IN THE MATTER OF AN OPPOSITION by Novopharm Ltd. to application No. 692,410 for the trade-mark CAPSULE DESIGN BROWN-PINK filed by Astra Aktiebolag (formerly Aktiebolaget Astra)

On October 28, 1991, the applicant, Astra Aktiebolag, under its former name Aktiebolaget Astra, filed an application to register the trade-mark CAPSULE DESIGN BROWN-PINK. The application is based on use of the mark in Canada since at least as early as June 1989 in association with the wares

pharmaceutical preparations namely, omeprazole.

A description and illustration of the mark as appears in the subject application is reproduced below:

The specimens referred to above were loosely placed in a pocket on the inside back cover of the application file. The capsules shattered, apparently through normal file handling. The applicant was then requested to provide “unbreakable” specimens: see the Examination Branch notice dated 92-7-29. The applicant responded by providing pictorial displays of the mark as used (see the applicant’s letter dated June 10, 1993) which was apparently found to be a satisfactory response.

The subject application was advertised for opposition purposes in the *Trade-marks Journal* issue dated September 8, 1993. The opponent Novopharm Ltd. filed a statement of opposition on February 8, 1994, a copy of which was forwarded to the applicant on March 15, 1994. The opponent was subsequently granted leave to amend the statement of opposition to correct a typographical error: see the Board ruling dated July 25, 1996.

The grounds of opposition pleaded by the opponent are reproduced below:

With respect to the ground of opposition denoted by (a)(i) above, it appears that the opponent is alleging that any combination of colour and shape cannot function as a trade-mark for the applicant's wares. If this interpretation is incorrect, then I take it that a(i) is merely a succinct restatement of ground (b). Ground a(ii) is clearly stated and does not require further comment. I will, however, comment further on ground (b) later in these reasons. The applicant responded to the statement of opposition by filing and serving a counter statement denying the opponent's allegations and, in particular, the applicant pleads as follows:

> The only third party capsules referred to in paragraph 1(b) [denoted (b) above] of the Statement of Opposition in fact are not two-toned pink and brown. The Surgam S.R. is identified in the current CPS issue as pink and maroon and the Restoril 15 mg is there identified as maroon and flesh colour.

The opponent's evidence consists of the affidavits of Marcia Joseph and Sandy Shulman, medical doctors; and Roger Daher and Philip Droznika, pharmacists. The

applicant's evidence consists of the affidavit of Peter T. Dixon, a manager at Astra Pharma Inc. (hereinafter "Astra Pharma"), a wholly owned subsidiary of the applicant. All of the aforementioned individuals were cross-examined on their affidavits; the

transcripts thereof, and exhibits thereto, form part of the evidence herein. Both parties filed a written argument and both were represented at an oral hearing. At the request of this Board, the applicant kindly provided further specimens of the actual capsules (in protective packaging) which have been placed in the subject file.

With respect to the grounds of opposition denoted by a(i) and a(ii) above, I recently had occasion to consider a tablet design mark in *Novopharm Ltd. v. Bayer Inc.* (re application No. 657,397 for the mark CIRCLE DESIGN; December 23, 1996; yet unreported):

> The adequacy of the description required to define a mark for a tablet has been discussed in *Novopharm Ltd. v. Burroughs Wellcome Inc.* (1993), 52 C.P.R.(3d) 263 (TMOB), affirmed *Burroughs Wellcome Inc. v. Novopharm Ltd.* (1994) 58 C.P.R.(3d) 513 (F.C.T.D.). My interpretation of the above cases is that a trade-mark application which incorporates a drawing accurately depicting at least one perspective of a tablet meets the formal and substantive requirements of Section 30 so long as (i) a specimen of the tablet has been filed with the Office, and (ii) the written description of the mark in the trade-mark application refers to the specimen tablet filed with the Office.

In the instant case, the drawing included with the trade-mark application accurately depicts one perspective of the applicant's capsule, and criteria (i) and (ii) above have also been met. The opponent has correctly noted that the specimens filed by the applicant are subject to deterioration over time, however, I am not prepared to find non-compliance with Section 30 for that reason alone. The opponent has also noted that the applicant's capsules as actually used are marked in black ink with a "20" [indicating dosage] and with an "A" [indicating Astra] over "OM" [indicating omeprazole]. However, nothing turns on the appearance of such markings on the capsules: see, for example, *Novopharm Ltd. v. Burroughs Wellcome Inc.*(TMOB), above, at p. 269, paragraph g. Further, it would appear that the above markings have a primarily functional aspect in identifying the type of medication, dosage and manufacturer to pharmacists and physicians. Accordingly, I find that the applicant has complied with the requirements of S. 30 and therefore the grounds of opposition denoted by a(i) and a(ii) are rejected.

With respect to the ground of opposition denoted by (b), the onus is on the

applicant to show that its mark actually distinguishes its wares from those of others throughout Canada: see *Muffin Houses Inc. v. The Muffin House Bakery Ltd.* (1985), 4 C.P.R.(3d) 272 (TMOB). The presence of an onus means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against the applicant. The material time for considering the circumstances respecting the issue of distinctiveness is as of the filing of the opposition, in this case February 8, 1994: see *Re Andres Wines Ltd. and E. & J. Gallo Winery* (1975), 25 C.P.R.(2d) 126 at 130 (F.C.A.); *Park Avenue Furniture Corp. v. Wickes/Simmons Bedding Ltd.* (1991), 37 C.P.R.(3d) 412 at 424 (F.C.A.). Although it must be shown that the marks relied on by the opponent are known to some extent at least, it is not necessary to show that they are well known. It is sufficient for the opponent to establish that the other marks have become known sufficiently to negate the distinctiveness of the applicant's mark: see *Motel 6, Inc. v. No. 6 Motel Ltd.* (1981), 56 C.P.R.(2d) 44 at 58 (F.C.T.D.).

Peter Dixon's evidence, filed on behalf of the applicant, is relevant to the issue of distinctiveness and may be summarized as follows. The applicant's omeprazole product was launched in May 1995 in its present form, that is, in "two-piece hard gelatin capsules with an opaque pink body and an opaque reddish-brown cap portion. The capsules contain 20 mg of omeprazole and have always been sold under the brand name LOSEC which is a registered trade-mark." The colours and shape of the capsules have remained unchanged since introduction. The applicant's LOSEC product is used for gastrointestinal disorders such as ulcers and is sold in Canada through the applicant's Canadian subsidiary/distributer Astra Pharma. According to Mr. Dixon, LOSEC is the best selling prescription pharmaceutical in Canada in terms of dollar sales. In this regard, sales in 1989 amounted to $3.5 million, rose to $45 million by 1991, rose again to $94 million by 1993, and reached $128 million in 1994. Advertising and promotion expenses for LOSEC in the applicant's brown and pink capsule were about $1.2 million annually for 1989 and 1991, and about $2 million annually from 1992 on. The evidence elicited from the opponent's affiants on cross-examination is that

LOSEC is the second ranked product in Canada (excluding antacids) in terms of frequency of use for treating gastrointestinal tract disorders. The evidence of record, including the evidence elicited from the opponent's affiants on cross-examination, generally supports the applicant's contention that doctors, pharmacists and consumers recognize medication by the colour, shape and size of the tablet and that, in particular, the same groups would have some familiarity with the brown-pink LOSEC capsule which is the subject of this proceeding.

The opponent's evidence countering the applicant's case is, in my view, fairly summarized at paragraph 57 of the applicant's written argument, reproduced below:

> The Opponent introduced evidence that the appearance of RESTORIL 15 mg capsules, SURGAM mg 300 mg capsules, and DALACIN C capsules were somewhat similar to the Applicant's trade-mark . . . none of these products contain omeprazole and therefore neither would be interchangeable with the applicant's product. Also, ***none of these products are indicated for the treatment of gastrointestinal disorders*** as is omeprazole. Finally, ***there is no evidence that any of these products has a reputation in Canada*** at the material time . . .
>
> (emphasis added)

The material time referred to above is the date of opposition namely, February 8, 1994. In summary, the evidence filed by the opponent does not go far in supporting its case while the evidence submitted by the applicant, and the testimony elicited by the applicant on cross-examination, is sufficient to show that, on the balance of probabilities, the applied for mark was distinctive of the applicant's gastrointestinal medication namely, omeprazole, at the material time.

There is a further aspect relating to the issue of distinctiveness raised by the opponent in its written argument and at the oral hearing. Unlike most prescription medication, LOSEC is often dispensed to the consumer in bottles supplied by the manufacturer (presumably through its Canadian distributor Astra Pharma).The only company identified on the bottle label is Astra Pharma; thus, the logical inference would be that Astra Pharma (based in Mississauga, Ontario), rather than the applicant Astra Aktiebolag (based in Sweden), is the source of the wares. Thus, the opponent's submission at paragraph 115 of its written argument namely, that "the alleged

distinctiveness of the Applicant's mark is impaired" would appear to have some merit.

However, I do not consider that the pleading in the statement of opposition alleging non-distinctiveness of the applied for mark (that is, ground (b)) should be interpreted so broadly as to include an allegation of non-distinctiveness based on improper trade-mark use by the applicant's subsidiary/distributer. I am aware that the relevant facts only came to light at Mr. Dixon's cross-examination, however, the opponent had ample opportunity to request leave to amend its pleadings to include such an allegation. The applicant might then have requested leave to file additional evidence to further elucidate the circumstances of Astra Pharma's use of the applied for mark. As the matter stands now, I see no reason to expect the applicant to answer an allegation of non-distinctiveness based on improper trade-mark use which was not specifically pleaded, or even alluded to, in the statement of opposition: in this regard, see *Imperial Developments Ltd. v. Imperial Oil Limited* (1984), 79 C.P.R. (2d) 12 (FCTD).

Even if I were to interpret the opponent's pleading broadly, I would not have found that the subject mark was not distinctive of the applicant. In this respect, Mr. Dixon in his affidavit states that

> Astra Pharma sells LOSEC in Canada under licence from Astra AB [the applicant]. Astra AB has direct control of the character and quality of the LOSEC product sold by Astra Pharma in Canada, including the colour and shape combination of the product and the omeprazole therein.

At cross-examination, Mr. Dixon's testimony was as follows:

Mr. Dixon was not asked any further questions regarding the licence agreement between Astra Pharma and the applicant or about the business dealings between them. It is on the basis of the above testimony at cross-examination that the opponent challenges the distinctiveness of the applied for mark.

I ascribe less portent to Mr. Dixon's testimony at cross-examination. Firstly, a trade-mark licence agreement need not be in writing; therefore, Mr. Dixon's testimony of not having *seen* a *written agreement* or knowing if it exists is not critical to the issue of distinctiveness. Secondly, it is fairly clear from Mr. Dixon's evidence that Astra Pharma is authorized by its parent, the applicant herein, to use the applied for mark. Finally, there is no evidence whatsoever to suggest that the applicant does not have direct or indirect control over the character and quality of the LOSEC capsules which it supplies to Astra Pharma for sale in Canada. Accordingly, I find that Astra Pharma's use of the applied for mark enures to the benefit of the applicant by operation of Section 50(1) of the Trade-marks Act: see *Molson Breweries, a Partnership v. Swan Brewery Co.* (1994) 58 C.P.R.(3d) 303 at p. 315, paragraphs e-g (TMOB) where the benefit of Section 50(1) was applied in similar circumstances.

In view of the above, the opponent's opposition is rejected.

DATED AT HULL, QUEBEC, THIS 9th DAY OF DECEMBER, 1997.

Myer Herzig,
Member,
Trade-marks Opposition Board