

TRADE-MARKS

REGISTRATION

Opposition

Applicant, owner of NAKED GRAPE in Canada, appealing decision of Trademarks Opposition Board (TMOB) made on behalf of Registrar of Trademarks (2018 TMOB 134) — TMOB rejecting applicant's opposition to co-pending trademark application Nos. 1561944 for THE NAKED TURTLE ('944 application), 1592265 for THE NAKED TURTLE Design - front label ('265 application), but refusing co-pending trademark application No. 1592266 for THE NAKED TURTLE Design – back label ('266 application) — Respondent filing '944 application for word mark THE NAKED TURTLE based on proposed use of mark in Canada, initially in association with “alcoholic beverages except vodka and beers” — Application amended twice to redefine goods; opposed by Constellation Brands Canada, Inc., which later became applicant — Respondent also filing '265 application for design mark THE NAKED TURTLE Design – front label also based on proposed use of mark in Canada, initially in association with “alcoholic beverages (except vodka), rum and rum flavoured beverages” — '265 application also amended to redefine goods; then opposed by Constellation Canada — Constellation Canada opposing both applications pursuant to *Trademarks Act*, R.S.C., 1985, c. T-13, ss. 12(1)(d), 38(2)(b) (non-registerability), ss. 16(3)(a), 38(2)(c) (non-entitlement), ss. 2 "distinctive", 38(2)(d) (non-distinctiveness), on basis applied-for trademarks confusing with registered trademarks NAKED GRAPE, NAKED GRAPE & Grape Design, NAKED GRAPE FIZZ — Applicant continuing these oppositions after change in title recorded against trademarks in issue with Canadian Intellectual Property Office to name applicant as opponent (applicant or opponent) — Issues: what was applicable standard of review on appeal taking into account new evidence filed; bearing in mind applicable standard of review on appeal, as matter of first impression, would “casual consumer somewhat in a hurry”, who sees respondent's trademarks, when that consumer has no more than imperfect recollection of any one of applicant's trademarks, be likely to be confused; that is, would such consumer be likely to think that respondent was same source of alcoholic beverages (rum on one hand, wines on other) as applicant — Parties filing further evidence on appeal — *Canada (Minister of Citizenship and Immigration) v. Vavilov*, 2019 SCC 65 rendered two weeks after hearing in present matter, not necessarily displacing previous case law regarding new evidence filed with Federal Court on appeal from Registrar's decision but rather necessitating adjustment — Parties agreeing that standard of review determined on issue-by-issue basis, depending on materiality of any new evidence adduced affecting issue(s) — If new evidence considered material to issue, Court must consider outcome of that relevant issue *de novo* or on correctness basis — To trigger *de novo* review pursuant to Act, s. 56(5), new evidence must be “sufficiently substantial and significant; ... evidence that merely supplements or repeats existing evidence will not surpass this threshold” — Court must assess quality, quantity of new evidence (nature, significance, probative value, reliability) to determine whether evidence adding something of significance; hence, whether it would have affected TMOB's decision materially — Thus, where new material evidence filed, correctness standard contemplated by Act, s. 56(5), applicable case law permitting Federal Court to conduct *de novo* analysis in respect of relevant issue(s), according no deference to conclusion[s] of underlying decision maker — However, absent new material evidence, *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235 appellate standard of review applying, as opposed to reasonableness — Applicant not establishing family of trademarks with new evidence such that balance concerning confusion analysis tipping in applicant's favour on such basis alone — Regarding second issue, TMOB making no palpable, overriding errors in

articulating evidentiary burden on applicant opponent, legal onus on applicant in opposition proceedings, nor in inadmissibility finding regarding expert evidence of master sommelier — Regarding Act, s. 12(1)(d) ground of opposition, TMOB making no palpable, overriding errors in articulating test for confusion — TMOB considering that opponent's best case was registered trademark NAKED GRAPE, which was primary focus of TMOB's confusion analysis — TMOB making no discernible palpable, overriding errors in arriving at its conclusions concerning, in particular, issues of inherent distinctiveness, length of time in use, nature of goods, trade — In considering TMOB's assessment of degree of resemblance, however, TMOB making several palpable errors that cumulatively overriding — Likelihood of confusion to be determined on balance of probabilities, with any doubt resolved in favour of owner — Each situation is fact, context specific — Moreover, degree of resemblance involving disjunctive considerations of appearance, sound, or ideas suggested, each of which needing to be assessed — In short, confusion analysis as embodied in Act, s. 6, including s. 6(5), applicable case law is much more nuanced; not ending necessarily with finding that marks in issue not identical or very similar — TMOB making following palpable errors, which cumulatively overriding: viewing THE NAKED TURTLE as unitary phrase but not NAKED GRAPE; finding trademarks at issue "more different than alike"; dissecting applicant's trademark, discounting word GRAPE notwithstanding finding that NAKED GRAPE is well known, if not famous in Canada for wine; assigning different ideas to word NAKED; failing to consider possible future presentations of parties' marks — Accordingly, interests of justice served by Federal Court deciding matter, rather than sending it back to TMOB — Degree of resemblance existing between applicant's word, design trademarks, on one hand, respondent's word, design trademarks, on other, by reason of "shared" component NAKED, which is striking in both parties' marks, first significant component — Also, both word, design marks of respective parties would be pronounced or sounded as two words — NAKED GRAPE in case of applicant, NAKED TURTLE in case of respondent — Therefore, sufficient resemblance between applicant's trademark NAKED GRAPE, including design versions, respondent's word mark NAKED TURTLE, that source confusion as contemplated by Act, s. 6(2) likely — Not question about someone mistaking rum for wine but rather casual consumer somewhat in hurry, having imperfect recollection of applicant's NAKED GRAPE product, mistakenly believing source of THE NAKED TURTLE product is same as NAKED GRAPE product — Moreover, despite Court's doubt as to degree of resemblance between NAKED GRAPE, design mark THE NAKED TURTLE – front label, doubt resolved, balance tipping in favour of applicant — Such finding regarding likelihood of confusion bearing on Act, s. 16(3), two grounds of opposition, by which TMOB noted correct material dates for such opposition grounds in respect of applications at issue — TMOB's various findings, including that NAKED GRAPE well known if not famous in Canada for wine, not impacted by material dates applicable to these grounds — Accordingly, same conclusion reached regarding likelihood of confusion regarding these grounds as under Act, s. 12(1)(d) ground — Thus, respondent's applications refused by reason of these other grounds as well — Respondent not meeting legal onus of proving, on balance of probabilities, no reasonable likelihood of confusion existing — Consequently, TMOB's decision overturned in respect of trademark application Nos. 1561944 for THE NAKED TURTLE, 1592265 for THE NAKED TURTLE Design – front label; Registrar directed to refuse these trademark applications pursuant to Act, s. 38(8) — Appeal allowed.

ARTERRA WINES CANADA, INC. V. DIAGEO NORTH AMERICA, INC. (T-23-19, 2020 FC 508, Fuhrer J., reasons for judgment dated April 9, 2020, 54 pp.)