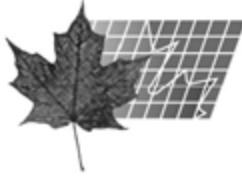


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LE REGISTRAIRE DES MARQUES DE COMMERCE

THE REGISTRAR OF TRADE-MARKS

Citation: 2018 TMOB 134

Date of Decision: 2018-10-31

IN THE MATTER OF OPPOSITIONS

Arterra Wines Canada, Inc.

Opponent

and

Diageo North America, Inc.

Applicant

1,561,944 for THE NAKED TURTLE

Applications

**1,592,265 for THE NAKED
TURTLE Design – front label**

**1,592,266 for THE NAKED
TURTLE Design – back label**

APPLICATION NO. 1,561,944 FOR THE NAKED TURTLE

[1] Diageo North America, Inc. (the Applicant) has applied to register the trade-mark THE NAKED TURTLE for use in association with distilled spirits, namely rum and rum-flavoured beverages (vodka and beer excluded) (the Goods). The application for the trade-mark THE NAKED TURTLE is based on the Applicant's proposed use. There is no evidence that use of this trade-mark has commenced in Canada.

[2] Constellation Brands Canada, Inc. (Constellation Brands) filed a statement of opposition alleging that the application for the trade-mark THE NAKED TURTLE is confusing with its NAKED GRAPE trade-marks for use in association with wine, wine spritzers, and icewine.

[3] Constellation Brands is Canada's largest producer, marketer and distributor of wines. Its NAKED GRAPE line of wines has been available since October, 2005 and from 2008-2013 yearly sales of NAKED GRAPE wines ranged between \$16-26 million in Canada and advertising expenditures were almost \$10 million in total during this period.

[4] For the following reasons, I reject the opposition to this application.

BACKGROUND

[5] On January 30, 2012, the Applicant filed an application to register the trade-mark THE NAKED TURTLE (the Mark) based on its proposed use in Canada. This application has a priority filing date of December 21, 2011.

[6] The application was advertised for opposition purposes in the *Trade-marks Journal* issue dated January 23, 2013.

[7] On June 25, 2013, Constellation Brands opposed the application on the basis of the grounds of opposition summarized below. Leave was subsequently granted for the statement of opposition to be amended twice including an update of the name of the opponent to Arterra Wines Canada, Inc. (Arterra Wines), due to an assignment of rights. The Opponent will be used to refer to both Constellation Brand and Arterra Wines.

- (a) The application does not comply with the requirements of section 30(e) of the *Trade-marks Act*, RSC 1985, c T-13 (Act) as the Applicant does not, by itself or through a licensee, or by itself and through a licensee, intend to use the Mark in Canada.
- (b) The application does not comply with the requirements of section 30(i) of the Act as the Applicant cannot be satisfied that it is entitled to use the Mark in Canada with the Goods because at the date of the application, the Applicant had

known that the Opponent's NAKED GRAPE trade-marks were the subject of earlier filed applications resulting in registrations and were used with wines.

- (c) The Mark is not registrable pursuant to section 12(1)(d) of the Act as it is confusing with one or more of the following registrations:

TMA659,543	NAKED GRAPE
TMA720,829	NAKED GRAPE & Grape Design
TMA795,352	NAKED GRAPE FIZZ

- (d) The Applicant is not the person entitled to register the Mark in view of sections 16(3)(a) of the Act since the Mark was confusing with the Opponent's trade-marks set out below:

NAKED GRAPE for wines, wine spritzers and icewines

NAKED GRAPE and Design for wine

NAKED GRAPE FIZZ for wine

- (e) The Applicant is not the person entitled to register the Mark in view of sections 16(3)(b) of the Act since the Mark was confusing with the Opponent's trade-mark applications set out below:

Appl. No. 1,499,101 for NAKED GRAPE SPRITZER MORNING MIMOSA

Appl. No. 1,499,100 for NAKED GRAPE SPRITZER SUNSET SANGRIA

- (f) The Mark is not distinctive of the Goods of the Applicant since it does not distinguish the Goods in association with which it is proposed to be used from the goods of the Opponent.

[8] The Opponent filed as its evidence pursuant to section 41 of the *Trade-marks Regulations* SOR 96/195 (the Regulations) the affidavit of Steven Bolliger sworn on March 7, 2014. Mr. Bolliger was cross-examined and the transcript, exhibits and answers to undertakings are of record. The Applicant filed as its evidence the affidavits of Scott Schilling, Dane Penney, Peter Eugenio and Bruce Wallner. Each of these affiants was cross-examined and the transcripts, exhibits and answers to undertakings are of record. The Applicant was also granted leave pursuant to section 44 to file a certified copy of registration No. TMA885,729. The Opponent filed a written argument and both parties attended a hearing.

EVIDENTIAL BURDEN AND LEGAL ONUS

[9] Before considering the grounds of opposition, it is necessary to review some of the requirements with regard to (i) the evidential burden on an opponent to support the allegations in the statement of opposition and (ii) the legal onus on an applicant to prove its case.

[10] With respect to (i) above, there is an evidential burden on an opponent to support the facts in its allegations pleaded in the statement of opposition: *John Labatt Limited v The Molson Companies Limited* (1990), 30 CPR (3d) 293 (FCTD) at 298. An evidential burden on an opponent with respect to a particular issue means that in order for the issue to be considered at all, there must be sufficient evidence from which it could reasonably be concluded that the facts alleged to support that issue exist. With respect to (ii) above, the legal onus is on an applicant to show that the application does not contravene the provisions of the Act as alleged by an opponent (for those allegations for which the opponent has met its evidential burden). A legal onus on the applicant means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against an applicant.

PRELIMINARY EVIDENCE ISSUE

[11] As part of its evidence concerning the issue of distinctiveness of the word NAKED and a likelihood of confusion between the NAKED GRAPE label of the Opponent and THE NAKED TURTLE label of the Applicant, the Applicant filed the affidavit of Bruce Wallner, a Master Sommelier. In order to be admissible, expert evidence must meet the four criteria set out in *R v Mohan*, [1994] 2 SCR 9 (SCC):

- relevance;
- necessity in assisting the trier of fact;
- absence of any exclusionary rule; and
- from a properly qualified expert.

[12] At the outset, I find Mr. Wallner's opinion at para 30 of his affidavit, that it is highly unlikely that purchasers of alcoholic beverages will mistakenly order THE NAKED TURTLE brand rum thinking it is a wine or that it is in any way connected with NAKED GRAPE to be inadmissible. First, Mr. Wallner has not been shown to be an expert in human behavior and is therefore not qualified to render an opinion that the public would not be confused by the trade-marks at issue [*Now Communications Inc v CHUM Ltd* (2003), 32 CPR (4th) 168 (TMOB) at para 13].

[13] I do not find the evidence of Mr. Wallner relevant to the assessment of inherent distinctiveness of either parties trade-marks relevant as Mr. Wallner does not provide evidence on what the casual consumer of wines and spirits would understand. Mr. Wallner provides his opinion on the meaning of the word "naked" at paras 17 and 21 of his affidavit:

[para 17] In reference to wine, the term "naked" is used in Canada to describe wines that are natural (ie unmanipulated and usually unadorned by wood aging). ...

[para 21] The term 'naked' is also used on sprits that are pure, unadulterated and usually unoaked....

[14] Mr. Wallner then goes on to say that this meaning for wines and spirits is reflected in the following products of which he is personally familiar: The Naked Grape (from Gallo); Naked

Winery in South Dakota, the Naked Winery in Oregon, Naked Chase, The Naked Turtle and Naked Jay. On cross-examination, Mr. Wallner explained that he became personally familiar with the Naked Winery in South Dakota (Qs 129-139), Naked Winery in Oregon (Q154-156), Naked Jay and Naked Chase (Qs 407-408) through Internet searches after being retained in this case. There is no evidence that the casual consumer in Canada would be familiar with these brands (and infer a meaning of the word NAKED based on them) especially given that a Master Sommelier was not. Mr. Wallner also attaches to his affidavit an excerpt from the book *naked wine* by Alice Feiring (Exhibit D) and states in his affidavit at para 18:

Prior to my retainer ..., I owned the book 'Naked Wine' by Alice Feiring. In that book at page 36, she refers to an interview ... with a winemaker called Jules Chauvet, who is quoted as saying "wine must be naked". Ms. Feiring then comments "naked seemed to the point; there is something exposed, vulnerable yet true." She goes on to say at page 99 that "*vin naturel* should be naked wine; it is honest, transparent and sensitive. Whether in a person or in a wine these are qualities to cherish."

There is no evidence from Mr. Wallner that this is the type of book or reference that a casual consumer would be familiar with. While Mr. Wallner states that "over at least the last six years, I have heard customers and fellow Sommeliers in Canada refer to "naked wines" or "naked" as a descriptor for wine, with this meaning in mind" (para 19), he has not conducted any surveys of consumers to understand what they mean by the word naked (Q445) and acknowledges that he would have a more complete understanding of terminology as compared to the average consumer (Q446). Further, it seems to me that a discussion with a Master Sommelier or in an environment where a Master Sommelier is listening to an order does not approximate the buying experience of the casual consumer for alcoholic beverages generally or the parties' products specifically.

[15] For these reasons, I find that Mr. Wallner's opinion evidence is not relevant to the issue of inherent distinctiveness at the material date which is assessed with regard to the casual consumer and as such is inadmissible. In light of my conclusion it is unnecessary for me to address the Opponent's other objections to Mr. Wallner's evidence which were raised at the hearing.

GROUND OF OPPOSITION

Sections 30(e) and 30(i) Grounds of Opposition

[16] The material date for these grounds of opposition is the filing date of the application, January 30, 2012 [*Georgia-Pacific Corp v Scott Paper Ltd* (1984), 3 CPR (3d) 469 at 475 (TMOB)].

[17] The section 30(e) ground of opposition alleges that the Applicant did not intend to use the Mark. The Opponent has not provided any facts to support this ground nor made any references to the Applicant's evidence to support this allegation. As a result, this ground is rejected.

[18] The section 30(i) ground of opposition alleges that the Applicant could not have been satisfied that it was entitled to use the Mark in Canada. Where an applicant has provided the statement required by section 30(i), this ground should only succeed in exceptional cases such as where there is evidence of bad faith on the part of an applicant [*Sapodilla Co v Bristol-Myers Co* (1974), 15 CPR (2d) 152 (TMOB) at 155]. As the application includes the required statement and there is no allegation or evidence of bad faith or other exceptional circumstances, the section 30(i) ground is rejected.

Section 12(1)(d) Ground of Opposition

[19] The material date for a section 12(1)(d) ground of opposition is the date of my decision [*Park Avenue Furniture Corporation v Wickes/Simmons Bedding Ltd and The Registrar of Trade Marks* (1991), 37 CPR (3d) 413 (FCA)].

[20] The Opponent has pleaded that the Mark is not registrable because it is confusing with one or more of registration Nos. TMA659,543; TMA720,829; and TMA795,352. I have exercised my discretion and confirm that these registrations are extant [*Quaker Oats Co of Canada v Menu Foods Ltd* (1986), 11 CPR (3d) 410 (TMOB)]:

No.	Trade-mark	Goods
TMA659,543	NAKED GRAPE	Wines, wine spritzers, icewine
TMA720,829	NAKED GRAPE & GRAPE Design	Wines
TMA795,352	NAKED GRAPE FIZZ	Wine

[21] I now have to determine, on a balance of probabilities, if the Mark is likely to cause confusion with one or more of the Opponent's registered trade-marks. I consider that the Opponent's best case is registration No. TMA659,543 for the trade-mark NAKED GRAPE and I will concentrate my analysis on it. If the Opponent is not successful based on this mark, then it will not be successful based on any of the other marks.

Test to Determine Confusion

[22] The test to determine the issue of confusion is set out in section 6(2) of the Act where it is stipulated that the use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would likely lead to the inference that the goods and services associated with those trade-marks are manufactured, sold or leased by the same person, whether or not the goods and services are of the same general class. In making such an assessment, I must take into consideration all the relevant surrounding circumstances, including those listed in section 6(5): the inherent distinctiveness of the trade-marks and the extent to which they have become known; the length of time the trade-marks have been in use; the nature of the goods and services or business; the nature of the trade; and the degree of resemblance between the trade-marks in appearance, or sound or in the ideas suggested by them. The criteria in section 6(5) are not exhaustive and different weight will be given to each one in a context specific assessment [*Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22, [2006] 1 SCR 772 at para 54]. I also refer to *Masterpiece Inc v Alavida Lifestyles Inc* (2011), 92 CPR (4th) 361 (SCC) at para 49, where the

Supreme Court of Canada states that section 6(5)(e), the resemblance between the marks, will often have the greatest effect on the confusion analysis.

[23] In *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 SCR 824 at para 20, the Supreme Court of Canada set out how the test is to be applied:

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.

Summary of the Opponent's Evidence With Respect to Its Naked Grape Wines

[24] The Opponent filed the affidavit of Steven Bolliger, its Senior Vice-President Marketing who has been employed by the Opponent since 1998 (para 1). The Opponent's evidence summarized below leads to the conclusion that the NAKED GRAPE brand is well known, if not famous, in Canada for wine.

- The Opponent is Canada's largest producer, marketer and distributor of wines and also produces ciders, spritzers, and coolers (paras 3,8).
- The Opponent's NAKED GRAPE line of wines has been available in Canada since at least as early as 2005 in liquor stores other than in Quebec, Yukon and Nunavut (paras 5, 10, 18, Q181). In Ontario, the Opponent's products are also sold through over 160 company owned and operated WINE RACK stores and online through the website *www.winerack.com* (paras 6 and 18, Exhibit F). Between 2008-2013, the Opponent has sold between 325,000 and 650,000 9L cases of wine per year with net sales ranging from \$16-26 million CAD per year, with \$23 million dollars of sales in 2013 (para 12).
- The Opponent has also sold a wine spritzer in association with the NAKED GRAPE trade-mark (para 14, Exhibit E). Mr. Bolliger describes Naked Grape Spritzers as a cooler product with wine and sparkling water, with some flavours

having been launched between 2007 and 2010 which are no longer available as they were delisted in 2013 due to lack of sales (Qs 37-48).

- Twelve types of wine and at least two types of wine spritzers have been sold in the NAKED GRAPE collection including sauvignon blanc, shiraz, pinot grigio and white zinfandel wine spritzer (para 13; Exhibits B, E).
- Naked Grape Wines are advertised and promoted through the use of point of sale promotional materials (para 30; Exhibit O); table talkers and menu shells at restaurants (para 32; Exhibit R); online at the website *nakedgrape.ca* (para 34; Exhibit T); and through television advertisements shown on Canadian television and print advertisements (paras 21, 26; Exhibits I, K). Advertising expenditures have ranged from a high of \$1.9 million annually in 2010, 2011 to \$700,000 in 2006 (para 22). The promotional materials and print-outs Mr. Bolliger's affidavit feature the NAKED GRAPE trade-mark prominently.

Analysis of the Section 6(5) Factors

Inherent Distinctiveness

[25] A trade-mark is inherently distinctive when nothing about it refers the consumer to a multitude of sources [*Compulife Software Inc v CompuOffice Software Inc* 2001 FCT 559 at para 19]. As noted by Justice Bédard in *Philip Morris Products SA v Imperial Tobacco Canada Limited*, 2014 FC 1237, citing *Apotex Inc v Canada (Registrar of Trade-marks)*, 2010 FCA 31, whether a trade-mark is distinctive is a question of fact that is determined by reference to the message that it conveys to the casual consumer of the goods or services in question when the trade-mark is considered in its entirety as a matter of first impression.

[26] At para 78 of its written argument, the Opponent submits:

Neither NAKED GRAPE nor [THE] NAKED TURTLE describes any inherent characteristic or quality of alcoholic beverages. As such, both of these marks are *inherently* distinctive of such goods.

[27] I agree and find both the NAKED GRAPE and THE NAKED TURTLE trade-mark to be inherently distinctive as a matter of first impression.

[28] At the hearing, the Applicant submitted that the trade-mark NAKED GRAPE is not distinctive with NAKED being descriptive or suggestive of a product which is unoaked. My review of the evidence indicates that a consumer turning their mind to what NAKED suggests in the context of a beverage like wine or rum may conclude *after consideration* that it suggests that the associated wine or rum may not have been aged in an oak barrel. I do not, however, find that the evidence supports a finding that consumers do so *as a matter of first impression*. While unoaked wines are a subcategory of wines (Bolliger cross-examination, Qs151-152) it is not clear that the references to naked indicating an unoaked product are of the type that would be familiar to a casual consumer such that this would occur to them as a matter of first impression. Below, I discuss the evidence of the parties on this point:

- Mr. Bolliger confirms on cross-examination that he has not heard the term naked used to describe wines that are not aged in oak barrels on a “universal basis” (Q88) and that he has not heard the term naked broadly used, to describe unoaked wines (Q142).
- Mr. Schilling is the Vice-President of the Applicant. Mr. Schilling’s evidence is that he is personally familiar with the use of NAKED in relation to wines in the United States and based on his experience he believes “naked” to mean in relation to wine “naked wine is wine is stripped down to its basics – wine as it was meant to be: wholesome, exciting, provocative, living, sensual and pure” (para 37) and this would be understood as indicating that the wines have not been aged in oak barrels with minimal chemical and technological intervention (para 38). Mr. Schilling’s evidence on the meaning of naked is not relevant to what a casual consumer would perceive. During his cross-examination, Mr. Schilling was asked about what he meant by “his experience” and explained (Q273):

I have worked in the industry for almost 15 years. So it is based on my experience working in the beverage alcohol industry for about a decade and a half.

Furthermore, there is no evidence that the casual consumer would have any knowledge of the article published in the Wine Economist referred to by Mr. Schilling in his affidavit (Exhibit L, a complete copy is in the Answers to Undertakings).

- The word naked may be defined in a number of ways including “Having no clothing on the body, stripped to the skin; unclothed, nude...”; “lacking in something, bare, inadequate”; “of a drink; undiluted, neat *Now Rare*” and “Not added to...” (see the references from the *Oxford English Dictionary* attached to the Applicant’s case law).
- At the hearing, the Applicant submitted that the Opponent, through emphasizing that its wines are unoaked on labels and in advertising, has educated consumers to understand this meaning of the word naked. I do not agree. First, the average consumer is only going to be taking casual care to observe that which is staring them in the face [*Coombe v. Mendit Ltd.* (1913), 30 RPC 709 (Ch. D.) at 717 cited in *Mattel, supra*]. Second, the evidence does not show that the casual consumer has been educated that naked means unoaked in a descriptive sense, as opposed to finding that the Opponent uses a risqué word to position its product in a fun, cheeky manner (see also Qs 76-80 of the cross-examination). For example,
 - From the bottle labels at Exhibit B:

Naked Grape wines reveal themselves as they really are, without being hidden by the flavour of oak. Our winemaker has chosen not to oak age the wines, allowing the crisp fruit flavour and the true varietal characteristics to come through.
 - From an LCBO ad at Exhibit K

Naked Grape Unoaked Shiraz – There’s nothing shy about this Niagara-Peninsula blend. Fruit flavours express themselves fully...
 - From contest materials at Exhibit N

I’m short, plump and perfectly comfortable in my own skin.

It takes confidence to go unoaked. Naked Grape is the first wine brand to offer a complete line-up of unoaked varietals. By not aging our wine in oak barrels, the crisp fruit flavours of our grapes can express themselves fully without being masked.
- Finally, the references in Mr. Penney’s affidavit and Mr. Bolliger’s cross-examination relating to the following third party brands in Canada: Chardonaked, Naked Pig Pale Ale and Skinny Girl Naked vodka, do not lead to the inference that the casual consumer understands that the word naked suggests or describes a product which is unoaked. First, Mr. Bolliger confirms that the Opponent has

enforced its trade-mark against Chardonaked (Bolliger affidavit, para 37).

Second, there is no evidence on which I could infer that the Skinny Girl Naked vodka or the Naked Pig Pale Ale is unoaked or otherwise unadulterated.

Extent Known and Length of Time in Use

[29] I am satisfied from the evidence of Mr. Bolliger that the NAKED GRAPE trade-mark has been promoted and used extensively in Canada for a lengthy period of time. Consequently, I find it reasonable to conclude that the NAKED GRAPE trade-mark is quite well known, if not famous in Canada. While Mr. Schilling evidences use of the trade-mark THE NAKED TURTLE in the United States including website hits from Canada, in the absence of any activities targeting Canadians, I do not find that the Applicant's American activities have given rise to any significant Canadian reputation for this trade-mark.

Nature of Goods and Trade

[30] The Goods are different than the Opponent's registered goods namely, wines, wine spritzers, icewine. Although they are the products of one industry, a casual consumer may be conscious of the distinction between these goods – one being an alcoholic beverage made from the fermentation of grapes and one being a spirit produced through distillation [see, for example, *Benedictine Distillerie de la Liqueur de l'Ancienne Abbaye de Fecamp v John Labatt Ltée* (1990), 28 CPR (3d) 487; *Vincor International Inc v Maple Leaf Distillers Inc*, 2006 CanLII 80760 (TMOB); *Champagne Möet & Chandon v. Chatam International Inc.* (2001), 12 CPR (4th) 549 (TMOB) at 554-558 *Pernod Ricard v. Molson Breweries* (1990), 30 CPR (3d) 302 (TMOB) at 306-308].

[31] That being said, there is the potential for overlap in the parties' channels of trade since the parties' goods would likely be sold in restaurants and liquor stores and independent stores, albeit in different sections with respect to wine and rums (wines in such sections as "Ontario wines" in LCBO and "bottled in British Columbia" in British Columbia liquor stores and the wine section in independent retailers in Alberta) (Qs 178-180) [see, for example, *Pernod Ricard v Molson Breweries* (1992), 44 CPR (3d) 359 at 368-369]. With respect to rum flavoured-beverages, Mr. Bolliger's evidence is that wine spritzers are sold in the cooler section (Q187). In the absence of

further specification I find that the Applicant's goods described as rum-flavoured beverages may include coolers.

Degree of Resemblance

[32] As stated earlier, the degree of resemblance between the trade-marks will often have the greatest effect on the confusion analysis. When considering the degree of resemblance, the law is clear that the trade-marks must be considered in their totality. The appropriate test is not a side by side comparison but an imperfect recollection in the mind of a consumer of an opponent's trade-mark [*Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, *supra* at para 20]. The preferable approach when comparing trade-marks is to begin by determining whether there is an aspect of the trade-mark that is particularly striking or unique [see *Masterpiece* at para 64].

[33] The most striking aspect of the Opponent's trade-mark is the word NAKED as the word GRAPE is descriptive of the associated goods. With respect to the Mark, I find that it is likely to be viewed as a unitary phrase. When considered as a whole, I find the trade-marks more different than alike as a matter of first impression. While the parties' trade-marks resemble each other somewhat in appearance and sound owing to the fact that the striking aspect of the Opponent's trade-mark, the word NAKED, is incorporated in its entirety in the Applicant's trade-mark THE NAKED TURTLE, the impact of the Applicant's trade-mark is different. The trade-marks convey very different ideas with the Opponent's trade-mark playfully or cheekily suggesting nakedness, in contrast with the Mark which suggests a turtle who has no clothes or is otherwise bare. In finding the trade-marks more different than alike, I am mindful of case law such as *Conde Nast*, *supra* which stands for the principle that the first portion of a trade-mark is the most important.

Use of NAKED by Other Parties in the Alcoholic Beverages Market in Canada

[34] The use of NAKED by other parties in the alcoholic beverages market in Canada is not a significant surrounding circumstance. The Applicant's evidence is that Mr. Penney performed searches of provincial liquor store websites and located listings for the Opponent's NAKED GRAPE wines and the following products: Back Forty Naked Pig Pale Ale, Four Vines Naked Chardonnay, Naked Chadonnay, Naked on Roller Skates (Barbara), Naked Winery wines, Nogne

Naked Kiss Imperial Porter, Skinnygirl Barenaked Vodka, and Snoqualmie Naked Riesling (Exhibit B). Other than Skinnygirl Barenaked vodka, the other listings were located on Alberta's *www.liquorconnect.com* website which also included several NAKED GRAPE products which Mr. Bolliger had indicated were no longer sold including NAKED GRAPE Spritzer which was delisted in 2013 (Bolliger cross-examination, Qs 38-41) suggesting that these listings may not be representative of sales.

[35] Mr. Bolliger's evidence on cross-examination that:

- he was familiar with the Naked brand of smoothies and confirmed that the Opponent has not objected to the use of Naked by this brand (Qs 209-210);
- he was aware that Gallo's Naked Grape wine sold in the United States and it is sometimes featured in trade publications which are circulated in Canada (Qs 92-112); and
- he is aware of the Skinnygirl brand but was not aware that "bare naked" appeared on the vodka (Qs 189-194);

[36] First, this limited evidence of use of NAKED by other parties in Canada is insufficient to establish that the component NAKED is common to trade-marks for alcoholic beverages in Canada such that consumers can more easily distinguish between trade-marks including this component. Second, this evidence has little, if any, real effect on the acquired distinctiveness of the Opponent's trade-mark NAKED GRAPE. The Opponent has evidenced extensive sales of NAKED GRAPE wine in most of the provinces of Canada and there is no information on the sale or advertising of any of the alcoholic beverage products located in Mr. Penney's searches or referred to in Mr. Bolliger's cross-examination which results in the inference that any of these brands has any reputation in Canada.

Surrounding Circumstance: Applicant's Use in the United States

[37] Mr. Schilling provides the following evidence:

- The Applicant is a member of the Diageo group of companies, one of the world's leading manufacturers across spirits, beer and wine (para 2).
- In 2012, the Applicant introduced a new brand of rum under the trade-mark THE NAKED TURTLE which is a premium white rum made from sugarcane molasses and is unoaked (para 3). The NAKED TURTLE rum was launched in three markets Tampa, Florida, Key West, Florida and Charleston, South Carolina (para 4).
- The NAKED TURTLE label prominently features a relaxed, shell-less turtle wearing sunglasses and reclining in a hammock (para 6). In his affidavit, Mr. Schilling provides several photos of the use of this trade-mark on labels and in promotional material many of which emphasize a turtle without his shell (see, for example, Exhibits A, F, para 15-17).
- Since the launch in the United States in 2012, the Applicant has spent \$10 million USD to advertise and promote THE NAKED TURTLE rum and has sold more than 300,000 bottles of THE NAKED TURTLE rum (paras 8, 26).

[38] I do not consider the Applicant's current manner of use to be a relevant surrounding circumstance as it is the effect of the Mark itself that must be considered, not of other indicia that may appear along with the trade-mark since the other indicia is not part of the trade-mark [*PEI Licensing Inc v Disney Online Studios Canada Inc*, 2012 TMOB 49 at para 26 (TMOB); *Mr. Submarine Ltd v Amandista Investments Ltd* (1987), 19 CPR (3d) 3 at 11 (FCA), where the Court held that appearances of the challenged trade-mark as actually used are irrelevant considerations for the issue of confusion].

Surrounding Circumstance: Naked Trade-marks in the United States

[39] I am not prepared to accord the use or registration of NAKED trade-marks in the United States any significant weight as a surrounding circumstances. First, Mr. Bolliger confirms that the Opponent's NAKED GRAPE product is not sold in the United States. Second, co-existence abroad is typically not relevant in the absence of evidence that the environment abroad is similar to that in Canada, for example the state of the marketplace [*LA Gear, Inc v Los Angeles Sports*

Council, 2006 CanLII 80361]. The Applicant's evidence summarized below does not allow me to find that the use of NAKED trade-marks is similar in the United States and Canada. Rather, it appears that the marketplace of NAKED trade-marks in the United States is considerably more crowded than in Canada.

1. Mr. Penney's searches of the listings of the provincial store liquor store websites for products containing the word NAKED (Exhibit B);
2. Mr. Penney's and Mr. Eugenio's searches of US trade-mark applications and registrations including NAKED in Class 32 (non-alcoholic beverages and beer) and Class 33 (alcoholic beverages (except beers)) showing over 25 third party registrations (Penney affidavit, Exhibit A; Eugenio affidavit, Exhibits A and B);
3. Mr. Eugenio's search for the websites of trade-mark owners revealed in his search of the USPTO (Exhibit B); and
4. Mr. Schilling's search of the COLA Online system which indicates that twenty alcoholic beverage product labels have been approved by the United States Department of Treasury, Alcohol and Tobacco Tax and Trade Bureau (paras 30-32; Exhibit J).

As the Applicant's evidence does not show that the marketplace in the United States is similar to that in Canada, I do not find the evidence elicited in the cross-examination of Mr. Bolliger concerning the existence of NAKED trade-marks in the wine sector in the United States including The Naked Grape sold by Gallo (Qs 92-112) and Simply Naked wines sold by Constellation Brands, the US division and a separate entity from the Opponent (Qs 116-129), to have any bearing on whether a Canadian consumer is likely to confuse the trade-mark THE NAKED TURTLE and the Opponent's NAKED GRAPE trade-mark. Likewise, I do not find Mr. Schilling's evidence that he or the Applicant's legal department is not aware of any confusion with alcoholic beverage products including NAKED, including THE NAKED GRAPE wines produced by E. & J. Gallo Winery (paras 32-33), to be relevant to the assessment of whether a Canadian consumer is likely to confuse the trade-mark THE NAKED TURTLE and the Opponent's NAKED GRAPE trade-marks.

Trade-mark Registration for Simply Naked

[40] At the hearing, the Applicant referenced the certified copy of registration No. TMA885,729 for SIMPLY NAKED for use in association with wine and submitted that the fact that it was assigned to Constellation Brands, Inc., a different legal entity than the Opponent, means that the Opponent has conceded that different legal entities may own marks that include the word NAKED and cover wine, without any likelihood of confusion.

[41] In the absence of use in Canada of the trade-mark SIMPLY NAKED, I do not find this to be a relevant surrounding circumstance. In *Molson Breweries v Labatt Brewing Co* (1996), 68 CPR (3d) 202 at 212-213 (FCTD), where one party argued that a prior inconsistent position taken by the other party was a relevant surrounding circumstance in assessing the likelihood of confusion, the Federal Court held:

... this circumstance is not relevant in determining whether the two trade-marks at issue are confusing. Regardless of the previous positions taken by Labatt, I must come to a determination as to confusion that is in accordance with the law and relevant jurisprudence.

Surrounding Circumstance: Family of Trade-marks

[42] In its statement of opposition, the Opponent alleges that it has a family of NAKED GRAPE trade-marks. Where there is a family of trade-marks, there may be a greater likelihood that the public would consider a trade-mark that is similar to be another trade-mark in the family and consequently, assume that the product or service that is associated with that trade-mark is manufactured or performed by the same person. There is, however, no presumption of the existence of a family of marks in opposition proceedings. A party seeking to establish a family of marks must show that it is using more than one or two trade-marks within the alleged family [*Techniquip Ltd v Canadian Olympic Assn* (1998), 145 FTR 59 (FCTD), *aff'd* 250 NR 302 (FCA); *Now Communications Inc*, *supra* at para 35]. In this case, the Opponent evidences extensive use of two trade-marks, NAKED GRAPE and NAKED GRAPE & Design, and provides pictures of wine sold in association with the NAKED GRAPE FIZZ trade-mark. Given that there are no sales figures for NAKED GRAPE FIZZ, I do not find that the Opponent has

evidenced that it has a family of NAKED GRAPE trade-marks such that there would be an increased likelihood of confusion.

Conclusion

[43] Having considered all of the surrounding circumstances and applying the test of confusion as a matter of first impression and imperfect recollection, I find that the Applicant has met the legal onus on it to show, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the Opponent's trade-mark. In so finding, I have had regard to all of the surrounding circumstances including that: (i) the parties' trade-marks are more different than alike; (ii) only the Opponent's trade-mark has a significant degree of acquired distinctiveness; (iii) the nature of the goods and channels of the trade overlaps; and (iv) there is no evidence that casual consumers understand the word NAKED to have a descriptive or suggestive meaning or are accustomed to seeing and having to distinguish between trade-marks containing the word NAKED in the alcoholic beverages field.

Sections 16(3) and 2 Grounds of Opposition

[44] The evidence of use of the NAKED GRAPE trade-mark discussed with respect to the section 12(1)(d) ground of opposition is sufficient to meet the Opponent's burden with respect to the section 16(3)(a) and 2 grounds of opposition. Further, I confirm the Opponent meets its burden with respect to its applications for NAKED GRAPE SPRITZER MORNING MIMOSA and NAKED GRAPE SPRITZER SUNSET SANGRIA for the section 16(3)(b) ground of opposition. The Opponent's position is no stronger as of the priority filing or statement of opposition filing date [see sections 16 and 34 of the Act and *Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* 2004 FC 1185, (2004), 34 CPR (4th) 317 at 324 for the material dates for these grounds of opposition]. Accordingly, I reach the same conclusion regarding the likelihood of confusion as under the section 12(1)(d) ground of opposition and these grounds of opposition are also rejected.

APPLICATION NO. 1,592,265 - THE NAKED TURTLE DESIGN - FRONT LABEL

[45] Application No. 1,592,265 for the trade-mark The Naked Turtle Design – front label set out below this paragraph (THE NAKED TURTLE – Front Label Mark) was filed on August 30, 2012 based on proposed use in Canada in association with distilled spirits, namely rum and rum-flavoured beverages. The THE NAKED TURTLE – Front Label Mark was advertised for opposition purposes on November 6, 2013 and was opposed by the Opponent on November 29, 2013.



[46] With the exception of the inherent distinctiveness of the THE NAKED TURTLE – Front Label Mark and the degree of resemblance between this trade-mark and the NAKED GRAPE trade-mark, the issues for decision, material dates and the evidence of record are analogous to application No. 1,561,944. As above, I believe the Opponent's best chance of success is its registration for the NAKED GRAPE trade-mark in respect of the section 12(1)(d) ground and its use of this trade-mark with respect to the section 16(3)(a) and 2 grounds.

Inherent Distinctiveness

[47] THE NAKED TURTLE – Front Label Mark is inherently distinctive as the most striking part of this trade-mark NAKED TURTLE does not convey any descriptive meaning with respect to the Goods. The turtle design in the middle label also adds a significant degree of distinctiveness.

Degree of Resemblance

[48] The most striking aspect of the Opponent's trade-mark is the word NAKED as the word GRAPE is descriptive of the associated goods. With respect to the THE NAKED TURTLE – Front Label Mark, I find that the most striking aspects of this trade-mark are the phrase THE NAKED TURTLE and the depiction of the turtle in the hammock. I find the parties' trade-marks more different than alike as a matter of first impression. Notwithstanding that the parties' marks resemble each other visually owing to the fact that the striking aspect of the Opponent's trade-mark, the word NAKED, is incorporated in its entirety in the Applicant's trade-mark, the parties trade-marks have very different visual impacts. With respect to the resemblance as sounded, there is some difference in sound given the differences in sound. Finally, the trade-marks convey very different ideas with the Opponent's trade-mark playfully or cheekily suggesting nakedness and the Mark suggests a turtle who has no clothes or is otherwise bare. This is underscored by the design elements in the Applicant's trade-mark. The fact that each trade-mark potentially suggests the idea of nakedness one of a grape and one of a turtle is not enough to find that there is a strong resemblance in ideas suggested, particularly as a matter of first impression. In finding the parties' trade-marks are more different than alike, I am mindful of case law such as *Conde Nast, supra* which stands for the principle that the first portion of a trade-mark is the most important.

Conclusion

[49] Having considered all of the surrounding circumstances and applying the test of confusion as a matter of first impression and imperfect recollection, I find that the Applicant meets its legal onus of proving, on a balance of probabilities, that there is no reasonable likelihood of confusion. Specifically, a casual consumer with an imperfect recollection of the NAKED GRAPE trade-mark who encounters rum or rum flavoured beverages sold in association with THE NAKED TURTLE Design – Front Label Mark is unlikely to think that these goods are sold by, sold under license or are otherwise affiliated with the Opponent due to the differences in appearance, sound and ideas suggested between the trade-marks. In so finding, I have had regard to all of the surrounding circumstances including the following: (i) the parties' trade-marks are more different than alike; (ii) only the Opponent's trade-mark has a significant degree of

acquired distinctiveness; (iii) the nature of the goods and channels of the trade overlaps; (iv) there is no evidence that casual consumers understand the word NAKED to have a descriptive or suggestive meaning or are accustomed to seeing and having to distinguish between trade-marks containing the word NAKED in the alcoholic beverages field.

[50] As such, the grounds of opposition based on sections 12(1)(d), 16(3)(a) and section 2 are rejected. Furthermore, I reject the grounds of opposition based on sections 30(e) and 30(i) of the Act for the same reasons as set forth earlier in this decision.

APPLICATION NO. 1,592,266 - THE NAKED TURTLE DESIGN - BACK LABEL

[51] Application No. 1,592,266 for the trade-mark The Naked Turtle Design - back label set out below (THE NAKED TURTLE – Back Label Mark) was filed on August 30, 2012 based on proposed use in Canada in association with distilled spirits, namely rum and rum-flavoured beverages. THE NAKED TURTLE – Back Label Mark was advertised for opposition purposes on November 6, 2013 and was opposed by the Opponent on November 29, 2013.



[52] With the exception of the inherent distinctiveness of the THE NAKED TURTLE – Back Label Mark and the degree of resemblance between this trade-mark and the NAKED GRAPE trade-mark, the issues for decision, material dates and the evidence of record are analogous to the opposition to application No. 1,561,944. As above, I believe the Opponent's best chance of success is its registration for the NAKED GRAPE trade-mark in respect of the section 12(1)(d) ground and its use of this trade-mark with respect to the section 16(3)(a) and 2 grounds.

Inherent Distinctiveness

[53] THE NAKED TURTLE – Back Label Mark is inherently distinctive as the most striking phrase in this trade-mark DON'T WORRY DRINK NAKED does not convey any descriptive meaning with respect to the Goods. The turtle design in the bottom right corner also adds distinctiveness.

Degree of Resemblance

[54] The most striking aspect of the Opponent's trade-mark is the word NAKED as the word GRAPE is descriptive of the associated goods. With respect to THE NAKED TURTLE – Back Label Mark, I find that the most striking aspect of this trade-mark is the phrase DON'T WORRY DRINK NAKED which appears in large font. I find that the parties' trade-marks when considered as a whole resemble each other as a matter of first impression. They have some degree of resemblance visually and as sounded owing to the fact that the striking aspect of the Opponent's trade-mark is incorporated into DON'T WORRY DRINK NAKED. Because of the location and size of the turtle design and the rest of the reading material in this trade-mark, I do not find these elements significantly reduce the degree of resemblance in appearance or sound as a matter of first impression. Importantly, I also find that both the Applicant's and Opponent's trade-marks when considered as a matter of first impression suggests the playful, risqué idea of nakedness.

Conclusion

[55] Having considered all of the surrounding circumstances and applying the test of confusion as a matter of first impression and imperfect recollection, I find that the Applicant has failed to meet its legal onus of proving, on a balance of probabilities, that there is no reasonable likelihood of confusion. Specifically, a casual consumer with an imperfect recollection of the NAKED GRAPE trade-mark who encounters rum or rum flavoured beverages sold in association with THE NAKED TURTLE Design – Back Label Mark may think that these goods are sold by, sold under license or are otherwise affiliated with the Opponent due to resemblance between the Opponent's trade-marks and the most striking aspect of this trade-mark, the phrase DON'T WORRY DRINK NAKED. In so finding, I have had regard to all of the surrounding

circumstances including: (i) only the Opponent's trade-mark has a significant degree of acquired distinctiveness; (ii) there is no evidence that casual consumers in Canada understand the word NAKED to have a descriptive or suggestive meaning or are accustomed to seeing and having to distinguish between trade-marks containing the word NAKED in the alcoholic beverages field; and (iii) the nature of the parties' goods and channels of trade overlap.

[56] As such, the grounds of opposition based on sections 12(1)(d), 16(3)(a) and section 2 succeed. As the Opponent has succeeded on three grounds of opposition, I will not discuss the remaining grounds of opposition.

DISPOSITION

[57] Pursuant to the authority delegated to me under section 63(3) of the Act, I reject the oppositions in respect of application Nos. 1,561,944 and 1,592,265 and refuse application No. 1,592,266.

Natalie de Paulsen
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office

**TRADE-MARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD**

Hearing Date: 2018-06-13

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Jonathan Colombo

For the Applicant

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