade-Marks Act* for an order that the **NEOWEB** entry in the Trade-Marks Register be struck out on the ground that “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”, namely the respondent, P.R.S. Mediterranean Ltd., hereinafter P.R.S.

[3] According to the American applicant, to whom I shall refer as Presto (the firm name and style under which it markets **GEOWEB**), the Israeli respondent, P.R.S., which was once its distributor and now its competitor, deliberately chose the mark **NEOWEB** to create confusion in the marketplace, and has engaged in false and deceptive advertising directly and through its licensees so as to create the impression that its product, **NEOWEB**, was once known as **GEOWEB**. Bad faith is alleged.

### **THE FACTS**

[4] The parties are engaged in the manufacture of cellular confinement systems, often called geocells. According to an article from Wikipedia, which is given some credence as it was attached to the affidavit of Gary Bach, Presto’s long-term business unit manager, these systems are widely used for erosion control, soil stabilization on both flat ground and steep slopes, and structural enforcement for load support and earth retention. Typically, they are made from ultrasonically-welded high-density polyethylene or alloy strips which are expanded on site to form a honeycomb-like structure which may be filled with sand, soil or other material. Original research and

development began with the United States Army Corps of Engineers, which was testing the feasibility of constructing tactical bridge approach roads over soft ground.

[5] Presto registered its word-mark **GEOWEB** in Canada in January 2001, claiming it had been used here since at least August 1993. **GEOWEB** had been registered in the United States in July 1985. P.R.S. acted as a licensee and distributor of **GEOWEB** products for a five-year period starting in 1996. The parties had a falling out which led to litigation which was resolved. Part of the settlement was that the licensing agreement was extended through 2006. Neither party has seen fit to provide a copy of the licensing agreement as it originally was, or as amended; to state where the litigation took place, or even to say whether or not P.R.S. was a licensee, exclusive or otherwise, in Canada.

[6] Be that as it may, P.R.S. began to compete. Its geocells are intended to be used in road base and ground support applications such as highways and railways, as well as erosion control and slope stabilization. Its application for the word trade-mark **NEOWEB** was filed in Canada in August 2007 and was registered in October 2010. Although the description of its wares is wordier than that of **GEOWEB**, it really comes to the same thing: three-dimensional polymeric webs for soil and earth stabilization and cellular confinement systems.

[7] Although P.R.S.' product may have improved over time, originally it was practically identical to Presto's.

[8] Presto makes much of the fact that some of P.R.S.' promotional literature appears to have been taken word by word from Presto's, that some of its material or that of its licensees identifies **NEOWEB** as formally being **GEOWEB** and that its website was also designed to confuse.

[9] Before turning to the substance of this application, it is important to keep in mind what this is not. It is not a passing-off action under section 7 of the Act, nor a trade-mark infringement case. Perhaps the respondent intended to deceive; perhaps it did not. Its intention is irrelevant. The issue is whether there is likelihood of confusion, not whether the respondent intended to confuse. As the Federal Court of Appeal stated in *Toyota Jidosha Kabushiki Kaisha v Lexus Food Inc (CA)*, [2001] 2 FC 15 at paragraph 11, 264 NR 158: "There is no doctrine of *mens rea* in the field of trade-marks."

[10] On the other hand, the respondent submits that there has been little or no use of the **GEOWEB** trade-mark in Canada. That fact, if established, is somewhat irrelevant, in that this is not an application under section 45 of the Act in which the registered owner is required to prove use, or lose registration.

[11] The respondent also submits that its product is better. That may, or may not, be so but for the reasons that follow the quality of its product, as compared to Presto's, has no bearing in the context of this case. This case deals with the likelihood of confusion in the marketplace, no more, no less.

## THE LITIGATION

[12] On 4 February 2011, Presto filed a notice of application seeking an order under section 57 of the Act striking out the **NEOWEB** registration on the grounds that it did not "...accurately express or define the existing rights of the person appearing to be the registered owner of the mark."

[13] There are three dates which must be kept in mind:

- a. February 2007: the claimed first date use of **NEOWEB** in Canada. Presto asserts that pursuant to sections 16 and 18 of the Act, the respondent was not entitled to registration as **NEOWEB** was then confusing with **GEOWEB**, which had already been used in Canada;
- b. 25 October 2010: the date the **NEOWEB** trade-mark was registered, as it was confusing with the trade-mark **GEOWEB** which had already been registered (section 18(1)(a) of the Act); and
- c. 4 February 2011: the date of these proceedings because as of that date, the trade-mark was not distinctive within the meaning of sections 2 and 18(1)(b) of the Act.

[14] Although there is some evidence of use of the **NEOWEB** trade-mark in Canada between 2007 and 2011, I consider such evidence to be marginal and of little value when it comes to determining whether or not the **NEOWEB** trade-mark is confusing with the **GEOWEB** trade-mark,

within the meaning of section 6 of the Act. No distinction is to be drawn, in this case, between 2007 and 2011.

[15] The issue is whether, in accordance with section 6 of the Act, the use of both trade-marks would likely lead to the inference that the wares or services associated therewith were manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services of the same general class. In this instance, the wares are of the same general class.

[16] What is to be considered is set out in section 6(5) of the Act:

- |   |   |
|---|---|
| (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 | (5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris : |
| (a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;  | a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;  |
| (b) the length of time the 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  | e) le degré de ressemblance entre les marques de  |

trade-names in appearance or sound or in the ideas suggested by them.	commerce ou les noms commerciaux dans la présentation ou le son, ou dans les idées qu'ils suggèrent.
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[17] We are guided by three recent decisions of the Supreme Court of Canada, which remind us that the traditional role of trade-marks is to differentiate the wares of one from the wares of another: *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22, [2006] 1 SCR 772; *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 SCR 824; and *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27, [2011] 2 SCR 387.

[18] With respect to confusion, in *Masterpiece* Mr. Justice Rothstein stated at paragraph 40:

At the outset of this confusion analysis, it is useful to bear in mind the test for confusion under the *Trade-marks Act*. In *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 S.C.R. 824, Binnie J. restated the traditional approach, at para. 20, in the following words:

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 [mark], at a time when he or she has no more than an imperfect recollection of the [prior] 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.

Binnie J. referred with approval to the words of Pigeon J. in *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.*, [1969] S.C.R. 192, at p. 202, to contrast with what is not to be done — a careful examination of competing marks or a side by side comparison.

[19] These cases warn us that a balance must be struck taking into account the consumer who may be interested in the wares in question, and the quality of the wares themselves. The balance to

be struck is akin to the “virtue is a mean” philosophy of Aristotle, Thomas Aquinas and John Locke or, if you prefer, Goldilocks’ porridge which was neither too hot nor too cold. As stated in *Mattel* at paragraphs 56 through 58, we should not approach confusion from the point of view of a careful and diligent purchaser, nor the “moron in a hurry”. We owe the average consumer a certain amount of credit, and realize that he or she does not approach every purchase with the same degree of attention. More care will be taken when buying a car than a tube of toothpaste.

[20] At paragraph 67 of *Masterpiece*, Mr. Justice Rothstein confirmed that although consumers in the market for expensive goods may be less likely to be confused, the test is still one of “first impression”. He continued at paragraph 70:

The focus of this question is the attitude of a consumer in the marketplace. Properly framed, consideration of the nature of the wares, services or business should take into account that there may be a lesser likelihood of trade-mark confusion where consumers are in the market for expensive or important wares or services. The reduced likelihood of confusion is still premised on the first impression of consumers *when they encounter* the marks in question. Where they are shopping for expensive wares or services, a consumer, while still having an imperfect recollection of a prior trade-mark, is likely to be somewhat more alert and aware of the trade-mark associated with the wares or services they are examining and its similarity or difference with that of the prior trade-mark. A trade-mark, as Binnie J. observed in *Mattel*, is a shortcut for consumers. That observation applies whether they are shopping for more or less expensive wares or services.

[21] Turning now to section 6(5) of the Act, I consider it safe to eliminate subsections (b), (c) and (d).

[22] Apart from the claim in the **GEOWEB** application, taking that claim at its face value, there has been no evidence of further use in Canada. Mr. Erez, P.R.S.’ Chairman, testified that his

company had never sold a **GEOWEB** product here. However, as aforesaid, it is not clear that it was licensed to sell **GEOWEB** products in Canada, or, if it was, whether it was a sole distributor. There is some evidence of the use of the **NEOWEB** trade-mark. There was one shipment of **NEOWEB** product, attendances at trade shows and the like. At best, **NEOWEB** has a slight edge.

[23] Both companies are engaged in the same wares, business and trade. P.R.S. claims the latest version of its product is better, but there is no evidence that it is appealing to a different, more sophisticated market or that its product is more expensive.

[24] In my opinion, the test for confusion, in this case, is to be found in the surrounding circumstances, including subsections 5(a) and 5(e). In subsection 5(a), I limit myself to “the inherent distinctiveness of the trade-marks...” as I am not satisfied that it has been established that either **GEOWEB** or **NEOWEB** is better known than the other.

### **DISTINCTIVENESS AND RESEMBLANCE**

[25] In terms of inherent distinctiveness, and resemblance, both **GEOWEB** and **NEOWEB** are single words composed of a prefix and a suffix. Both have the same suffix “web”. The only difference in the three letter prefix is that one begins with a “G” and the other with an “N”

[26] It is common ground that “geo...” relates to the earth. Indeed, according to the Canadian Oxford dictionary it comes from the Greek word meaning “earth”. It is also common ground that “neo...” means new, also from the Greek. “Web” can be used in a number of contexts. It is defined

as a network of fine threads constructed by a spider to catch its prey. It may also be a network, such as the World Wide Web, or a trap as in “web of deceit”.

[27] Neither is a computer made-up word, such as Exxon, and as marks cannot be considered as particularly strong as they may be used in many contexts.

[28] I consider neither trade-mark to be inherently distinctive. As both have the same suffix, we must look to the prefix. However, as aforesaid neither prefix is particularly distinctive when joined with “web”. As Mr. Justice Cattanach noted in *Conde Nast Publications Inc v Union des éditions modernes* (1979), 46 CPR (2d) 183 at paragraph 34, [1979] 3 ACWS 320: “It is axiomatic that the first word or the first syllable in a trade mark is far the more important for the purpose of distinction”. See also *Ratiopharm Inc v Laboratoires Riva Inc*, 2006 FC 889, 297 FTR 219.

[29] The parties also produced evidence that both “geo” and “web” are used by others in the same industry. In my opinion, a case cannot be made out that a consumer in the market for **GEOWEB** wares would think that **NEOWEB** wares would come from the same source. The case of *Kellogg Salada Canada Inc v Canada (Registrar of Trade Marks) (CA)*, [1992] 3 FC 442, 43 CPR (3d) 349, dealt with an opposition to the trade-mark “Nutri-Vite” for use in association with cereal and vegetable dry food products to be used as breakfast and snack foods. The opponents relied on their registration for Nutri-Max and Nutri-Fibre for health food products. Speaking for the Federal Court of Appeal, Mr. Justice Stone said at page 455:

The presence of a common element in trade marks has been held to have an important bearing on the issue of confusion for, as was stated by the Comptroller General in *Re Harrods Ltd.*, *supra*, at p. 70:

Now it is a well recognized principle, that has to be taken into account in considering the possibility of confusion arising between only two trade marks, that, where those two trade marks contain a common element which is also contained in a number of other trade marks in use in the same market, such a common occurrence in the market tends to cause purchasers to pay more attention to the other features of the respective marks and to distinguish between them by those other features.

He went on to add at page 456:

[...] I think it may be inferred that consumers of these products are accustomed to making fine distinctions between the various ‘Nutri’ trade marks in the market-place, by paying more attention to any small differences between marks. I accept the appellant's contention that the respondent's marks are weak because they incorporated a word that is commonly used in the trade.

[30] It is my opinion that the trade-marks are distinctive and do not so resemble each other that their use would be likely to lead to the inference that **GEOWEB** and **NEOWEB** products are manufactured or sold by the same person. This leads us to other surrounding circumstances. Confusion for the purposes of this application is defined in section 2 of the Act as meaning “[t]he use of which would cause confusion...” It is not the use of the trade-mark **NEOWEB** that might cause confusion, rather it is the advertising associated therewith. Whatever the remedy may be, it is not the striking out of the trade-mark pursuant to section 57 of the Act.

### **SURROUNDING CIRCUMSTANCES**

[31] The following surrounding circumstances have been alleged by one party or the other:

- a. misleading marketing practices on the part of P.R.S.;

- b. actual confusion;
- c. treatment of the trade-marks in other jurisdictions;
- d. family of marks; and
- e. the opinion of the trade-marks examiner.

**a. Marketing**

[32] As mentioned above, it may well be that P.R.S. has endeavoured to ride the coattails of such goodwill, if any, that Presto may have with respect with **GEOWEB** trade-mark. However, the remedy is not to have the **NEOWEB** trade-mark struck out. As I suggested during the hearing, if P.R.S.' trade-mark was something like "roadnet", there would be no possibility whatsoever of confusion. However there could well be confusion if in advertisements P.R.S. described "roadbed" as "formerly geoweb".

**b. Actual confusion**

[33] Presto alleges a single instance of actual confusion. Mr. Erez, P.R.S.' Chairman, testified on cross-examination that no confusion came to his attention. His inquiries, however, were inadequate.

[34] The one instance of alleged actual confusion is to be found in an email from an unnamed company in an unnamed jurisdiction. It reads:

We are a company which is doing well in the ground and infrastructure stabilization.

We are familiar with NeoWeb from PRS, and we assumed that neoweb was the next generation Geocell material, based on GeoWeb.

Can you clarify this to me?

- Is there a relation between PRS and Presto;
- Difference between Geoweb and Neoweb;

[35] I am not satisfied that one instance of possible confusion from an unnamed party in an unnamed jurisdiction in January 2010 constitutes confusion. The email is attached to an affidavit of Patricia Stelter, Presto's manager of marketing and business administration. She states that the email emanates from a Presto customer, but there is nothing in the email itself to state that that is so.

**c. Other Jurisdictions**

[36] P.R.S. led evidence that the **GEOWEB** and **NEOWEB** trade-marks are both registered in three other jurisdictions. A trade-mark search was done of 31 different jurisdictions. It established that both marks are registered in Australia, Japan and South Korea. However, no evidence has been led as to the trade-mark law in those countries.

[37] Presto has provided a decision of the *Office for Harmonization in the Internal Market (Trade Marks and Design) – Opposition Division*, Opposition No B 1 302 530, dated 27 February 2012. This was an opposition based on the registration of **GEOWEB** in the Benelux countries, Czech Republic, Greece, Hungary, Ireland, Italy, Poland, Slovakia, Denmark, France, Germany, Spain and the United Kingdom.

[38] The test of likelihood of confusion as set out in the decision is somewhat similar to section 6(5) of our Act. The decision deals with language used in various jurisdictions and concluded that the opposition was partially well-founded on the basis of Presto's **GEOWEB**.

[39] The key paragraph in the decision is as follows, at pages 13-14:

The goods are partly identical, partly similar and partly dissimilar. The distinctiveness of the earlier marks, as a whole, is normal and the signs have the same length and vowel sequence, differing only in their first respective letters. Moreover the marks are composed of visually and aurally similar prefixes (GEO and NEO) followed by the same term (WEB). Thus, notwithstanding the different situations of the prefixes, the overall impression of the signs is very similar, irrespective of the fact that part of the public may understand the suffix WEB as allusive to the shape of the goods. The relevant public (professionals in the construction industry) may, in spite of the higher degree of attention, either directly confuse the marks or even consider that the goods bearing the contested mark are a new, improved product line of the opponent.

[40] Apparently this decision is in appeal.

[41] In any event, although interesting, the reasoning does not accord with that of the case law I have cited in terms of uniqueness of the words, the importance of the first syllable and attentiveness to small differences when it comes to weak trade-marks.

#### **d. Family of Marks**

[42] Presto has another "...WEB" trade-mark, **AGRIWEB**, a name to pitch its product to the agricultural community. P.R.S. has **NEOLOY** for use in road building and the like. Allegedly, the material is better than that used in the first generation **NEOWEB**.

[43] However, neither is in position to claim exclusivity to “geo” or “neo” in conjunction with “web”. Although dealing with different sections of the Act, the Federal Court of Appeal held in the *Glenora Distillers International Ltd v The Scotch Whisky Association*, 2009 FCA 16, [2010] 1 FCR 195, that the Association could not lay claim to “Glen” in association with scotch whisky.

**e. Position of the Trade-Marks Examiner**

[44] Pursuant to section 37 of the Act, trade-mark examiners act on behalf of the Registrar of Trade-Marks. The examiner raised the issue of confusion at the time the application to register the **NEOWEB** mark was made, but then determined there was no confusion. The *Masterpiece* decision teaches us that even in cases such as this, which is neither an appeal nor a judicial review of a decision on behalf of the Registrar, that decision is a relevant surrounding circumstance under section 6(5). Mr. Justice Rothstein said at para 112:

Despite the fact that the trial judge noted the rejection of Masterpiece Inc.’s applications at the outset of his reasons, there is no indication that this evidence was taken into account in his confusion analysis. It is true that the trial judge was not conducting an appeal or judicial review of the reasonableness of the decision of the Registrar, owed no deference to the Registrar’s decision and was certainly not bound by it. However, as a relevant surrounding circumstance under s. 6(5), I am of the opinion that the trial judge should have acknowledged the Registrar’s finding, which was diametrically opposite to his conclusion, in weighing the evidence before him. The Registrar’s decision supports a finding of likelihood of confusion between Alavida’s trade-mark and Masterpiece Inc.’s trade-name, and thus the “Masterpiece the Art of Living” trade-mark.

[45] Given the expertise of trade-mark examiners, this is clearly a factor which favours P.R.S.

## CONCLUSION

[46] Having reviewed the evidence and the written and oral submissions of the parties, in my opinion the use of the **GEOWEB** and **NEOWEB** trade-marks in Canada would not likely lead to the inference that the wares associated with the marks were manufactured or sold by the same person.

**ORDER**

**FOR REASONS GIVEN;**

**THIS COURT ORDERS that**

1. The application for judicial review is dismissed.
2. The whole with costs.

“Sean Harrington”

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Judge

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-157-11

**STYLE OF CAUSE:** REYNOLDS CONSUMER PRODUCTS, INC v  
P.R.S. MEDITERRANEAN LTD

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** JUNE 12, 2012

**REASONS FOR ORDER  
AND ORDER:** HARRINGTON J.

**DATED:** JUNE 28, 2012

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