

Federal Court



Cour fédérale

Date: 20210922

Docket: T-1645-17

Citation: 2021 FC 974

Ottawa, Ontario, September 22, 2021

PRESENT: The Honourable Justice Fuhrer

BETWEEN:

CATERPILLAR INC.

Applicant

and

PUMA SE

Respondent

JUDGMENT AND REASONS

(Public Version of Confidential Draft Version Issued September 10, 2021)

I. Overview

[1] Is the proposed trademark procat for footwear and headgear likely to be confused with the trademarks CAT & Triangle Design and CAT for the same and other goods? Is Puma entitled to the registration of procat in Canada? Is the trademark procat distinctive or adapted to distinguish Puma's goods from those of Caterpillar? In rejecting Caterpillar's opposition, the Trademarks Opposition Board [TMOB] said no to the first question and answered the second and third questions affirmatively.

[2] Caterpillar appeals TMOB's decision rejecting its opposition, and seeks to have the decision set aside and Puma's trademark application for procat refused.

[3] Both parties filed new evidence that in my view is material, thus triggering a *de novo* or correctness review of the TMOB's decision. Having considered the matter anew, I find that Caterpillar satisfied its evidential burden, but that Puma failed to establish, on a balance of probabilities, that its proposed use trademark procat is registrable, that it is the person entitled to registration, and that its trademark is distinctive or adapted to distinguish its goods from those of Caterpillar.

[4] For the more detailed reasons that follow, I therefore allow Caterpillar's appeal, set aside the TMOB's decision and refuse Puma's trademark application for procat.

[5] I note that in this matter, Case Management Judge Milczynski issued a Confidentiality Order dated September 11, 2020. In light of this Order, the confidential draft version of this decision has been shared with the parties to ensure that the public version does not contain any confidential information that has not been made public. As provided in the Order, any information or documentation covered, that nonetheless was or has become public (for example, because it was filed with the TMOB), is not treated as confidential for the purpose of this Judgment and Reasons.

II. Background: The Application, the Opposition and the TMOB's Decision

A. *The Application*

[6] Puma filed application number 1,558,723 for procat on January 5, 2012 based on proposed use of the trademark in Canada in association with “footwear, namely athletic, sports and casual shoes and boots; headgear, namely hats and caps.” The application was advertised on August 8, 2012 in the *Trademarks Journal* for opposition purposes.

B. *Summary of Opposition Proceedings*

[7] Caterpillar filed a Statement of Opposition on October 5, 2012. Caterpillar is the owner of the trademarks CAT & Triangle Design (reproduced below), registration number TMA382,234 dated March 29, 1991, and CAT, application number 1,588,026 filed July 30, 2012 (now registration number TMA934,244 dated April 8, 2016), both of which cover goods (and services) including footwear and headgear.



[8] Caterpillar based its opposition on paragraphs 38(2)(b), (c) and (d) of the *Trademarks Act*, RSC 1985, c T-13 [*TMA*]. See Annex “A” below for relevant legislative provisions. More specifically, Caterpillar raised the following grounds of opposition:

- a. procat is confusing with Caterpillar's registered trademark CAT & Triangle Design and, therefore, is not registrable: *TMA* s 12(1)(d);

- b. Puma is not the person entitled to registration of procat because it is confusing with Caterpillar's trademarks CAT & Triangle Design and CAT, both of which were previously used or made known by Caterpillar in Canada prior to the filing date of the application for procat: *TMA* s 16(3)(a);
- c. Puma is not the person entitled to registration of procat because it is confusing with Caterpillar's trade name CAT which had been used or made known previously by Caterpillar in Canada prior to the filing date of the application for procat: *TMA* s 16(3)(c);
and
- d. procat is not "distinctive": (as defined in) *TMA* s 2.

[9] Puma filed a counter statement on December 14, 2012 denying the allegations in Caterpillar's Statement of Opposition.

[10] Caterpillar filed the affidavit of Kenneth J Beaupre dated April 9, 2013 and the affidavit of Nai Vin Janet Chong dated April 3, 2013 as evidence. Only Mr. Beaupre was cross-examined on his affidavit.

[11] PUMA filed the affidavit of Neil Narriman dated July 23, 2014 and the affidavit of Lesley Gallivan dated July 17, 2014 as evidence. Neither affiant was cross-examined. Caterpillar did not file any reply evidence.

[12] Both parties filed written arguments. An oral hearing was held and both parties were represented. On August 29, 2017, the TMOB, on behalf of the Registrar of Trademarks, issued its decision rejecting Caterpillar's opposition and allowing the trademark application for procat.

C. *TMOB Decision Under Appeal: Caterpillar Inc. v Puma SE, 2017 TMOB 114*

[13] The TMOB, on behalf of the Registrar of Trademarks, rejected all grounds of opposition based on paragraphs 12(1)(d), 16(3)(a) and 16(3)(c), and section 2, raised by Caterpillar against Puma's trademark application for procat. The decision is summarized briefly below.

[14] The TMOB noted the initial evidential burden on Caterpillar, as the Opponent, to provide sufficient admissible evidence in support of its grounds of opposition. Where the Opponent meets its evidential burden, the legal onus is on the Applicant to establish on a balance of probabilities that its application complies with the requirements of the *TMA*.

[15] The TMOB next summarized the affidavit evidence of both parties and then considered the preliminary issue of whether the use of the Opponent's marks in Canada by its licensees enured to its benefit, pursuant to the *TMA* s 50. Subsection 50(1) provides essentially that the use of a trademark by a licensee is deemed use of the mark by the owner, where the owner has, under licence, direct or indirect control of the character or quality of the licensed goods or services.

[16] The TMOB determined that Caterpillar did not have the requisite control to benefit from this deeming provision. The TMOB considered the licensing arrangements Caterpillar had with two of its licensees, Wolverine World Wide Inc. [Wolverine] and Toromont Industries Ltd. [Toromont], and concluded that the focus on packaging and labelling of the goods manufactured, rather than the character or quality of the goods sold in association with Caterpillar's mark, was

evidence of a lack of control. Further, the evidence that Caterpillar's wholly owned dealers were outside Caterpillar's direct control suggested a lack of requisite control.

[17] The TMOB also was of the view that the public messaging given by the licensees about the source of the goods, or use of the trademarks under licence, did not point to Caterpillar. Thus, Caterpillar could not benefit from the presumption of controlled licensing, under subsection 50(2) of the *TMA*, where public notice is given of the fact of licensing and the owner's identity.

[18] The TMOB turned next to the registrability ground under paragraph 12(1)(d). Having regard to subsections 6(2) and 6(5) of the *TMA*, and noting the applicable test for confusion as one of first impression and imperfect recollection, the TMOB found that both parties' marks were inherently distinctive, but there was no evidence the applied for trademark procat has acquired distinctiveness. Regarding Caterpillar's registered trademark CAT & Triangle Design, the TMOB noted the registration is based on use of the trademark in Canada since at least as early as 1991. Yet there was a lack of documentary support for sales of headgear prior to 2003 and footwear prior to 2011. Referring again to the determination that use by licensees did not enure to Caterpillar's benefit, the TMOB found that consumers would not necessarily recognize an association between the goods provided by the licensees and Caterpillar. The TMOB did find, however, that Caterpillar's marks had become better known in Canada than Puma's mark.

[19] Regarding length of time in use, the TMOB found that this factor favoured neither party significantly, pointing again to the questionable use of Caterpillar's mark by its licensees.

[20] The TMOB found direct overlap in some of the parties' goods, and others closely related. Because the channels of trade are not restricted in either Puma's application or Caterpillar's registration, the TMOB concluded that the parties' respective channels of trade could overlap.

[21] Regarding the degree of resemblance, the TMOB held that the first part of procat assists in differentiating the marks, finding that "pro" has no suggestive or laudatory in association with Puma's goods, and that the ideas suggested by the marks were not similar. The TMOB concluded that Caterpillar's mark "suggests the idea of a feline animal while the Applicant's Mark is a coined work without any apparent meaning."

[22] Regarding surrounding circumstances, the TMOB was not persuaded that consumers would be likely to assume the word mark procat is part of a family of marks involving the design of a jumping cat. The TMOB also held that an owner does not have an automatic right to obtain further registrations regardless of how closely related they may be to the original registration.

[23] Regarding Puma's state of the register evidence, the TMOB found that 13 differently-owned trademarks involving CAT without a distinctive design element and registered for clothing were a relevant consideration. Together with Puma's evidence of the use of various product names containing "Cat", although not necessarily as trademarks, the TMOB was prepared to infer that CAT has been adopted commonly in the marketplace in association with clothing and that consumers are somewhat accustomed to seeing CAT word marks in the clothing trades.

[24] Based on the above, the TMOB concluded there is no reasonable likelihood of confusion between Puma's trademark procat and Caterpillar's marks. Relying on its *TMA* s 12(1)(d) analysis, the TMOB concluded that Caterpillar's entitlement grounds under the *TMA* s 16(3)(a) and s 16(3)(c) also were unsuccessful.

[25] Finally, the TMOB addressed Caterpillar's allegation that Puma's mark does not distinguish its goods from Caterpillar's goods. In deciding that neither of Caterpillar's marks had become sufficiently known in Canada in association with footwear and headgear, the TMOB cited the non-distinctive use by Caterpillar's licensees. The distinctiveness ground of opposition was also found to be unsuccessful.

III. Issues, Parties' New Evidence and Standard of Review

A. *Issues*

[26] Caterpillar now appeals the TMOB's August 29, 2017 decision, pursuant to the *TMA* s 56. The likelihood of confusion between Puma's trademark procat and Caterpillar's CAT trademarks is in issue in this appeal, along with the distinctiveness of procat. Caterpillar alleges that the TMOB erred in at least three respects: (1) in its analysis of the prefix "pro" in the trademark procat in relation to the inherent distinctiveness of procat and the degree of resemblance between Caterpillar's and Puma's marks; (2) in its conclusion regarding the sufficiency of Caterpillar's control over its licensees; and (3) in drawing inferences of marketplace use based on Puma's state of the register evidence, without any evidence of actual use.

B. *Parties' New Evidence on Appeal*

[27] Both parties filed new evidence in this appeal, further to the *TMA* s 56(5).

[28] Caterpillar filed:

- (a) the Affidavit of Kenneth J. Beaupre dated January 22, 2019, Marketing Manager, Customer Services Support for Marketing & Brand Department - formerly, Retail Business Development Centre - of Caterpillar;
- (b) the Affidavit of Onder Ors dated October 26, 2018, Vice President of Sourcing – Heritage Group and Western Hemisphere Sourcing for Wolverine Worldwide, Inc.; and
- (c) the Affidavit of David C. Wetherald dated September 7, 2018, former Vice President, Human Resources and Legal, and General Counsel and Corporate Secretary, for Toromont Industries Ltd.

[29] Puma cross-examined Mr. Beaupre, on his second affidavit, on October 22, 2019, Mr. Ors on October 15, 2019 and Mr. Wetherald on November 15, 2019. The transcripts of their cross-examinations form part of the Joint Application Record. Caterpillar's new evidence is summarized in Annex "B" below.

[30] Puma filed:

- (a) the Affidavit of Neil Jafar Narriman dated August 28, 2019, General Counsel – Intellectual Property for Puma; and
- (b) the Affidavit of Maria Papadopoulos dated August 27, 2019, Law Clerk employed at Kestenberg Siegal Lipkus LLP.

[31] Caterpillar cross-examined Mr. Narriman on his second affidavit on September 13, 2019. The transcript forms part of the Joint Application Record. Ms. Papadopoulos was not cross-examined on her affidavit. Puma's new evidence is summarized in Annex "B" below.

C. *Standard of Review*

(1) *General Principles*

[32] An appellate standard of review applies where, as in the case before me, there is a statutory right of appeal: *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [Vavilov] paras 36-37, citing *Housen v Nikolaisen*, 2002 SCC 33, [2002] 2 SCR 235 [Housen]. *Vavilov* does not displace the previous jurisprudence regarding new evidence filed with the Federal Court on appeal from a decision of the Registrar, but rather necessitates an adjustment: *The Clorox Company of Canada, Ltd. v Chloretec SEC*, 2020 FCA 76 [Clorox] at paras 19-23. The starting point is a consideration of whether any new evidence would have affected the TMOB's decision materially: *Clorox*, above at para 19.

[33] To be considered "material," the new evidence must be sufficiently substantial and significant, and of probative value: *Clorox*, above at para 21, citing respectively *Vivat Holdings Ltd v Levi Strauss & Co*, 2005 FC 707 at para 27 and *Tradition Fine Foods Ltd. v. Groupe Tradition'l Inc.*, 2006 FC 858 at para 58. "[E]vidence that merely supplements or repeats existing evidence will not surpass this threshold": *Scott Paper Limited v Georgia-Pacific Consumer Products LP*, 2010 FC 478 [Scott Paper] at paras 48-49. The test is not whether the new evidence would have changed the Registrar's mind, but rather whether it would have a

material effect on the decision: *Scott Paper*, above, at para 49. In that regard, quality, not quantity, is key: *Vivat Holdings Ltd v Levi Strauss & Co*, 2005 FC 707 at para 27.

[34] Further to the *TMA* s 56(5), a finding of materiality permits the Court to “exercise any discretion vested in the Registrar.” Justice de Montigny noted that this entails an appeal *de novo* calling for the application of the correctness standard: *Clorox*, above at para 21, referring to *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [*Vavilov*] (and the situations where the presumptive reasonableness standard of review will be rebutted, as summarized at *Vavilov* para 17). In other words, the Court need not defer to the decision maker’s reasoning process; undertaking its own analysis, the Court may decide whether it agrees with the decision maker’s determinations or whether it will substitute its own views: *Dunsmuir v New Brunswick*, 2008 SCC 9 at para 50, [2008] 1 SCR 190.

[35] If the new evidence is not material (or if no new evidence is filed), then this is the point at which *Vavilov* requires an adjustment to the applicable standard: *Clorox*, above at para 22. Instead of the previous standard of reasonableness, the appellate standard of review applies, with reference to *Housen*. This means questions of fact or mixed fact and law (except extricable questions of law) will be assessed for “palpable and overriding error.” Palpable means an obvious error, while an overriding error is one that affects the decision-maker’s conclusion; it is a highly deferential standard of review: *Mahjoub v Canada (Citizenship and Immigration)*, 2017 FCA 157 at paras 61-64. Questions of law (including extricable questions of law), on the other hand, will be assessed for correctness according no deference to the conclusions of the

underlying decision maker: *Clorox*, above at para 23; *Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 42.

[36] In sum, I must assess the nature, significance, probative value, and reliability of the parties' new evidence, in the context of the record, and determine whether it adds "something of significance" and hence, whether it would have affected the TMOB's decision materially: *Seara Alimentos Ltda v Amira Enterprises Inc.*, 2019 FCA 63 [*Seara*] at paras 23-26. In other words, would the evidence have enhanced or otherwise clarified the record in a way that might have influenced the Registrar's conclusions on a finding of fact or exercise of discretion, had it been available at the time of the Decision? Further, even when new evidence is admitted on appeal, this does not necessarily displace the TMOB's findings in respect of every issue but rather only those issues for which the evidence is provided and admitted: *Seara*, above at para 22.

(2) Materiality of Parties' New Evidence

[37] In my view, the dictionary definitions of "pro" evidenced by the Beaupre affidavit are sufficiently significant and probative that they would have affected the TMOB's decision materially. The TMOB's findings with regard to the inherent distinctiveness of procat and the degree of resemblance between procat and Caterpillar's CAT trademarks were influenced by the absence of evidence that "pro" has any suggestive or laudatory connotation in association with Puma's goods. The absence of such evidence is mentioned specifically in the TMOB's decision, at paras 51 and 61.

[38] The Supreme Court of Canada has stated that “the usual meaning of words [is] a matter of which a court or a board exercising judicial or quasi-judicial authority may take judicial notice”: *Pfizer Co. Ltd. v Deputy Minister of National Revenue*, 1975 CanLII 194 (SCC), [1977] 1 SCR 456 at 463. In the case before me, however, the TMOB chose not to take judicial notice. Further, this Court has held that “[w]hile the Board is entitled to take judicial notice of dictionary definitions of words found in trade-marks, it is not entitled to take judicial notice of a single meaning without evidence”: *McDowell v Laverana GmbH & Co. KG*, 2017 FC 327 [*McDowell*] at para 36. Because of the TMOB’s focus on the absence of evidence regarding the meaning of “pro,” I am satisfied that the definitions provided by the Applicant in the matter before me would have had a material effect on the TMOB’s decision.

[39] I further am satisfied that the Beaupre, Ors and Narriman affidavits and cross-examinations introduce sufficiently significant and probative evidence regarding the TMOB’s confusion analysis under subsection 6(5) of the *TMA*, as well as the entitlement and distinctiveness determinations, that a *de novo* or correctness review is warranted, except in respect of paragraphs 6(5)(c) and 6(5)(d) of the *TMA* and the surrounding circumstance of Puma’s alleged family of trademarks. Because the test for confusion is determined on a balance of probabilities, in my view their new evidence could have factored materially into the TMOB’s assessments regarding controlled licensing (including public messaging), the likelihood of confusion and distinctiveness.

[40] I am not persuaded that the Wetherald affidavit necessarily would have had a material effect on the TMOB’s decision, at least in so far as its consideration of the *TMA* s 50(2) is

concerned. The circular or nonsensical legal statement, that appears to indicate Toromont licensed itself, was not changed until 2017 to a form of legal statement that identified Caterpillar Inc. as the owner of the trademarks CAT, CATERPILLAR and their respective logos. Because the TMOB's decision issued in 2017, in my view it is highly unlikely that the TMOB could have taken this change into account. Caterpillar thus could not have benefitted from the presumption of controlled licensing that arises when the condition stipulated in the *TMA* s 50(2) is met (i.e. public notice of the fact of licensed use and the identity of the trademark owner).

[41] On the other hand, the question of whether there in fact was direct or indirect control under licence sufficient to meet the requirements under the *TMA* s 50(1) for the licensee's use to be deemed use by the owner, could have been influenced materially in my view by the Wetherald evidence. Further, because I undertake a correctness review of this matter below, and because, in the circumstances, the relevant date for assessing the registrability of procat under the *TMA* s 12(1)(d) is the date of my decision, I find that the Wetherald affidavit nonetheless is material and relevant to my analysis of this ground of opposition.

[42] I also am not persuaded that the Papadopoulos affidavit would have had a material effect on the TMOB's decision, nor more significantly, that it is necessary and reliable, and hence admissible. First, Ms. Papadopoulos did not conduct the search herself to update the Gallivan affidavit. Rather, she describes that the search was conducted by a lawyer at the same firm she was employed, and she describes information that he provided and she believes. There is no explanation, however, of why the lawyer was unavailable to swear the affidavit himself. Further, the additional trademarks located in the update search involve pending applications filed after

2017, and applications allowed or registered after 2017, when the TMOB's decision issued. I therefore find the Papadopoulos affidavit on the whole inadmissible.

IV. Analysis

A. *Section 50: Controlled Licensing*

[43] Because the section 50 determinations have a bearing on the confusion and distinctiveness analyses, I address the issue of controlled licensing as a preliminary matter as did the TMOB. Although I consider this issue through the correctness lens, in my view the TMOB made palpable and overriding errors in assessing whether the licensed use of the CAT trademarks in Canada by Caterpillar's licensees enured to its benefit. I find that the new Beaupre and Ors affidavits support the conclusion that Caterpillar satisfied the requirements of both subsections 50(1) and 50(2) of the *TMA* and thus, such use enured to Caterpillar's benefit.

[44] In connection with its consideration of subsection 50(1) of the *TMA*, the TMOB found that "the use of the marks by Wolverine and Toromont [is] evidence that control over the character and quality of the goods by the Opponent was deficient and consequently such use did not enure to the benefit of the Opponent": 2017 TMOB 114 at para 40. The "use" to which the TMOB referred is two-fold. First, it is a reference to the statement in the "The CAT Fall 2000 Buyer's Guide" that points to Wolverine Canada as responsible for the quality of the products it sells in terms of workmanship and materials. Second, it is a reference to the pre-2017 Legal Statement on Toromont's website that appears to suggest Toromont licensed itself.

[45] I find the new Beaupre and Ors affidavits demonstrate that the Buyer's Guide statement is mandated by the trademark merchandise license agreement. Further, the statement is not inconsistent with the control measures Caterpillar has put in place regarding the three-way agreements among Caterpillar, the trademark merchandise licensees and the factories, as well as in the license agreements regarding the product quality reviews at the concept, pre-production and post-production stages.

[46] That a licensee provides a guarantee about the Caterpillar licensed CAT footwear it sells, is not inconsistent in my view with the demonstrated controls Caterpillar exercises at the front end of the manufacturing process and at other stages (as described below), nor the licensee's responsibility for any quality defects that are detected at the back end. That defects may occur notwithstanding quality controls does not translate, in my view, to deficient control by Caterpillar or detract from the overall character or quality of the licensed CAT footwear, especially absent any evidence about the occurrence or extent of defects.

[47] In addition, as Mr. Ors testified, the Buyer's Guides are for retailers and do not get in front of consumers, unless the retailer chooses to do so. There is no evidence of how widely circulated the Buyer's Guides are, either among retailers or their customers, or even that they in fact have been distributed to the latter.

[48] I further note that an unclear or uncertain message to the public is not necessarily fatal to finding controlled licensing: *Michaels v Unitop Spolka Z Organiczona Odpowiedzialnoscia*, 2020 FC 937 [*Michaels*] at para 13. Although the Toromont legal statement did not point to

Caterpillar prior to 2017, it was corrected which will have a positive impact on my confusion analysis in connection with the registrability ground. Further, the Wetherald affidavit attests that Toromont acquires CAT merchandise from Caterpillar's trademark merchandise licensees, including Wolverine for footwear. In my view, the evidence supports the conclusion that Toromont acts as a distributor of CAT merchandise (i.e. footwear and headgear) manufactured by others; it does not manufacture such goods itself. In other words, Toromont technically does not appear to be using the trademarks with goods within the meaning of the *TMA* s 4 when it sells already manufactured CAT merchandise that it sources from Caterpillar's trademark merchandise licensees.

[49] The TMOB further found that "Mr. Beaupre's statement that the Opponent's dealers are wholly owned dealers outside of the Opponent's direct control suggests to me that the Opponent does not in fact have direct/indirect control over the care/quality of the goods sold in association with the Opponent's marks": 2017 TMOB 114 at para 40.

[50] This is not the test, however, of whether there is control of the sort contemplated by the *TMA* s 50(1). Whether the licensees are wholly owned dealers does not determine whether the owner has direct or indirect control over the character or quality of the licensed goods. Nor is there a requirement under subsection 50(1) that the licensee give public notice of the owner of the trademark; that is a requirement to satisfy subsection 50(2). That said, the presumption of controlled licensing arises only if the owner chooses to provide publically or to authorize the public provision of the specific information stipulated in the latter legislative provision. The *TMA* does not mandate, however, that such information must be provided; in other words,

whether the owner provides the information is voluntary, as I previously have held: *Michaels*, above at para 12.

[51] I find that the TMOB, thus, conflated subsections 50(1) and 50(2) in its reasons by focusing on the statements by the licensees, when it considered whether Caterpillar in fact had the requisite control, to the exclusion of other relevant evidence. Stating that the use of the marks by Wolverine and Toromont was insufficient evidence of control under subsection 50(1) in my view was misplaced, and at the very least, was a palpable and overriding error.

[52] I further find that the test of whether the trademark owner has sufficient control for the purposes of the *TMA* s 50(1) can be met in one of three, alternative ways, namely, the owner can: (i) attest that it exerts the requisite control (i.e. directly or indirectly); (ii) provide evidence demonstrating that it does so; or (iii) provide a copy of the licence agreement that explicitly provides for direct or indirect control of the character or quality of the licensed goods: *Empresa Cubana Del Tabaco Trading v. Shapiro Cohen*, 2011 FC 102 [*Empresa*] at para 84.

[53] In my view, Caterpillar's evidence before the TMOB satisfied the first enumerated manner for meeting the test of sufficiency of control under the *TMA* s 50(1). I find that Caterpillar's new evidence also satisfies the second and third possible ways of meeting the test. In particular, Caterpillar's new evidence, in the form of the second Beaupre affidavit and Ors affidavit, and their cross-examinations, demonstrate that:

- pursuant to the trademark merchandise license agreements, licensees are not only required but do submit concept, pre-production and post-production samples of the licensed merchandise and are trained by Caterpillar's team of review analysts on this process, as well as on the use of the trademarks;

- when Wolverine updates its quality standards, it shares them with Caterpillar to seek its approval; further, Caterpillar exerts control by asking for Wolverine's policies and standards for review;
- Caterpillar certifies or approves the factories selected by the licensees and enters into three-way agreements among itself, the licensee and the certified factory;
- licensees such as Wolverine undertake various steps to control the quality of licensed goods which is overseen by Caterpillar (and not inconsistent, in my view, with indirect control at a minimum), such as quality processes and controls for manufacturing, including product inspections, testing requirements, and acceptable quality level standards; and
- Caterpillar's role in ensuring that products that come from its licensees meet its expectations, including for quality and positioning.

[54] The TMOB acknowledged that Caterpillar's trademark license agreements require all Caterpillar licensed merchandise to be identified by the circular licensed merchandise logo (reproduced in paragraph 8 of Annex "B" below), as attested by Mr. Beaupre in his earlier affidavit, but does not appear to have assessed the logo for compliance with the *TMA* s 50(2) in light of its findings regarding the Buyer's Guide statement. Further, the Chong affidavit before the TMOB evidenced the use of this logo on several sample CAT footwear products (specifically, on the inside of the tongue) that Ms. Chong purchased from Wolverine via the www.catfootwear.com website. I find that the Ors affidavit closes an evidentiary gap by attesting that the licensed merchandise logo is always included on CAT footwear sold by Wolverine in Canada.

[55] I note the Chong affidavit also evidenced the use of the logo on several sample CAT headwear products, including baseball-style caps and toques (specifically on the inside tag or label) that Ms. Chong purchased from www.catmerchanise.com, www.shopcaterpillar.com, www.boutiquecat.ca, and www.heavydutygear.ca.

[56] I thus find that the licensed merchandise logo conveys the message that the CAT merchandise is licensed (i.e. at a minimum, sold under licence) in association with the trademark CAT & Triangle Design incorporated in the logo, and it provides the identity of the trademark owner, Caterpillar Inc. In my view, Caterpillar has complied with the requirements of the *TMA* s 50(2) and is entitled to the presumption of controlled licensing.

[57] For the above reasons, I conclude that Caterpillar's new evidence demonstrates its compliance with the requirements of the *TMA* s 50(1), including with regard to the controlled licensing presumption that arises under the *TMA* s 50(2), and thus, the use of the licensed CAT trademarks by its licensees, including Wolverine, enures to Caterpillar's benefit.

B. *Paragraph 12(1)(d): Registrability*

[58] Pursuant to paragraph 12(1)(d) of the *TMA*, a trademark is registrable if it is not confusing with a registered trademark. The material date for assessing confusion under this provision is the date of the decision of the trier of fact, whether the Registrar or the court as the case may be: *Park Avenue Furniture Corp. v Wickes/Simmons Bedding Ltd.* (1991), 37 CPR (3d) 413 [*Park Avenue*] at 424. Because I find the parties' new evidence material, the applicable relevant date is the date of this Court's decision. Although such date falls well after June 17, 2019 when significant amendments to the *TMA* came into force, the amendments to the *TMA* s 12, in my view, have little if any impact on the registrability analysis under the *TMA* s 12(1)(d).

[59] As a preliminary matter, I note that Caterpillar's Statement of Opposition filed on October 5, 2012 relies only on registration number TMA382,234 for CAT & Triangle Design in

connection with this registrability ground of opposition. Caterpillar's then pending trademark application number 1,588,026 for CAT (which Caterpillar asserted in connection with the entitlement ground under paragraph 16(3)(a) of the *TMA*) issued to registration on April 8, 2016 under number TMA934,244. The Statement of Opposition was not amended, however, to allege non-registrability also in respect of the latter registration. I thus review this ground only in respect of registration number TMA382,234 for CAT & Triangle Design.

[60] Subsection 6(2) of the *TMA* provides that the use of a trademark causes confusion with another trademark if the use of both trademarks in the same area would likely lead to the inference that the goods (or services) associated with those trademarks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class.

[61] I find an apt formulation of the test to be applied in assessing the likelihood of confusion in this case to be this. As a matter of first impression, would the casual consumer, somewhat in a hurry, who sees a good bearing Puma's trademark procat, when that consumer first encounters such trademark in the marketplace, and where the consumer has no more than an imperfect recollection of Caterpillar's trademark CAT & Triangle Design and does not pause to give the matter any detailed consideration or scrutiny, be likely to be confused as to the source of the goods?: *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 [*Veuve*] at para 20; *Masterpiece Inc. v Alavida Lifestyles Inc.*, 2011 SCC 27 [*Masterpiece*] at para 87; *Reynolds Presto Products Inc. v PRS Mediterranean Ltd.*, 2013 FCA 119 [*Reynolds*] at para 20. In other words, would the casual consumer believe that the goods associated with procat and CAT &

Triangle Design respectively were authorized, licensed, manufactured or sold by the same person, that is, by Caterpillar?

[62] Subsection 6(5) of the *TMA* enumerates the following specific factors to be considered in the confusion analysis, in the context of “all the surrounding circumstances”:

- (a) the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known;
- (b) the length of time the trademarks or trade names have been in use;
- (c) the nature of the goods, services or business;
- (d) the nature of the trade; and
- (e) the degree of resemblance between the trademarks or trade names in appearance or sound or in the ideas suggested by them.

[63] These factors are not exhaustive, and may be weighed differently, in a context-specific assessment; the onus is on Puma in this case to demonstrate no likelihood of confusion on a balance of probabilities: *Mattel Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 54. The degree of resemblance, however, “is the statutory factor that is often likely to have the greatest effect on the confusion analysis”: *Masterpiece*, above at para 49. This factor involves a consideration of the totality of the trademarks, but the “first impression, imperfect recollection” test means that the trademarks must not be assessed side by side. In addition, resemblance has been defined as “the quality of being either like or similar”: *Masterpiece*, above at para 62.

[64] It is a long-standing tenet of trademarks law in Canada that the first element of the trademark often is the most important, for the purposes of distinctiveness (*Conde Nast Publications Inc v Union des éditions modernes* (1979), 46 CPR (2d) 183 at 188 (FCTD)). A

preferable approach to assessing the degree of resemblance has emerged, however, and this is to consider whether there is an aspect of the trademark that is striking or unique: *Masterpiece*, above at para 64. This approach recognizes that trademarks with some differences still may result in likely confusion: *Masterpiece*, above at para 62.

[65] The lack of appreciable difference between the goods also is an important consideration that must be weighed with the other factors including, most importantly, the degree of resemblance between the marks: *Reynolds*, above at paras 17 and 29. That said, there is “a greater likelihood of confusion if two trade-marks that resemble each other are used in association with the same products (or substantially the same products)”: *Reynolds*, above at para 30.

[66] With these principles in mind, I turn to a consideration of the enumerated subsection 6(5) factors, as well as the applicable surrounding circumstances.

(a) Inherent Distinctiveness and Extent Known

[67] In my view, the TMOB’s finding that Caterpillar’s trademark CAT & Triangle Design possesses a high degree of inherent distinctiveness because the word CAT has no relation to footwear and headwear is correct and I see no need to adopt a different conclusion. I also do not disagree that the applied for trademark procat “is a coined word comprised of components which typically do not appear together”: 2017 TMOB 114, at para 51.

[68] That said, I find the dictionary definitions of “pro” (meaning predominantly either “in favour of” or “professional,” according to the dictionary definitions introduced in evidence by the second Beaupre affidavit) lend a suggestive or laudatory connotation to procat. In particular, although Puma’s evidence (i.e. the second Narriman affidavit) is that procat was conceived as a sub-brand to differentiate youth accessories from Puma’s other products and “to embody the spirit of PUMA,” in my view the connotation of “professional” suggested by the prefix “pro” is not inconsistent. The first Narriman affidavit in evidence before the TMOB points to Puma’s association with elite or “professional” athletes such as the famous Brazilian footballer Pelé, the late, great Argentine footballer Diego Maradona, the tennis pros Boris Becker and Serena Williams, to name but a few. As Puma admitted at the hearing of this matter before me, it is no secret that professional athletes are part of Puma’s brand. It therefore is conceivable, in my view, that such a connotation could be attractive to the target youth market for procat products. Alternatively, the meaning “in favour of” (i.e. in the sense of favourable or preferred products or source of the goods) also appears apt in the circumstances.

[69] I thus am prepared to find that the prefix “pro” in procat has significance in relation to Puma’s goods, thus shifting the focus of inherent distinctiveness assessment to the more striking feature of the trademark, namely, the suffix “cat.”

[70] In light of my findings regarding the *TMA* s 50 above, I find that the extent to which the trademarks at issue have become known or acquired distinctiveness clearly favours Caterpillar. The Ors affidavit substantiates sales of CAT footwear by Wolverine in Canada under licence since 1994 and unit sales since then until 2017 have been substantial. Notwithstanding the pre-

2017 legal statement, the Wetherald affidavit evidences sales of both CAT footwear and headgear in Canada as early as 2000 under Caterpillar's control, with fairly substantial sales from then until 2017.

[71] Further, Mr. Wetherald attests that the CAT merchandise is acquired from Caterpillar's trademark merchandise licensees; in other words, Toromont itself does not produce the goods. This is confirmed as well by the first Beaupre affidavit before the TMOB which attests that Caterpillar's trademark merchandise licensees are licensed by Caterpillar for promotional sales, retail sales or both. Promotional sales are sales made to Caterpillar, Caterpillar dealers and/or subsidiaries of Caterpillar for Canada of CAT merchandise, while retail sales are sales made to the general public (excluding promotional sales). Toromont is listed as one of four Caterpillar dealers for Canada. Toromont acquired one of the other dealers, Hewitt Equipment Limited, in 2017. The sales figures in the Wetherald affidavit, however, do not include sales by Hewitt.

[72] In any event, I agree with Caterpillar's submission that the TMOB erred in discounting or failing to consider all of Caterpillar's licensing arrangements and sales of CAT footwear and headgear by other trademark merchandise licensees because of the Wolverine Buyer's Guide statement and the Toromont pre-2017 legal statement.

[73] In addition, the TMOB found that there is no evidence the trademark procat has acquired distinctiveness. Although Mr. Narriman attests in his second affidavit that procat footwear was sold in Target stores in Canada, the supporting exhibits to his affidavit point to sales of other procat goods including water bottles, hairbands, soccer balls and shin guards. At best, I am

prepared to infer *de minimis* procat footwear sales in Canada in Target stores for the limited period such stores operated here. Further, while Mr. Narriman also attests in his second affidavit that Target in the United States offers sales and shipments of procat goods to customers in Canada through its website, no details of any such sales and shipments have been provided.

[74] I therefore conclude that inherent distinctiveness and the extent to which the parties' trademarks have become known in Canada favour Caterpillar.

(b) Length of Time in Use

[75] While the TMOB found that this factor does not favour either party, in light of my findings above regarding the issue of controlled licensing under *TMA* s 50, and regarding the *TMA* s 6(5)(a) factor, in my view the length of time in use also favours Caterpillar.

(c) Nature of Goods, Services or Business; and

(d) Nature of Trade

[76] Neither party disputes the TMOB's findings in Caterpillar's favour regarding these factors (i.e. that the parties' goods overlap and that the parties' respective channels of trade also could overlap). I see no reason to depart from these findings.

(e) Degree of Resemblance

[77] I agree with the TMOB's finding that the parties' trademarks resemble each other in appearance and sound because of the shared component CAT. I disagree, however, regarding the extent to which the first element of the trademark procat, that is "pro," assists in differentiating it from Caterpillar's trademark CAT & Triangle Design.

[78] As I found in connection with the inherent distinctiveness analysis, there is evidence that the prefix "pro" has a suggestive or laudatory connotation in association with Puma's goods, thus shifting the focus of the resemblance assessment to the more striking feature of the trademark, namely, the suffix "cat." For several reasons, I further find the TMOB committed, at the very least, a palpable and overriding error when it held that while Caterpillar's mark suggests the idea of a feline animal, Puma's mark is a coined word **without any apparent meaning**.

[79] Before the TMOB, Puma sought to rely on an alleged family of Cat formative trademarks including Drift Cat, Future Cat, Speed Cat, Tune Cat, Pace Cat, to name but a few. As explained in greater detail in the second Narriman affidavit, these Cat-formative sub-brands or product names are meant as a tie-in with the company's main mark involving the design of a leaping or jumping cat [Jumping Cat Design, as the TMOB referred to it], the genesis of which Mr. Narriman also described. The trademark procat fits this pattern.

[80] Further, Mr. Narriman explained in his second affidavit that since 2009, Puma has sold products in the marketplace containing "pro" and "cat" in the name. He confirmed in cross-

examination that the trademark was coined consisting of these two terms. The exhibits to his second affidavit show, as he also confirmed, that sometimes, the elements “pro” and “cat” are displayed in different colours and that sometimes, “ProCat” is used with the main Jumping Cat Design.

[81] Based on the foregoing, in my view it is not a “leap” to find the trademark procat, like CAT & Triangle Design, suggests the idea of a feline animal.

[82] Referring to the Supreme Court of Canada’s guidance regarding this factor, I note that “considering a trade-mark as a whole does not mean that a dominant component in a mark which would affect the overall impression of an average consumer should be ignored”: *Masterpiece*, above at para 84 (citing *esure Insurance Ltd. v Direct Line Insurance plc*, 2008 EWCA Civ 842, [2008] R.P.C. 34 [*esure*] at para 45).

[83] I disagree with Puma’s argument that the Triangle Design is the dominant element of Caterpillar’s registered trademark. In my view, the word CAT is the more dominant aspect of the trademark CAT & Triangle Design, especially in terms of sound or how the trademark would be pronounced, while “cat” is the more dominant element of the trademark procat in light of the suggestive or laudatory connotation of the element “pro.” I find the latter supported by Mr. Narriman’s evidence in his second affidavit that the use of Cat-formative sub-brands or product names by Puma was intended to invoke the image of a feline.

[84] Further, although Puma points to the absence of a survey or expert to explain why consumers would view CAT and procat as similar, I am not persuaded that such evidence is necessary in the circumstances for the Court to determine whether there is a likelihood of confusion between the parties' trademarks. As the Supreme Court noted, "it is difficult to see what is gained from the evidence of an expert as to his own opinion where the tribunal is in a position to form its own view": *Masterpiece*, above at para 90 (again citing *esure*).

[85] I, therefore, find there is significant resemblance between the parties' trademarks as a whole. This factor also favours Caterpillar.

(f) Surrounding Circumstances – Puma's Family of Trademarks

[86] In its appeal of the TMOB's decision, Caterpillar does not dispute the TMOB's findings regarding this issue: 2017 TMOB 114, at para 64. Specifically, the TMOB held that the common component of Puma's family of marks, of which it has shown use, is the design of a leaping or jumping cat. In addition, because the trademark procat is a word mark, the TMOB was not prepared to find that consumers familiar with the Jumping Cat Design, which Mr. Narriman confirmed appears in association with each and every product manufactured by Puma and sold in Canada, would be likely to assume that procat is part of Puma's alleged family of trademarks.

[87] I note with regard to the first Narriman affidavit that was before the TMOB, no information was provided regarding the quantity or extent of distribution of catalogues to consumers in which various Cat-formative product names were depicted. The display of names

in a catalogue does not necessarily establish trademark use of such names within the meaning of section 4 of the *TMA*.

[88] Regarding the photos, attached as an exhibit to such affidavit, of a sample shoebox label and t-shirt hang tag displaying the product names Future Cat and Paint Cat Tree respectively, the exhibit provides “blown up” reproductions of same because of the small size of print in which these names are displayed on the label and hang tag. Similarly, no information was provided regarding the quantities or extent of distribution of such material to consumers, or the extent to which consumers would recognize or be familiar with the limited Cat-formative sub-brands or product names for which use was shown on the label and the hang tag because of the very small print size of the names, especially in the context of the hurried consumer.

[89] Although the second Narriman affidavit provides sales figures purportedly for products involving Cat-formative sub-brands or product names and additional sample catalogues, I find this affidavit suffers from the same significant deficiency in that no information was provided regarding the quantity or extent of distribution of the catalogues or the extent to which the names were used as trademarks and would be familiar to consumers. In other words, no additional sample packaging/labels or hangtags were provided in the second Narriman affidavit. Further, nothing in his second affidavit changes or detracts from Mr. Narriman’s earlier confirmation that Jumping Cat Design appears in association with each and every product manufactured by Puma and sold in Canada.

[90] I therefore see no reason to depart from the TMOB’s findings regarding this issue.

(g) Surrounding Circumstances – State of the Register Evidence

[91] As mentioned above, I found the Papadopoulos affidavit, purporting to update the Gallivan affidavit that was before the TMOB, inadmissible. Regarding the state of the register evidence provided by the Gallivan affidavit, I do not disagree with the TMOB that, as a general proposition, the number of similar marks needed to establish that an element of a mark was commonly adopted as a component of trademarks used in association with the relevant goods or services likely depends on the facts of a given case: 2017 TMOB 114, at para 67. I disagree, however, that 13 such trademarks is a sufficient number on which to base an inference of marketplace use.

[92] As this Court has noted, the trier may be inclined to draw inferences about the state of the marketplace only where there is evidence of a large number of relevant registrations: *McDowell*, above at para 42. In theory, an element that is viewed as common in the marketplace may have little distinctiveness, thus causing consumers to pay greater attention to small differences (i.e. other features) between and among trademarks containing or comprised of that element: *McDowell*, above at para 42; *Alticor Inc. v Nutravite Pharmaceuticals Inc.*, 2004 FC 235 [Alticor] at para 59, citing *Kellogg Salada Canada Inc. v Maximum Nutrition Ltd.* (1992), 43 CPR (3d) 349 (FCA) [Kellogg].

[93] In *Alticor*, the state of the register evidence showed in excess of 100 relevant registrations of trademarks with the prefix NUTR, while in *Kellogg*, there were in excess of 50 relevant trademark registrations and more than 40 trade names involving NUTRI. In *McDowell*, however,

the state of the register evidence involved just seven owners of 10 registered trademarks that included HONEY as a dominant component. Confronted with this evidence, the Court held that it was insufficient to find HONEY common to the trade (and hence, non-distinctive), absent evidence of common use in the marketplace by third parties: *McDowell*, above at para 44.

[94] I find the state of the register evidence in the matter before me involving 13 relevant trademarks, more in line with the evidence considered by the Court in *McDowell*. In other words, this number of trademarks is insufficient to draw any inferences about the state of the marketplace, especially in the absence of any demonstrated marketplace use: *McDowell*, above at para 46, citing *Hawke & Company Outfitters LLC v Retail Royalty Co*, 2012 FC 1539 at para 40. This finding applies to the trademarks BOBCAT and ARCTIC CAT on which Puma sought to rely specifically at the hearing before me. Notwithstanding that the owners of these trademarks allegedly, even admittedly, are competitors of Caterpillar, there is no evidence of whether, and the extent to which if any, these marks are used in the footwear and headgear space in the marketplace.

[95] In addition, in my view the TMOB erred in finding that Puma's evidence of product names, in respect of which it did not show use as trademarks, nonetheless supported the inference that the term CAT has been adopted commonly in the marketplace in association with clothing. No explanation was provided for this finding. Further, Puma's evidence comprised of the Narriman affidavits suffers from the deficiencies discussed above regarding the alleged family of trademarks in terms of establishing any significant marketplace use regarding the Cat-formative sub-brands or product names.

[96] My findings above may account for the reason why, when Mr. Beaupre was cross-examined on his second affidavit about several Cat-formative sub-brands or products names, including FUTURE KART CAT, DRIFT CAT, MONOLIGHT CAT, TUNE CAT, FUTURE CAT, SPEED CAT, he was unfamiliar with most of them, except SPEED CAT. He also was not aware that Puma's procat footwear was sold at Target stores in Canada. In the circumstances, I further find that Mr. Beaupre's lack of awareness of any confusion in the marketplace regarding these names, including procat, with Caterpillar's CAT trademarks, does not point to a lack of a likelihood of confusion.

[97] I therefore find that this surrounding circumstance does not favour Puma.

[98] Because the foregoing factors either favour Caterpillar or do not favour Puma, I conclude that a likelihood of confusion between the parties' trademarks, CAT & Triangle Design and procat, has been established on a balance of probabilities.

C. *Paragraphs 16(3)(a) and 16(3)(c): Entitlement*

[99] Paragraphs 16(3)(a) and 16(3)(c) of the *TMA* as they existed prior to June 17, 2019 and as of the date of filing of the application to register procat are reproduced in Annex "A." An applicant was entitled to registration of a proposed trademark under these provisions if, as of the date of filing of the application, the trademark was not confusing with a trademark or trade name that had been used previously in Canada or made known in Canada by any other person.

[100] Built into these provisions is the applicable relevant date for assessing likely confusion, and hence entitlement, that is, as of the date of filing of the application: *Park Avenue*, above at 422. The application for procat was filed on January 5, 2012. While I am satisfied that Caterpillar met its initial evidentiary burden regarding the *TMA* s 16(3)(a), I am not persuaded that it did so for the ground based on the *TMA* s 16(3)(c). The reason is that Caterpillar's evidence focused on the use of the trademarks CAT & Triangle Design and CAT but not on the trade name CAT. Although a trademark can function, in some circumstances as a trade name, Caterpillar's evidence did not demonstrate trade name use in my view.

[101] I thus find that Caterpillar's ground of opposition based on the *TMA* s 16(3)(c) is unsuccessful. Otherwise, the ground based on the *TMA* s 16(3)(a) succeeds, largely for the same reasons explained above in connection with the registrability ground. I add that the Chong affidavit evidences use of the trademark CAT *per se* (imprinted or impressed on boot grommets or boot fabric, or printed on footwear boxes), albeit a little more than a year after the application for procat was filed. Nonetheless, because in my view the predominant aspect of the CAT & Triangle Design trademark to be the word CAT, I find that, in the circumstances, the use of the design mark also constitutes use of the word mark: *Ridout & Maybee LLP v Omega SA*, 2004 FC 1703 at para 10; *Petro-Canada v 2946661 Canada Inc.*, 1998 CanLII 9107 (FC), [1999] 1 FC 294. In other words, I believe that the public, as a matter of first impression, would perceive the word CAT *per se* as being used in the combination trademark CAT & Triangle Design.

D. *Section 2: Distinctiveness*

[102] The relevant date for assessing whether the challenged trademark is distinctive or adapted to distinguish an applicant's goods or services from those of an opponent is the date of filing of the statement of opposition: *Park Avenue*, above at 423-424. In the case before me, the opposition was filed on October 5, 2012. The onus is on Caterpillar to show that as of this date one or more of its trademarks had become known sufficiently to negate the distinctiveness of procat: *Bojangles International LLC v Bojangles Café Ltd.*, (2006) 2006 FC 657 (CanLII), 48 CPR (4th) 427 (2006 FC 657 [*Bojangles*] at para 34. Further, "[a] mark must be known to some extent at least to negate the established distinctiveness of another mark, and its reputation in Canada should be substantial, significant or sufficient": *Bojangles*, above at para 34.

[103] In light of my findings above regarding controlled licensing under the *TMA* s 50, contrary to the TMOB's findings, I am satisfied that Caterpillar's CAT trademarks had become sufficiently known in Canada as of the date of filing of its Statement of Opposition to negate the distinctiveness of procat. I therefore find that this ground of opposition also succeeds, again largely for the same reasons explained above in connection with the registrability ground.

V. Conclusion

[104] For the foregoing reasons, I conclude that Puma has not met its legal burden to establish, on a balance of probabilities that the trademark procat is registrable and distinctive, and that Puma is the person entitled to registration of the trademark procat in Canada. I thus allow

Caterpillar's appeal under the *TMA* s 56(1). The TMOB's August 29, 2017 decision is set aside and Puma's trademark application for procat is refused, further to the *TMA* s 38(12).

[105] Following the hearing of this matter, the parties informed the Court that they have agreed to bear their own costs, regardless of the outcome of the appeal. In the circumstances, I therefore award no costs.

JUDGMENT in T-1645-17

THIS COURT'S JUDGMENT is that:

1. Caterpillar Inc.'s application appealing the August 29, 2017 decision of the Trademarks Opposition Board, on behalf of the Registrar of Trademarks, and having citation 2017 TMOB 114, is allowed.
2. The August 29, 2017 decision (2017 TMOB 114) rejecting Caterpillar Inc.'s opposition against Puma SE's trademark application number 1,558,723 for procat is set aside.
3. Trademark application number 1,558,723 for procat filed by Puma SE on January 5, 2012 is refused pursuant to subsection 38(12) of the *Trademarks Act*.
4. No costs are awarded.

"Janet M. Fuhrer"

Judge

Annex “A”: Relevant Provisions

Trademarks Act, RSC 1985, c T-13
Loi sur les marques de commerce (L.R.C. (1985), ch. T-13)
Version from 2008-12-31 to 2013-12-30

<p>Interpretation Definitions</p> <p>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)</p> <p>When deemed to be used</p> <p>4 (1) A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.</p> <p>Idem</p> <p>(2) A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.</p> <p>Use by export</p> <p>(3) A trade-mark that is marked in Canada on wares or on the packages in which they are contained is, when the wares are exported from Canada, deemed to be used in Canada in association with those wares.</p>	<p>Définitions et interprétation Définitions</p> <p>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. (distinctive)</p> <p>Quand une marque de commerce est réputée employée</p> <p>4 (1) Une marque de commerce est réputée employée en liaison avec des marchandises si, lors du transfert de la propriété ou de la possession de ces marchandises, dans la pratique normale du commerce, elle est apposée sur les marchandises mêmes ou sur les colis dans lesquels ces marchandises sont distribuées, ou si elle est, de toute autre manière, liée aux marchandises à tel point qu’avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.</p> <p>Idem</p> <p>(2) Une marque de commerce est réputée employée en liaison avec des services si elle est employée ou montrée dans l’exécution ou l’annonce de ces services.</p> <p>Emploi pour exportation</p> <p>(3) Une marque de commerce mise au Canada sur des marchandises ou sur les colis qui les contiennent est réputée, quand ces marchandises sont exportées du Canada, être employée dans ce pays en liaison avec ces marchandises.</p>
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When mark or name confusing

Idem

6(2) The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

...

What to be considered

(5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

- (a)** the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;
- (b)** the length of time the trade-marks or trade-names have been in use;
- (c)** the nature of the wares, services or business;
- (d)** the nature of the trade; and
- (e)** the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

Quand une marque ou un nom crée de la confusion

Idem

6 (2) L'emploi d'une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l'emploi des deux marques de commerce dans la même région serait susceptible de faire conclure que les marchandises liées à ces marques de commerce sont fabriquées, vendues, données à bail ou louées, ou que les services liés à ces marques sont loués ou exécutés, par la même personne, que ces marchandises ou ces services soient ou non de la même catégorie générale.

...

Éléments d'appréciation

(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris :

- a)** le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;
- b)** la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;
- c)** le genre de marchandises, services ou entreprises;
- d)** la nature du commerce;
- e)** le degré de ressemblance entre les marques de commerce ou les noms commerciaux dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

<p>Registrable Trade-marks When trade-mark registrable</p> <p>12(1) Subject to section 13, a trade-mark is registrable if it is not</p> <p>(d) confusing with a registered trade-mark;</p>	<p>Marques de commerce enregistrables Marque de commerce enregistrable</p> <p>12 (1) Sous réserve de l'article 13, une marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :</p> <p>d) elle crée de la confusion avec une marque de commerce déposée;</p>
<p>Persons Entitled to Registration of Trade-marks Proposed marks</p> <p>16(3) Any applicant who has filed an application in accordance with section 30 for registration of a proposed trade-mark that is registrable is entitled, subject to sections 38 and 40, to secure its registration in respect of the wares or services specified in the application, unless at the date of filing of the application it was confusing with</p> <p>(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;</p> <p>...</p> <p>(c) a trade-name that had been previously used in Canada by any other person</p>	<p>Personnes admises à l'enregistrement des marques de commerce Marques projetées</p> <p>16 (3) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce projetée et enregistrable, a droit, sous réserve des articles 38 et 40, d'en obtenir l'enregistrement à l'égard des marchandises ou services spécifiés dans la demande, à moins que, à la date de production de la demande, elle n'ait créé de la confusion :</p> <p>a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;</p> <p>...</p> <p>c) soit avec un nom commercial antérieurement employé au Canada par une autre personne.</p>
<p>Applications for Registration of Trade-marks Grounds</p> <p>38(2) A statement of opposition may be based on any of the following grounds:</p> <p>...</p> <p>(b) that the trade-mark is not registrable;</p> <p>(c) that the applicant is not the person entitled to registration of the trade-mark;</p> <p>or</p>	<p>Demandes d'enregistrement de marques de commerce Motifs</p> <p>38 (2) Cette opposition peut être fondée sur l'un des motifs suivants :</p> <p>...</p> <p>b) la marque de commerce n'est pas enregistrable;</p> <p>c) le requérant n'est pas la personne ayant droit à l'enregistrement;</p>

<p>(d) that the trade-mark is not distinctive.</p>	<p>d) la marque de commerce n'est pas distinctive.</p>
<p>Licences Licence to use trade-mark</p> <p>50(1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.</p> <p>Idem</p> <p>(2) For the purposes of this Act, to the extent that public notice is given of the fact that the use of a trade-mark is a licensed use and of the identity of the owner, it shall be presumed, unless the contrary is proven, that the use is licensed by the owner of the trade-mark and the character or quality of the wares or services is under the control of the owner.</p>	<p>Licences Licence d'emploi d'une marque de commerce</p> <p>50 (1) Pour l'application de la présente loi, si une licence d'emploi d'une marque de commerce est octroyée, pour un pays, à une entité par le propriétaire de la marque, ou avec son autorisation, et que celui-ci, aux termes de la licence, contrôle, directement ou indirectement, les caractéristiques ou la qualité des marchandises et services, l'emploi, la publicité ou l'exposition de la marque, dans ce pays, par cette entité comme marque de commerce, nom commercial — ou partie de ceux-ci — ou autrement ont le même effet et sont réputés avoir toujours eu le même effet que s'il s'agissait de ceux du propriétaire.</p> <p>Licence d'emploi d'une marque de commerce</p> <p>(2) Pour l'application de la présente loi, dans la mesure où un avis public a été donné quant à l'identité du propriétaire et au fait que l'emploi d'une marque de commerce fait l'objet d'une licence, cet emploi est réputé, sauf preuve contraire, avoir fait l'objet d'une licence du propriétaire, et le contrôle des caractéristiques ou de la qualité des marchandises et services est réputé, sauf preuve contraire, être celui du propriétaire.</p>
<p>Legal Proceedings Appeal</p> <p>56(1) An appeal lies to the Federal Court from any decision of the Registrar under this Act within two months from the date on which notice of the decision was dispatched by the Registrar or within such further time as the Court may allow, either before or after the expiration of the two months.</p>	<p>Procédures judiciaires Appel</p> <p>56 (1) Appel de toute décision rendue par le registraire, sous le régime de la présente loi, peut être interjeté à la Cour fédérale dans les deux mois qui suivent la date où le registraire a expédié l'avis de la décision ou dans tel délai supplémentaire accordé par le</p>

tribunal, soit avant, soit après l'expiration des deux mois.

...

Additional evidence

(5) On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar.

...

Preuve additionnelle

(5) Lors de l'appel, il peut être apporté une preuve en plus de celle qui a été fournie devant le registraire, et le tribunal peut exercer toute discrétion dont le registraire est investi.

Annex “B”: Summary of Parties’ New Evidence

1) Caterpillar’s New Evidence

a) Affidavit of Kenneth J. Beaupre dated January 22, 2019 and Cross-examination

[1] Mr. Beaupre refers to his earlier affidavit filed with the TMOB and describes that the present affidavit provides additional or updated information. Notably, Mr. Beaupre provides three dictionary definitions of “pro” that describe its meaning as an abbreviation or colloquial term for “professional,” among others. He also provides updated license agreements with Talbot Marketing (formerly A.A. Advertising) and Wolverine.

[2] Mr. Beaupre further provides catalogue excerpts published by Caterpillar trademark merchandise licensees showing the manner in which its CAT trademarks are displayed, along with updated information regarding these licensees, including sales figures for Canada (for 2013 or 2014 - 2017) of Caterpillar licensed headgear by the trademark merchandise licensees. The exhibits to Mr. Beaupre’s report include royalty reports related to these sales, more than half of which relate to sales of Caterpillar headgear (as Mr. Beaupre confirmed in cross-examination).

[3] Mr. Beaupre provides background information concerning the statement in the “The CAT Fall 2000 Buyer’s Guide” that points to Wolverine Canada (as defined below) as responsible for the quality of the products it sells in terms of workmanship and materials. He explains that as a Caterpillar licensee for products meeting Caterpillar’s quality standards, Wolverine Canada would provide a guarantee about the Caterpillar licensed footwear it sells. Regarding the

statement in this Buyer's Guide to the effect that any retail Internet site involving CAT product/logos must be approved by Wolverine Canada, Mr. Beaupre explains that the statement is a requirement of Caterpillar's trademark merchandise license agreement with Wolverine. He further clarifies that Wolverine may authorize parties to distribute licensed goods via the Internet with Caterpillar's approval. He stated in cross-examination, however, that, as a standard or formal process, Caterpillar does not review websites of retailers after Caterpillar goods are offered online on those sites. In response to a requested undertaking, Mr. Beaupre clarified that Wolverine deals directly with its retailers, including online retailers.

[4] Mr. Beaupre also confirmed, in re-examination, that Caterpillar does not audit its licensees' factories. In that sense, it exercises a "passive licensor strategy" regarding the licensees' selection of factories. Caterpillar exercises control, however, over the manufacturing process through a three-party agreement among Caterpillar, the licensee and the factory containing rights and protections. Caterpillar also has review analysts to train licensees on the use of Caterpillar's trademarks and business system, as well as to review the quality of products at the concept stage, pre-production stage and post-production stage to ensure it matches quality approved by Caterpillar. Caterpillar also has quarterly licensee webinars and an annual licensee summit where it provides further information and guidance around quality expectations.

[5] Mr. Beaupre further indicated in cross-examination that he was unaware of any instances of consumer confusion in the marketplace in Canada in relation not only to third party trademarks containing CAT about which he was questioned and Caterpillar trademarks, but also in relation to Puma trademarks including FUTURE KART CAT, DRIFT CAT, MONOLIGHT

CAT, TUNE CAT, FUTURE CAT, SPEED CAT. While he was unfamiliar with most of these marks, he was familiar with SPEED CAT. Mr. Beaupre was questioned about procat in this regard as well. While he was not aware that Puma's procat footwear was sold at Target stores in Canada, he was unaware of any consumer confusion nor had he been informed of any confusion by the Caterpillar footwear licensee.

b) Affidavit of Onder Ors dated October 26, 2018 and Cross-examination

[6] Mr. Ors' affidavit is entirely new on this appeal in the sense that no earlier affidavit by Mr. Ors was filed with the TMOB. In his affidavit, Mr. Ors describes that Wolverine is a global marketer of branded footwear, among other things. In Canada, Wolverine operates through Wolverine Worldwide Canada ULC [Wolverine Canada]. Wolverine has sold Caterpillar CAT footwear in Canada since 1994, when Wolverine became a licensee, either through a distributor (as it did until 2005) or through Wolverine Canada, including to retailers such as Mark's, The Shoe Company and others, and online since 2007 via the website www.catfootwear.com.

[7] Wolverine promotes CAT footwear in Canada with Buyer's Guides (for more than 20 years), point of sale displays and materials, advertising and the above-mentioned website. Mr. Ors provides samples of these promotional materials as exhibits to his affidavit, virtually all of which display at least one of the CAT Trademarks (at issue in this appeal and described in paragraph 7 of the Judgment and Reasons). He also provides advertising figures for Canada for 2009-2017 and sales figures for Canada for 1994-2017, as well as an estimate of the number of hits or visits to the website since 2015.

[8] CAT footwear products sold by Wolverine in Canada always have borne one or more Caterpillar trademarks, including the two CAT trademarks. In addition, a licensed merchandise logo (reproduced below) incorporating the trademark CAT & Triangle Design is always included on the product:



[9] Mr. Ors describes and confirms compliance with Caterpillar’s approvals processes regarding product samples, as well as trademark usage and brand identity guidelines. His affidavit also supports Mr. Beaupre’s discussion in his affidavit regarding the statements in the “The CAT Fall 2000 Buyer’s Guide” relating to Wolverine Canada (summarized in paragraph 3 of Annex “B”). Mr. Ors further explains on cross-examination that the Buyer’s Guides are for retailers and do not get in front of consumers, unless the retailer chooses to do so.

[10] On cross-examination, Mr. Ors described the process by which Wolverine’s factories are “certified” (approved) by Caterpillar. According to Mr. Ors, Caterpillar controls and approves everything from product creation and development, and manufacturing including where and how Wolverine manufactures. When they update their quality standards, they share them with Caterpillar and seek its approval. Caterpillar also has asked for Wolverine’s policies and standards for review. He could not speak to any factory audits by Caterpillar, since his engagement with the above process. Mr. Ors further described, however, that the factories

undergo rigorous audits and reviews by Wolverine, including all footwear brands and Caterpillar would fall under that.

- c) Affidavit of David C. Wetherald dated September 7, 2018 and Cross-examination

[11] Mr. Wetherald describes the growth of Toromont as a Caterpillar dealer in Canada since 1993, with now more than 60 locations in Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, and part of Nunavut. As a Caterpillar dealer, Toromont sells licensed CAT merchandise, such as hats, clothing and footwear that it acquires from Caterpillar's trademark merchandise licensees. Toromont sells CAT merchandise, through its division "Toromont CAT," both at its physical locations and online via a website at www.toromontboutique.com. Mr. Wetherald provides sales figures for all CAT merchandise for 2000-2017.

[12] Mr. Wetherald describes the control exercised by Caterpillar, including trademark usage and brand identity guidelines with which Toromont is expected to comply. Mr. Wetherald further describes the circumstances around the form of legal statement (partially reproduced in the TMOB's decision, at para 38) indicating that "Toromont, Toromont Cat and related words, domain names and logos are the property of Toromont, used by Toromont Cat under license from Toromont Industries Ltd." Shortly after Mr. Wetherald became aware of the legal statement in 2017, and Caterpillar's request to remove it, it was replaced with a legal statement indicating, "CAT, CATERPILLAR and their respective logos ... are trademarks of Caterpillar Inc. and may not be used without permission."

[13] On cross-examination, Mr. Wetherald indicated that he was not aware of any goods sold in Canada with the trademark procat, nor of any confusion relating to the sale of goods with the trademark procat and Caterpillar goods with the CAT trademarks.

2) Puma's New Evidence

a) Affidavit of Neil Jafar Narriman dated August 28, 2019 and Cross-examination

[14] Mr. Narriman refers to his earlier affidavit filed with the TMOB. He recounts that Puma is a reference to a large wild cat, synonymous with a mountain lion or cougar. The original logo involved the design of a leaping cat and was updated in the 1950s to add the word PUMA. Puma registered several trademarks in the United States of America since the 1970s for trademarks containing the word CAT, including procat, registration number 4220096 dated October 9, 2012. Apart from the registrations for AdvoCAT (which does not cover clothing) and procat, however, the other US registrations listed in Mr. Narriman's affidavit are expired or cancelled, as Mr. Narriman confirmed in his cross-examination.

[15] Historically, Puma has used the word CAT as part of its product names or common law trademarks, including LEISURE CAT, SPORT CAT, DRIFT CAT, POWER CAT, EVO CAT, FUTURE CAT and SPEED CAT, to name a few. Mr. Narriman provided sales figures for various Puma CAT branded products from 2009-2019. Exhibits to the Narriman Affidavit include sample catalog pages and other pricing/promotional material displaying these marks or names but do not include any examples of the marks or names on the products themselves, their packaging or hangtags, as confirmed in cross-examination.

[16] Mr. Narriman is not aware of any confusion in the market place between Puma's CAT branded products and Caterpillar's CATERPILLAR and CAT branded products, despite their coexistence in several countries, including Canada.

[17] Mr. Narriman describes that procat was conceived to differentiate youth accessories from other PUMA products and developed to be sold primarily through Target stores. There were modest sales of procat goods, including but not limited to footwear, at Target stores in Canada during their short period of operation here. He confirmed in cross-examination (in connection with the opposition to a second application for PROCAT, application number 1,566,304) that procat is a coined term consisting of "pro" and "cat" and that sometimes these elements are displayed in different colours.

[18] In his cross-examination, Mr. Narriman confirmed that Puma has a Canadian company called PUMA Canada that is a licensee of Puma's trademarks, licensed by Puma North America.

b) Affidavit of Maria Papadopoulos dated August 27, 2019

[19] Ms. Papadopoulos describes a search conducted by a lawyer with Puma's counsel to update the Gallivan affidavit, using the online trademarks database of the Canadian Trademarks Office to search for active trademark registrations and pending applications for trademarks containing or comprising CAT or KAT in Class 25. The search results are attached to Ms. Papadopoulos' affidavit as an exhibit.

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SOLICITORS OF RECORD

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