

Date: 20080919

Docket: A-455-05

Citation: 2008 FCA 279

**CORAM: LÉTOURNEAU J.A.
NOËL J.A.
TRUDEL J.A.**

BETWEEN:

SHELL CANADA LIMITED

Appellant

and

P.T. SARI INCOFOOD CORPORATION

Respondent

Heard at Montréal, Quebec, on September 9, 2008.

Judgment delivered at Ottawa, Ontario, on September 19, 2008.

REASONS FOR JUDGMENT BY:

NOËL J.A.

CONCURRED IN BY:

**LÉTOURNEAU J.A.
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REASONS FOR JUDGMENT

NOËL J.A.

[1] This is an appeal by Shell Canada Limited (Shell) from a decision of Mr. Justice Mackay (the Federal Court Judge) wherein he dismissed Shell's appeal from a decision of the Registrar of Trade-marks (the Registrar) refusing Shell's opposition to the trade-mark application filed by P.T. Sari Incofood Corporation (P.T. Sari) for the trade-mark JAVACAFE.

[2] For the reasons which follow, I would allow the appeal and direct the Registrar to accept Shell's opposition to the registration of this mark with respect to the specified coffee-related wares set out in the statement of opposition.

BACKGROUND

The facts

[3] On January 15, 1998, P.T. Sari, a company incorporated under the laws of Indonesia, applied for registration of the trade-mark JAVACAFE for use in association with a large number of food and beverage wares ranging from coffee products to chilli sauces, cake mixes and bubble gum. The application was made on the basis of P.T. Sari's registration and use of the trade-mark in Indonesia.

[4] The application was advertised for opposition purposes and on May 8, 2000, Shell filed a statement of opposition, challenging the registration of the trade-mark in respect only of coffee-related wares, specifically coffee powder, cooked coffee beans, instant coffee, freeze dried coffee and granular coffee. The basis for Shell's opposition is that the trade-mark JAVACAFE is neither registrable nor distinctive in respect of these wares because the trade-mark is clearly descriptive or deceptively misdescriptive of such wares and it should therefore be available for all traders to use in respect of their coffee products.

[5] The evidence before the Registrar consisted of English-language dictionary definitions for the word "java", various language definitions (i.e., English, French and Italian) for the word "café", and encyclopedia references describing the island of Java. The Registrar found it notable that neither party had filed evidence in respect of the meaning of the word "java" in the French language. As a result, she consulted, on her own initiative, a 1968 edition of the "*Nouveau Petit*

Larousse” and discovered that the word “java” is defined as “n. f. Danse populaire à trois temps, dansée dans les bals musettes”.

[6] The Registrar determined that the opposition grounds, registrability pursuant to paragraph 12(1)(b) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 as amended (the Act), and non-distinctiveness, were both dependent upon finding that the trade-mark JAVACAFE is clearly descriptive in English or in French of the character or quality of the wares in issue or of their place of origin.

[7] After noting that Shell’s strongest ground of opposition was that the immediate impression of JAVACAFE on a Canadian Francophone would be that the associated coffee products come from Java (Reasons of the Registrar, para. 7), the Registrar held that the evidence fell short of supporting this contention. The Registrar also concluded that there was no evidence that an ordinary Canadian Anglophone recognizes Java as a place known for its coffee. Further, the Registrar held that even if the word “java” is understood by an ordinary Canadian Anglophone as coffee and the word “café” is similarly understood, the mark as a whole, JAVACAFE, is not clearly descriptive of the wares in issue.

[8] Shell appealed the decision of the Registrar to the Federal Court and filed two further affidavits in support of its position. By decision rendered July 27, 2005, the Federal Court Judge held that the decision of the Registrar could not be disturbed. This is the decision now under appeal.

The Relevant Statutory Provisions

[9] Pursuant to paragraph 12(1)(b) of the Act, a trade-mark is registrable if it is not:

(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;

[10] Pursuant to paragraph 38(2)(d) of the Act, an application can be successfully opposed if the trade-mark in issue is not distinctive. Section 2 of the Act defines "distinctive" as follows:

"distinctive", in relation to a trade-mark, means a trade-mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares or services of others or is adapted so to distinguish them;

«distinctive» Relativement à une marque de commerce, celle qui distingue véritablement les marchandises ou services en liaison avec lesquels elle est employée par son propriétaire, des marchandises ou services d'autres propriétaires, ou qui est adaptée à les distinguer ainsi.

THE DECISION OF THE FEDERAL COURT

[11] Relying on the law as set out in *John Labatt Ltd. et al v. Molson Breweries, A Partnership*, (2000) 5 C.P.R. (4th) 180 (F.C.A.) (*John Labatt Ltd.*), the Federal Court Judge determined that the standard applicable to his review of the decision of the Registrar was *reasonableness simpliciter*. In *John Labatt Ltd.* this Court said (at p. 196):

... decisions of the Registrar, whether of fact, law or discretion, within his area of expertise, are to be reviewed on a standard of *reasonableness simpliciter*. However where additional evidence is adduced in the Trial Division that would have materially affected the Registrar's findings of fact or the exercise of his discretion, the Trial Division judge must come to his or her own conclusion as to the correctness of the Registrar's decision.

In this case, the Federal Court Judge reached the conclusion that he did because, in his view, none of the additional evidence filed on the appeal would have materially affected the decision of the Registrar. The Federal Court Judge came to this conclusion in part because the additional evidence "in the main" post-dated the date of the application for the trade-mark i.e., January 15, 1998, and was therefore irrelevant (Reasons, para. 17). In so holding, the Federal Court Judge rejected Shell's submission that the material date for determining descriptiveness pursuant to paragraph 12(1)(b) of the Act is the date of the Registrar's decision rather than the application date.

[12] Beyond this he found, with respect to descriptiveness, that none of the additional evidence filed before him was of any value in addressing the Registrar's concerns about the deficiency of the evidence before her and, as such, the Registrar's decision was not unreasonable in relation to paragraph 12(1)(b). There was, accordingly, no basis for the Court to intervene.

[13] Shell's subsidiary argument that the mark is not distinctive because it is clearly descriptive of the character, quality or place of origin of the wares with which its association is opposed was also rejected. The Federal Court Judge agreed with the Registrar that her conclusion as to descriptiveness was also dispositive of the issue of distinctiveness.

[14] The Federal Court Judge went on to dismiss the appeal with costs in favour of P.T. Sari.

ISSUES RAISED ON APPEAL

[15] The parties have identified a multitude of issues which they say arise from the decision of the Federal Court Judge. In my view, the appeal can be disposed of by addressing the following three:

- Did the Federal Court Judge apply the proper standard to his review of the decision of the Registrar?
- Did the Federal Court Judge err in failing to find that JAVACAFE in the French language is clearly descriptive or deceptively misdescriptive of P.T. Sari's wares pursuant to paragraph 12(1)(b) of the Act?
- Did the Federal Court Judge err in finding that JAVACAFE is distinctive pursuant to section 2 of the Act?

[16] Before setting out the position of the parties on these issues, I note that there was a significant debate as to the material date for assessing the registrability of a trade-mark pursuant to paragraph 12(1)(b) of the Act. It is not necessary to address this issue since, as will be seen, reliance needs only be placed on evidence which predates the filing of the application for registration in order to dispose of the appeal.

[17] With respect to the standard of review, Shell contends that the new evidence which it filed before the Federal Court directly addressed the gap in the evidence, identified by the Registrar, namely the absence of evidence of what the term "java" means to the average French-speaking Canadian, and therefore had probative significance and would have materially affected the Registrar's decision. As such, the Federal Court Judge ought to have reviewed this decision on a standard of correctness rather than reasonableness.

[18] Applying this standard, Shell submits that the evidence, properly assessed, demonstrates that the word “java” is known to French-speaking Canadians as an island in the country of Indonesia known for its coffee. More specifically, Shell submits that French-language dictionary and encyclopedia entries as well as excerpts from a book on coffee, all of which were submitted as additional evidence on appeal, demonstrate that French-speaking people understand that “java” is an important island in Indonesia, known as a source for coffee.

[19] Shell further submits that although the trade-mark in issue is not JAVA CAFE - two separate words – but JAVACAFE – a single coined word – this distinction is lost when the trade-mark is sounded in the French language. For the purposes of considering descriptiveness pursuant to paragraph 12(1)(b), the trade-mark is effectively two words, namely “JAVA” and “CAFE”. Where constituent components of a coined term are easily recognizable, it is appropriate to consider the separate components for the purposes of analyzing descriptiveness (*Mr. P’s Mastertune Ignition Services Ltd. v. Tune Masters* (1984), 82 C.P.R. (2d) 128 (F.C.T.D.); *Proctor & Gamble Inc. v. Groupe Lavo Inc.* (1992), 43 C.P.R. (3d) 543 (T.M.O.B.)). Shell submits that the Federal Court Judge erred in law when he held that additional evidence was required to show that the mark is sounded as two separate words.

[20] P.T. Sari, for its part, contends that the Federal Court Judge applied the appropriate standard to his review of the Registrar’s decision and properly concluded that the decision was reasonable. In particular, none of the additional evidence provided by Shell on appeal “would have

materially effected the Registrar's decision". In this respect, P.T. Sari essentially adopts the reasons of the Federal Court Judge.

[21] With specific reference to the evidence filed by Shell in regards to what the word "java" would mean to French-speaking Canadians, P.T. Sari submits that the evidence does not meet the standard of proof required by this Court in *Candrug Health Solutions Inc. v. Thorkelson*, 2008 FCA 100, 64 C.P.R. (4th) 431. More specifically, P.T. Sari submits that there is no evidence that the references and definitions which Shell has adduced were generally accepted on first impression by French-speaking persons and that the fact that a dictionary defines a word in a specific way or that an encyclopedia describes a place as having a particular attribute, does not mean that the ordinary French-speaking person has that knowledge or will, as a matter of first impression, make any association arising from that knowledge.

ANALYSIS AND DECISION

[22] With respect to the first issue i.e., the standard of review, the question which the Federal Court Judge had to address is whether the new evidence adduced before him would have materially affected the Registrar's findings of fact or the exercise of her discretion (*John Labatt Ltd., supra*). If so, the task of the Federal Court Judge was to reassess the decision of the Registrar on the basis of the whole of the evidence and draw his own conclusion (*Canadian Tire Corp. v. Accessoires d'autos Nordiques Inc.*, 2007 FCA 367, 62 C.P.R. (4th) 436 (at para. 30)):

As this Court held in *Maison Cousin (1980) Inc. v. Cousins Submarines Inc.*, 2006 FCA 409, [2006] F.C.J. No. 1968, where new evidence, which is material to the final decision is filed, the Federal Court is not limited to finding an error in the decision under review.

The Court is entitled to draw its own conclusions on the basis of the record before it, which includes the evidence before the Registrar as well as the new evidence. In that context, the Court is obviously called to make the correct decision, but it is not reviewing the decision of the Registrar on the standard of correctness.

[23] On appeal, this Court is entitled to review for correctness any question of law decided by the Federal Court Judge including whether he applied the proper legal test in identifying the standard of review applicable to the Registrar's decision. If it appears from his reasons that the Federal Court Judge applied the wrong standard, this Court must consider the evidence that was before the Registrar as well as the new evidence and come to the correct conclusion.

[24] The additional evidence tendered on appeal included dictionary and encyclopedia entries appended to the affidavit of Tawfic Nessim Abu-Zahra, all of which show that "java" beyond being defined as a dance in the French language is also commonly understood to be an Island in Indonesia that is known for its production of coffee (Appeal Book, Vo. II, *Le Grand Dictionnaire Terminologique* p. 332; *Petit Larousse* p. 337; *Dictionnaire Hachette* p. 341; *Grand Larousse Universel* pp. 404, 405, 406; *Encyclopédie Bordas* p. 410; and *Dictionnaire Encyclopédique Axis* p. 414). Excerpts from a book in the French language dealing with the history of the coffee trade also make the same association (Appeal Book, Vol. III, pp. 641 to 643).

[25] The Federal Court Judge lumped this evidence together with other definitions in the English language and rejected it as immaterial (Reasons, para. 13):

The second additional affidavit filed in this application by the applicant is that of Mr. Tawfic Nessim Abu-Zahra. It provides *inter alia*, excerpts from English and French language dictionaries and encyclopedias concerning the words JAVA and CAFE. Other information,

provided from books or pamphlets available in public libraries, concerns the history of the coffee trade, and of Indonesia and its geography, and main products. The date of publication of most of this material is later than the material date of January 15, 1998. The dictionary definitions of "café" and "java" were before the hearing officer, and these provide no new information. There is no evidence that the references provided were applicable at the material date, no evidence that the references and definitions offered were generally accepted on first impression by consumers in Canada as having the descriptive significance suggested by Shell for the character or source of the wares in issue.

[My emphasis]

[26] A review of the additional evidence tendered before the Federal Court shows that all of the definitions, entries and excerpts in the French language pertaining to the word “java” were published in 1998 or well before. It follows that none of this evidence could be excluded on the basis that it reflects an understanding of the word “java” that was not prevalent at the time when the application for registration was filed.

[27] As to the Federal Court Judge’s conclusion that this evidence provides “no new information”, it is useful to recall how the Registrar identified the issue before her as to the meaning of the word “java” to a French-speaking Canadian (Reasons of the Registrar, para. 20):

... I do not believe that there is any controversy regarding the fact that “café” means “coffee” in French, or that the average French-speaking Canadian would immediately assign that meaning to such word when it appeared in this trade-mark in association with the coffee products that these proceedings are directed to. Therefore, the question is what the component JAVA might mean to the average French-speaking Canadian. Moreover, the preliminary issue is whether the opponent has submitted sufficient evidence to meet its initial evidential burden in this regard.

[28] After noting that she was provided with no evidence on this point and given that the only definition which she considered showed that “java” was defined in the French language as a popular

dance, the Registrar rejected Shell's submission that an ordinary French-speaking Canadian would know that there is an island called Java or that the island of Java produces coffee. She said in this regard (Reasons of the Registrar, para. 24):

Based on the evidence before me, I cannot conclude on a balance of probabilities that the ordinary French-speaking Canadian knows either that there is an island called Java or that the island of Java produces coffee. Without such knowledge, there is no reason to believe that the immediate impression of JAVACAFE on a Canadian Francophone would be that the associated coffee comes from Java. The opponent having not met its initial evidential burden in this regard, the paragraph 12(1)(b) is dismissed in so far as it relates to the French language.

[29] Against this background, it cannot be said that the new evidence pertaining to the word "java" in the French language provides no new information or is otherwise immaterial. It seems clear that had the Registrar been apprised of the fact that the word "java" in the French language is also understood to be an island known for its production of coffee, she would have asked herself (as she did with respect to the meaning of which she was apprised) whether, given this meaning, the mark JAVACAFE is to an average French-speaking Canadian descriptive of a place that produces coffee as a matter of first impression. It is also clear that she would have answered this question in the affirmative because, when regard is had to this other meaning, the combination of the word JAVA with CAFE lends itself to no other conclusion.

[30] I do not believe that additional evidence (in the form of a survey or other such evidence) is required in order to come to this conclusion. While, the word "java", when used in isolation, can evoke more than one meaning in the French language such that a survey might be required in order to identify the meaning that comes to mind to the average French-speaking Canadian as a matter of

first impression, no such issue arises when the word JAVA is used together with CAFE as in the proposed mark JAVACAFE.

[31] In this respect, paragraph 12(1)(b) of the Act provides that a trade-mark is not registrable if it is descriptive “whether ... written or sounded”. I agree with Shell’s submission that although the trade-mark in issue is not two separate words, “java” and “café”, but is instead a single coined word JAVACAFE, this distinction is lost when the trade-mark is sounded in the French language. As such, for the purposes of considering descriptiveness pursuant to paragraph 12(1)(b), the trade-mark is effectively two words, namely “JAVA” and “CAFE”. Again no survey is required to establish this point as the proposed mark in the French language cannot be sounded otherwise.

[32] I also conclude, based on the same reasoning that the mark is not distinctive. Distinctiveness in relation to a trade-mark means a trade-mark that actually distinguishes the wares in association with which it is used by its owner. In my view, the trade-mark JAVACAFE is not distinctive of P.T. Sari’s coffee products from the coffee products of others given that it is clearly descriptive of the character, quality or place of origin of the wares with which its association is opposed (Compare *Kirkbi AG v. Ritvik Holdings Inc.*, 2005 SCC 65 (at para. 39)).

[33] Given that the trade-mark JAVACAFE is clearly descriptive of P.T. Sari’s coffee products in the French language, it is not necessary to consider whether the trade-mark is clearly descriptive in the English language.

[34] For these reasons, I would allow the appeal, set aside the decision of the Federal Court Judge and giving the decision which he ought to have been given, I would allow Shell's opposition and direct that the Registrar refuse the trade-mark application Serial No. 866,545 filed by P.T. Sari for the registration of the mark JAVACAFE with respect to "coffee powder, cooked coffee beans, instant coffee, freeze dried coffee and granular coffee" on the ground that the mark applied for in respect of these wares is clearly descriptive and not distinctive. Shell should have its costs both here and below.

"Marc Noël"

J.A.

"I agree.
Gilles Létourneau J.A."

"I agree.
Johanne Trudel J.A."

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: A-455-05

**(APPEAL FROM AN ORDER OF THE HONOURABLE Mr. JUSTICE MACKAY
DATED JULY 27, 2008, NO. T-2163-03.)**

STYLE OF CAUSE: Shell Canada Limited and P.T.
Sari Incofood Corporation

PLACE OF HEARING: Montréal, Quebec

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REASONS FOR JUDGMENT BY: Noël J.A.

CONCURRED IN BY: Létourneau J.A.
Trudel J.A.

DATED: September 19, 2008

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