Federal Court of Appeal  Cour d'appel fédérale

Date: 20161128

Docket: A-449-15

Citation: 2016 FCA 302

CORAM: **TRUDEL J.A.**
BOIVIN J.A.
RENNIE J.A.

BETWEEN:

DOMAINES PINNACLE INC.

Appellant

and

CONSTELLATION BRANDS INC., CONSTELLATION BRANDS QUÉBEC INC., CONSTELLATION BRANDS CANADA INC., SUMAC RIDGE ESTATE WINERY LTD., AND FRANCISCAN VINEYARDS INC.

Respondents

Heard at Montréal, Quebec, on November 28, 2016.
Judgment delivered from the Bench at Montréal, Quebec, on November 28, 2016.

REASONS FOR JUDGMENT OF THE COURT BY: TRUDEL J.A.

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REASONS FOR JUDGMENT OF THE COURT
(Delivered from the Bench at Montréal, Quebec, on November 28, 2016).

TRUDEL J.A.

[1] The appellant appeals a decision rendered by the Federal Court on September 16, 2015 (2015 FC 1083) in which Justice Gagné allowed the respondent's appeal of a decision rendered by the Trade-Marks Opposition Board on September 16, 2013 (indexed as 2013 TMOB 153).

The Federal Court quashed the Board's decision rejecting the respondent's statement of opposition under section 38 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act) on the ground that the Board misapplied the Supreme Court's decision in *Masterpiece Inc. v. Alavida Lifestyle Inc.*, 2011 SCC 27 (*Masterpiece*), making its decision unreasonable.

[2] For the reasons that follow, the appeal will be allowed.

[3] The appellant, Domaines Pinnacle Inc., is a Quebec-based producer of apple-based alcoholic and non-alcoholic beverages and foods (Affidavit of Mr. Charles Crawford, Appeal Book, Vol. 3, Tab 6E, p. 1185, par. 4). The respondents are all subsidiaries of Constellation Brands Inc., a US-based producer and distributor of wines (Affidavit of Ronald C. Fondiller, Appeal Book, Vol. 1, Tab 5C, p. 93, par. 11).

[4] On June 3, 2004, the appellant filed with the Registrar of Trade-marks its application, number 1219008, to register the word and design mark at issue in relation with the sale of apple-based alcoholic and non-alcoholic beverages and other apple products:

[5] On August 5, 2008, the respondents filed a statement of opposition to the appellant's application pursuant to section 38 of the Act on the grounds that the appellant's mark was

confusing with its own mark, “Pinnacles”, registered by Franciscan Vineyards Inc. in 2002 in relation with the sale of (grape) wine (Affidavit of Ronald C. Fondiller, Appeal Book, Vol. 1, Tab 5C, p. 93, par. 10).

[6] The Trade-Marks Opposition Board ultimately concluded that confusion was unlikely to occur, taking into account the language of subsection 6(2) of the Act, the factors enumerated in subsection 6(5), and relevant jurisprudence, including *Masterpiece* (par. 30-33). The inherent distinctiveness of both marks was judged to be relatively weak (par. 34), though the Board found that the appellant’s mark was more distinctive than the respondents’ (par. 69). Furthermore, while there was a “fair degree of resemblance between the parties’ marks”, the Board decided that the visual element of the two marks was sufficiently different, and the two marks suggested different ideas.

[7] On judicial review of the Board’s decision, the Federal Court determined that the Board had erred in not considering the potential uses that the respondents might have made of their registered mark, as required by *Masterpiece* and the Federal Court’s decision in *Les Restaurants La Pizzaiolle Inc. v. Pizzaiolo Restaurants Inc.*, 2015 FC 240 (since affirmed in *Pizzaiolo Restaurants Inc. v. Les Restaurants La Pizzaiolle Inc.*, 2016 FCA 265) [*Pizzaiolo*] (par. 41-43).

[8] On appeal of a judicial review decision by the Federal Court, this Court must ask whether the Federal Court chose the correct standard and applied it correctly. In effect, this Court performs a *de novo* review of the administrative decision (*Agraira v. Canada (Public Safety and Emergency Preparedness)*, 2013 SCC 36 at par. 45-47, [2013] 2 S.C.R. 559). Both parties agree

that the decisions of the Board are reviewed on a standard of reasonableness (*Mattel Inc. v. 3894207 Canada Inc.*, 2006 SCC 22 at par. 40, 49 C.P.R. (4th) 321; *Pizzaiolo).*

[9] Accordingly, this appeal must succeed unless the respondents can convince this Court that the Board's decision was unreasonable. It is our opinion that the Board's decision falls within the range of reasonable outcomes open to it on the facts and the law. We are of the view that the Federal Court effectively reviewed the Board's interpretation and application of *Masterpiece* on a correctness standard, which it was not entitled to do. In effect, it did a *de novo* review even though it had rejected the new evidence proposed by the respondents.

[10] The Federal Court faulted the Board for not having explicitly considered the possible uses open to the respondents of their word mark, uses that could give their mark more of a flavour of "ice and winter", as the appellant's mark was characterized by the Board (par. 43 of the Federal Court's decision). However, the Board did cite the Supreme Court's decision in *Masterpiece* at the beginning of its analysis of confusion under subsection 6(5) (par. 33 of the Board's decision). No more was required of the Board, so long as its application of that precedent to the facts before it was not unreasonable. In our opinion, the Board applied *Masterpiece* reasonably. It was not the task of the Board to consider all potential and unidentified uses of the respondents' word mark, which had been characterized by the Board as weak.

[11] We agree with the appellant, Domaines Pinnacle Inc., that the full scope of the rights granted to the registered mark of the respondents would not permit them to use the distinctive graphic elements—the apple and snowflake design—that the Board identified as being central to

the distinctiveness of the appellant's mark (appellant's memorandum of fact and law, par. 79-81, 87). In this vein, we are reminded of paragraph 75 of the Board's decision wherein a distinction is drawn between apple-based and grape-based beverages. The design elements, once again the apple and snowflake, are equally protected by copyright. In our opinion, even if the respondents chose in the future to use the same font as the appellant, the Board's finding on the likelihood of confusion would remain a reasonable outcome, because the combination of word and design in the appellant's mark are sufficiently distinctive. In this way, the case at bar is distinguishable from this Court's recent decision in *Pizzaiolo*.

[12] Our conclusion also takes into account the Board's finding, referred to above, that neither mark had a high degree of distinctiveness in terms of the words used, as "Pinnacle", the most notable element of both marks, is a commonly used term. Design and context must play a greater role in distinguishing the respondents' mark from the numerous other registered marks in Canada that feature the word "Pinnacle" (Exhibit SN-3, Appeal Book, Vol. 3, Tab 6F, p. 1278).

[13] As a result, the appeal will be allowed, the decision of the Federal Court, indexed as 2015 FC 1083, will be set aside and rendering the decision that the Federal Court ought to have rendered, the appeal from the decision of the Registrar of the Trade-marks, indexed 2013 TMOB 153, will be dismissed, the whole with costs in this Court and below.

"Johanne Trudel"

J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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DELIVERED FROM THE BENCH BY:	TRUDEL J.A.

APPEARANCES:

Magali Fournier	FOR THE APPELLANT
Mortimer Freiheit Bruno Barrette Yann Canneva Clara Chow	FOR THE RESPONDENTS CONSTELLATION BRANDS INC., CONSTELLATION BRANDS QUÉBEC INC., CONSTELLATION BRANDS CANADA INC., SUMAC RIDGE ESTATE WINERY LTD., AND FRANCISCAN VINEYARDS INC.

SOLICITORS OF RECORD:

BROUILLETTE & ASSOCIÉS, S.E.N.C.R.L. Montréal, Quebec	FOR THE APPELLANT
BARRETTE LEGAL INC., Montréal, Quebec	FOR THE RESPONDENTS CONSTELLATION BRANDS INC., CONSTELLATION BRANDS QUÉBEC INC., CONSTELLATION BRANDS CANADA INC., SUMAC RIDGE ESTATE WINERY LTD., AND FRANCISCAN VINEYARDS INC.
FREIHEIT LEGAL INC. Montréal, Quebec	FOR THE RESPONDENTS CONSTELLATION BRANDS INC., CONSTELLATION BRANDS QUÉBEC INC., CONSTELLATION BRANDS CANADA INC., SUMAC RIDGE ESTATE WINERY LTD., AND FRANCISCAN VINEYARDS INC.