

Federal Court



Cour fédérale

**Date: 20130319**

**Docket: T-1001-12**

**Citation: 2013 FC 285**

**Ottawa, Ontario, March 19, 2013**

**PRESENT: The Honourable Mr. Justice O'Keefe**

**BETWEEN:**

**INTERNATIONAL CLOTHIERS INC.**

**Applicant**

**and**

**DORNA SPORTS, S.L.**

**Respondent**

**REASONS FOR JUDGMENT AND JUDGMENT**

[1] This is an appeal from a decision of the Trade-marks Opposition Board (the Board) dated March 6, 2012, rejecting International Clothiers Inc.'s (the applicant) opposition to the trade-mark "MOTOGP" and its design (the mark).

[2] The applicant seeks an order granting the appeal, setting aside the decision of the Board and refusing trade-mark application serial no. 1,328,691. The applicant seeks costs.

## **Background**

[3] The applicant holds and uses the trade-marks MOTO, MOTO JEANS, MOTO SPORT, MOTO GEAR, and MOTO TECHGEAR in association with clothing.

[4] On December 18, 2006, the respondent filed an application to register the mark on the basis of proposed use in Canada in association with clothing and other wares.

## **The Decision**

[5] The Board's reasons, cited as 2012 TMOB 43, begin by describing the application and summarizing the applicant's grounds of opposition, which dealt with conflicts between the applicant's and respondent's marks. Each side submitted written arguments supported by affidavits and presented oral arguments at a hearing.

[6] The Board identified the onus as resting on the respondent to establish on a balance of probabilities that its registration complies with the *Trade-marks Act*, RSC 1985, c T-13 (the Act) but that the applicant had an initial evidentiary burden to support its grounds of opposition.

[7] On the paragraph 12(1)(d) opposition, confusion between the proposed mark and the applicant's trade-marks, the Board found the applicant had met its initial evidentiary burden, but dismissed the ground summarily as it related to non-clothing wares since the applicant had made no submissions on that point.

[8] On the point of clothing wares, the Board, in considering paragraph 6(5)(a) of the Act, noted the parties' marks shared the word "MOTO" and the evidence that the term was associated with motorcycles. The Board found that the suffix "gp", along with design and colour features, made the mark distinctive from the applicant's marks. In evaluating whether the mark had become known in Canada through promotion or use, the Board noted the evidence from the respondent's affiant she was able to purchase a t-shirt displaying the mark from a Canadian website, but that this evidence did not reflect association between the respondent and the mark. The Board concluded the mark had not become known to any extent in Canada.

[9] The applicant's evidence was that it had been using various marks with the word MOTO in association with clothing since 1997. The Board accepted that the applicant had been selling such clothing in association with its marks, but was unable to further determine the extent to which the applicant's marks became known due to the lack of sales figures or invoices to end consumers in Canada. The Board applied the same analysis to its consideration under paragraph 6(5)(b) of the Act.

[10] Under paragraphs 6(5)(c) and 6(5)(d) of the Act, the Board found that it was conceivable the parties' clothing would travel through the same channels of trade.

[11] Under paragraph 6(5)(e), the Board found the design elements, colour and the suffix "gp" to be the most striking and unique elements of the mark. Although he agreed with the applicant that the parties' marks share similarities in sound, appearance and idea, he found there were significant differences based on the design and colour elements and the suffix.

[12] On additional surrounding circumstances, the Board considered evidence from the register of trade-marks. The Board found that the 17 relevant marks including the word MOTO in association with clothing, headwear and footwear were sufficient for him to draw an inference that at least some of those marks were in use in the Canadian marketplace. Although the respondent's evidence relating to online purchases was not strong evidence of marketplace use in Canada, it was sufficient when combined with the register evidence to establish that the word MOTO is common to the clothing trade, a factor supporting the respondent's position. The Board was satisfied the respondent had discharged its burden to establish on a balance of probabilities that there was no reasonable likelihood of confusion between the marks and therefore dismissed the paragraph 12(1)(d) ground.

[13] The Board next turned to the ground of opposition under paragraph 16(3)(a) of the Act, non-entitlement due to lack of previous use in Canada. The Board held that the applicant had met its initial burden to support a finding that one or more of its marks had been used in Canada as of the material date and had not been abandoned as of the advertisement date. The Board, however, dismissed this ground on the basis of its findings under the paragraph 12(1)(d) ground, since none of the marks claimed under paragraph 16(3)(a) were any more similar than the applicant's own marks discussed above.

[14] Finally, the Board considered the ground of opposition under paragraph 38(2)(d), non-distinctiveness. The Board was unable to establish the extent to which the applicant's marks had become known in Canada due to the lack of sales figures. As a result, the Board held the applicant

had not satisfied its burden of establishing that one or more of its marks had developed a substantial, significant or sufficient reputation in Canada to negate the distinctiveness of the respondent's mark.

[15] The Board rejected the opposition to the proposed mark.

### **Issues**

[16] The applicant's memorandum raises the following issues:

1. What standard of review should be applied?
2. Did the Board err in rejecting the applicant's non-entitlement ground of opposition based on section 16 of the Act?
3. Did the Board err in rejecting the applicant's non-registrability ground of opposition based on paragraph 12(1)(d) of the Act?
4. Did the Board err in rejecting the applicant's non-distinctiveness ground of opposition based on section 2 of the Act?

[17] I would rephrase the issues as follows:

1. What is the appropriate standard of review?
2. Did the Board err in rejecting the applicant's non-entitlement ground of opposition?
3. Did the Board err in rejecting the applicant's non-registrability ground of opposition?
4. Did the Board err in rejecting the applicant's non-distinctiveness ground of opposition?

**Applicant's Written Submissions**

[18] The applicant argues its new evidence filed on appeal makes the standard of review correctness for all three grounds of opposition. The new evidence would have affected the Board's decision and therefore this Court should come to its own conclusion based on the evidence before it.

[19] The test of confusion to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.

[20] The material dates are December 18, 2006 (the date of the filing of the application) with respect to section 16 non-entitlement and March 6, 2012 with respect to section 12 non-registrability.

[21] The Board erred in making the finding that there was no reasonable likelihood of confusion. It relied on undated online dictionary references suggesting the word MOTO has motorcycle related meanings, but there was no evidence these dictionary definitions were known to Canadians at any point in time and certainly not at the time of the material date. The Board failed to recognize the applicant's clothing is not motorcycle-related, so the word MOTO is simply arbitrary with no relation to the character or quality of the applicant's clothing. Acronyms have been held to be inherently weak, so the Board's finding that the suffix increased distinctiveness was incorrect and as some of the respondent's clothing products are motorcycle related, the word MOTO is suggestive of those wares and therefore less distinctive.

[22] The Board found that the respondent's mark had not become known to any extent in Canada as there was no evidence of use and this has not changed on appeal. The Board was satisfied the applicant had displayed its marks in 2005 print advertisements, displayed its marks on clothing tags and that the applicant sells its wares in retail stores to end consumers in Canada.

[23] The Board was not satisfied as to the extent of the use of the marks in the absence of sales figures. The applicant's new evidence establishes that it sold over \$30 million of its MOTO-branded clothing from 2006 to 2012. Paragraph 6(5)(a) therefore strongly favours the applicant.

[24] Paragraph 6(5)(b) strongly favours the applicant since the Board found that the respondent had not established use of the mark, while the applicant's MOTO marks had been used since 1997 and no new evidence has been filed in this appeal by the respondent.

[25] Regarding paragraphs 6(5)(c) and 6(5)(d), the applicant argues little care or scrutiny is given to the purchasing process. The Board found that the parties' clothing wares could travel through the same channels of trade. These factors also strongly favour the applicant.

[26] Regarding paragraph 6(5)(e), the applicant argues the Board's finding was neither reasonable nor correct. The most distinctive element of the applicant's marks is MOTO and the respondent has taken that essential feature. A suffix is generally insufficient to avoid confusion and acronyms are inherently weak. When the marks are properly considered as a matter of first and imperfect recollection and in their entirety, the mark MOTOGP & DESIGN is likely to be seen as a new MOTO product launched by the applicant with the identifier GP.

[27] The applicant argues the Board misunderstood the state of the register evidence in considering the surrounding circumstances. The Board incorrectly found that 17 related marks were in the register. As of the December 18, 2006 filing date, there was only one trade-mark registration in force and registered in connection with clothing, TOPMOTO. This is insufficient to establish that MOTO was commonly used by companies in connection with clothing.

[28] The respondent's affidavit evidence was not relevant because it did not establish MOTO was a commonly used word in Canada for clothing. There was no evidence that any such clothing was sold in Canada at the relevant date. The applicant's new evidence establishes that almost all the vendors identified in the respondent's affidavit are based in the United States. Foreign activities do not impair distinctiveness of marks in Canada.

[29] Therefore, the respondent is not the person entitled to register MOTOGP & DESIGN and the mark is not registrable. The respondent's application should be refused.

[30] The Board dismissed the applicant's third ground of opposition due to lack of sales figures. The applicant's new evidence establishes that by the material date for non-distinctiveness, January 27, 2009, \$14.5 million of MOTO-branded clothing was sold by the applicant during the preceding three years. Therefore, the applicant has met its initial burden, while the respondent has failed to provide any evidence of actual use in Canada of any MOTO trade-mark in Canada by a third party by the material date. The applicant's extensive sales counter the impact of any third party use. Accordingly, the mark is not distinctive of the respondent, is not adapted to distinguish the wares of the respondent and the application should be refused.



## **Respondent's Written Submissions**

[31] The respondent filed no written submissions.

## **Analysis and Decision**

### **Issue 1**

What is the appropriate standard of review?

Where previous jurisprudence has determined the standard of review applicable to a particular issue before the court, the reviewing court may adopt that standard (see *Dunsmuir v New Brunswick*, 2008 SCC 9, [2008] 1 SCR 190 at paragraph 57).

[33] Where the new evidence filed would have materially affected the Board's finding of fact, the standard is correctness (see *Hawke & Company Outfitters LLC v Retail Royalty Company and American Eagle Outfitters, Inc.*, 2012 FC 1539 at paragraph 30, [2012] FCJ No 1622, citing *Molson Breweries v John Labatt Ltd.*, [2000] 3 FC 145, 5 CPR (4th) 180).

[34] In this case, the sales figures provided in the new evidence would certainly have affected the Board's decision on the non-distinctiveness ground, as the Board's own reasons note the absence of such evidence.

[35] On the ground of non-registrability and non-entitlement, the new evidence relating to the national origins of the website selling third party MOTO clothing would have materially affected the Board's decision, as it contradicted the respondent's evidence regarding such sales.

[36] On all three grounds, therefore, the standard of review is correctness.

[37] **Issue 2**

Did the Board err in rejecting the applicant's non-entitlement ground of opposition?

The Board found in considering paragraph 6(5)(a), that it could not establish the extent of the use of the applicant's MOTO trade-marks due to lack of sales figures. The applicant's new evidence establishes \$30 million in sales from 2006 to 2012. Combined with the evidence filed at the Board related to print advertisements and use of clothing tags, this factor now favours the applicant.

[38] Given the lack of new evidence, there is no reason to disturb the Board's findings on paragraph 6(5)(b) (length of time) and paragraphs 6(5)(c)(d) (nature of wares and trade).

[39] On paragraph 6(5)(e), resemblance between the marks, the applicant filed no new evidence but urged me to find the Board's decision unreasonable. Given the weight of the other factors, as discussed below, I need not address this point.

[40] I accept the applicant's evidence that the online sales introduced into evidence by the respondent do not establish use in Canada and therefore reject the Board's finding that the word MOTO was common to the clothing trade in Canada.

[41] Taking all this evidence together, it is difficult to find that the respondent met its burden to establish on a balance of probabilities that it was entitled to register the mark. The applicant's marks have become well known through their sales. The applicant has used them since at least 1997. The marks do have some similarities, even if the Board is correct that the suffix adds distinctiveness.

[42] I therefore find that the respondent has not established that a consumer would not be confused as a matter of first impression in the mind of a casual consumer somewhat in a hurry who does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks (*Veuve Clicquot Ponsardin v Boutique Cliquot Ltée*, 2006 SCC 23, [2006] 1 SCR 824). The respondent is therefore not entitled to register the mark.

[43] **Issue 3**

Did the Board err in rejecting the applicant's non-registrability ground of opposition?

For the same reasons as described above, the mark is not registrable on the basis that it is confusing with the applicant's registered marks.

[44] **Issue 4**

Did the Board err in rejecting the applicant's non-distinctiveness ground of opposition?

The Board found that the applicant had not met its initial burden to show that its marks had become known in Canada. The new evidence certainly satisfies that burden. With that burden established, the onus shifts to the respondent; while the respondent did not appear in this proceeding, its claim can still be evaluated based on its evidence before the Board. Given the applicant's new evidence showing the online sales originated in the United States, there is no remaining evidence showing third party use in Canada. The respondent has therefore failed to meet its burden on this point. The mark is therefore not distinctive of the respondent.

[45] The appeal is therefore granted, the Board's decision is set aside and the registration of trade-mark application serial no. 1,328,691 is refused.

[46] The applicant has requested costs on a solicitor and client basis. The request is based on the respondent's failure to appear at the hearing, its failure to consent to the appeal and its failure to notify the Court of its decision not to attend the hearing of the appeal. I am not prepared to make an award of costs on a solicitor and client basis as the jurisprudence has established that solicitor and client costs are awarded on rare occasions. They may be awarded when a party has displayed reprehensible, scandalous or outrageous conduct (see *Mackin v New Brunswick (Minister of Finance; Rice v New Brunswick*, 2002 SCC 13, [2002] 1 SCR 405 at paragraph 86).

[47] I would award costs to the applicant to be assessed at the high end of Column III of Tariff B.

**JUDGMENT**

**THIS COURT'S JUDGMENT is that:**

1. The appeal is allowed, the Board's decision is set aside and the registration of trade-mark application serial no. 1,328,691 is refused.
2. The applicant shall have its costs of the application to be assessed at the high end of Column III of Tariff B.

"John A. O'Keefe"

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Judge

## ANNEX

**Relevant Statutory Provisions*****Trade-marks Act, RSC 1985, c T-13***

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.

(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.

(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.

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.

(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.

(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.

(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.

(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;

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

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

(d) the nature of the trade; and

(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

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

(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.

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

c) le genre de marchandises, services ou entreprises;

d) la nature du commerce;

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.

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

- (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;
- (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;
- (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;
- (d) confusing with a registered trade-mark;
- (e) a mark of which the adoption is prohibited by section 9 or 10;
- (f) a denomination the adoption of which is prohibited by section 10.1;
- (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;
- (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
- (i) subject to subsection 3(3) and paragraph 3(4)(a) of the Olympic and Paralympic
- 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) qu'elle soit sous forme graphique, écrite ou sonore, elle donne une description claire ou donne une description fautive 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) 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) elle crée de la confusion avec une marque de commerce déposée;
- e) elle est une marque dont l'article 9 ou 10 interdit l'adoption;
- f) elle est une dénomination dont l'article 10.1 interdit l'adoption;
- 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) 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) elle est une marque dont l'adoption est interdite par le paragraphe 3(1) de la Loi sur



Marks Act, a mark the adoption of which is prohibited by subsection 3(1) of that Act.

les marques olympiques et paralympiques, sous réserve du paragraphe 3(3) et de l'alinéa 3(4)a) de cette loi.

16. (1) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that he or his predecessor in title has used in Canada or made known in Canada in association with wares or services is entitled, subject to section 38, to secure its registration in respect of those wares or services, unless at the date on which he or his predecessor in title first so used it or made it known it was confusing with

16. (1) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce qui est enregistrable et que le requérant ou son prédécesseur en titre a employée ou fait connaître au Canada en liaison avec des marchandises ou services, a droit, sous réserve de l'article 38, d'en obtenir l'enregistrement à l'égard de ces marchandises ou services, à moins que, à la date où le requérant ou son prédécesseur en titre l'a en premier lieu ainsi employée ou révélée, elle n'ait créé de la confusion :

(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;

a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;

(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or

b) soit avec une marque de commerce à l'égard de laquelle une demande d'enregistrement avait été antérieurement produite au Canada par une autre personne;

(c) a trade-name that had been previously used in Canada by any other person.

c) soit avec un nom commercial qui avait été antérieurement employé au Canada par une autre personne.

...

...

(3) Any applicant who has filed an application in accordance with section 30 for registration of a proposed trade-mark that is registrable is entitled, subject to sections 38 and 40, to secure its registration in respect of the wares or services specified in the application, unless at the date of filing of the application it was confusing with

(3) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce projetée et enregistrable, a droit, sous réserve des articles 38 et 40, d'en obtenir l'enregistrement à l'égard des marchandises ou services spécifiés dans la demande, à moins que, à la date de production de la demande, elle n'ait créé de la confusion :

(a) a trade-mark that had been previously used in Canada or made known in Canada

a) soit avec une marque de commerce antérieurement employée ou révélée au

by any other person; . . .

Canada par une autre personne; . . .

38. (2) A statement of opposition may be based on any of the following grounds:

38. (2) Cette opposition peut être fondée sur l'un des motifs suivants :

. . .

. . .

(d) that the trade-mark is not distinctive.

d) la marque de commerce n'est pas distinctive.

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

**DOCKET:** T-1001-12

**STYLE OF CAUSE:** INTERNATIONAL CLOTHIERS INC.  
- and -  
DORNA SPORTS, S.L.

**PLACE OF HEARING:** Toronto, Ontario

**DATE OF HEARING:** January 22, 2013

**REASONS FOR JUDGMENT  
AND JUDGMENT OF:** O'KEEFE J.

**DATED:** March 19, 2013

**APPEARANCES:**

Mark K. Evans

FOR THE APPLICANT

No One Appearing

FOR THE RESPONDENT

**SOLICITORS OF RECORD:**

Smart & Biggar  
Toronto, Ontario

FOR THE APPLICANT

Marks & Clerk  
Ottawa, Ontario

FOR THE RESPONDENT