

Federal Court



Cour fédérale

**Date: 20121221**

**Docket: T-1645-11**

**Citation: 2012 FC 1539**

**Ottawa, Ontario, December 21, 2012**

**PRESENT: The Honourable Mr. Justice de Montigny**

**BETWEEN:**

**HAWKE & COMPANY OUTFITTERS LLC**

**Applicant**

**and**

**RETAIL ROYALTY COMPANY AND  
AMERICAN EAGLE OUTFITTERS, INC.**

**Respondents**

**REASONS FOR JUDGMENT AND JUDGMENT**

[1] This is an appeal, pursuant to s. 56 of the *Trade-Marks Act*, RSC, 1985, c T-13 (the “Act”), of the decision rendered on August 10, 2011, by Ms. Céline Tremblay (the “Officer”), a member of the Trade-Marks Opposition Board (“TMOB” or the “Board”) acting on behalf of the Registrar of Trade-Marks (the “Registrar”), refusing the Applicant’s proposed use Trade-mark Application for the registration of its “HAWKE & CO. OUTFITTER” & bird design trade-mark (the “applied-for mark” or the “Mark”, shown below) on the basis of the Respondents’ Opposition thereto. The Officer rejected the Applicant’s Trade-mark Application on the basis that the Applicant failed to

establish that there was no reasonable likelihood of confusion between the applied-for mark and the Respondents' previous use and making known in Canada of their "AMERICAN EAGLE OUTFITTERS" & Design trade-mark (the "AEO & Design mark", also shown below) in association with clothing and retail clothing store services.



AMERICAN EAGLE OUTFITTERS

[2] For the reasons that follow, I have found that this appeal must be dismissed.

### **1. Background**

[3] Hawke & Company Outfitters LLC (the "Applicant") is a company engaged in the manufacture, importation, sale and distribution of adult and children's outerwear and accessories, having its head office in New York, USA. It was incorporated in 2006.

[4] Retail Royalty Company (RRC) is a wholly-owned subsidiary of American Eagle Outfitters, Inc. (AEO). RRC is the owner of a number of trade-marks that have been used and registered or applied for, in Canada as well as internationally, in connection with a wide range of wearing apparel, footwear, accessories, and retail clothing store services. Together they are the Opponents and the Respondents in the present appeal.

[5] On April 26, 2007, the Applicant filed application no. 1,345,073 for the registration of the applied-for mark, "HAWKE & CO. OUTFITTER" & bird design, based on proposed use for clothing, namely casual clothing, athletic attire, business attire, children's clothing, formal wear, lounge wear, sleepwear, outdoor summer, spring, fall and winter wear, rainwear, undergarments, swimwear, beachwear, socks, gloves, belts, footwear, namely boots, shoes, sandals and slippers.

[6] The Trade-mark Application was advertised on April 2, 2008, and the Respondents filed a Statement of Opposition on September 2, 2008, based on each of the grounds of opposition set out in s. 38(3) of the *Act*. More specifically, the grounds of opposition were as follows:

- i. Paragraph 38(2)(a): The Application does not conform to the requirements of s. 30(e) of the *Act* as the Applicant did not, in fact, intend to use the Mark in Canada in association with all the wares.
- ii. Paragraph 38(2)(b): The Mark is not registrable pursuant to s. 12(1)(d) of the *Act* since it is confusing with the registered trade-mark AMERICAN EAGLE OUTFITTERS owned by RRC for clothing and accessories and retail store services for clothing and accessories.
- iii. Paragraph 38(2)(c): The Applicant is not the person entitled to registration of the Mark pursuant to s. 16(3)(a) of the *Act* since it is confusing with the Respondents' AEO & Design trade-mark that has been previously used and made known in Canada in association with clothing and retail clothing store services. As well, the Applicant is not the person entitled to registration of the Mark pursuant to ss. 16(3)(a) and (b) of the *Act* since it is confusing with the trade-marks of RRC identified in paragraph 7 of the Statement of Opposition, previously used or made

known in Canada and all the subject of applications for registration filed by the Respondents (none of which were abandoned at the date of advertisement of the Trade-mark Application). The Respondents' registered and applied-for marks include two eagle designs (1,285,941 and 1,303,172, only one of which relates to clothing), three other bird designs (1,341,663, 1,336,782 and 1,336,780, all of which relate to clothing) and four AMERICAN EAGLE OUTFITTERS word marks (1,003,280, 1,303,171, 1,233,960 and 1,226,094, only one of which relates to clothing).

- iv. Paragraph 38(2)(d): The applied-for mark is not distinctive nor is it adapted to distinguish the wares of the Applicant from the wares and services of the Respondents, particularly in view of the Respondents' lengthy, extensive and widespread use, promotion and advertisement of its above-noted trade-marks, which it alleges have developed a significant reputation and goodwill in Canada.

[7] On December 15, 2008, the Applicant filed its Counterstatement, denying each ground of Opposition set forth in paragraphs 3 to 8 of the Respondents' Statement of Opposition.

[8] In support of their Opposition, the Respondents filed the affidavit of Rebecca Gibbs, Chief Counsel-Intellectual Property with AEO (the "Gibbs Affidavit"). In her affidavit, upon which she was not cross-examined, she testified to the following:

- The AMERICAN EAGLE OUTFITTERS trade-mark has been in continuous use since the opening of the first AEO retail store in Canada, as evidenced by the internal signage, point of sale materials, photographs, website excerpts, and

advertising samples (including direct mail, in-store and print) produced as exhibits to the Gibbs Affidavit;

- The five relevant versions of its trade-marks have each been filed, used or registered prior to the filing of the Applicant's applied-for mark;
- Considerable evidence of use is also provided for the AEO & Design mark since well prior to the filing of the Applicant's applied-for mark;
- There has been extensive, lengthy and wide-spread use in Canada of the individual EAGLE Design trade-mark and the AMERICAN EAGLE OUTFITTERS word mark, within close proximity of each other, on advertising, wearing apparel, footwear and accessories, since well prior to the filing of the Applicant's applied-for mark;
- As of the date of the Gibbs Affidavit, AEO stores had been operating in Canada for over 8 years (since 2000), and there were 75 AEO retail stores in operation across 9 Canadian provinces, all operated through a single subsidiary (American Eagle Outfitters Canada Corporation, "AEO Canada") that is licensed by RRC to use its trade-marks;
- RRC exercises strict control over the use, advertisement and display of each of the trade-marks licensed to AEO Canada;
- Canadian AEO stores' annual sales ranged from over US\$129 million to over US\$280 million from 2004 to 2008;
- Wearing apparel, footwear and accessories have been purchased online by Canadians since at least as early as 2003, and the Respondents' AE.COM website,

which commenced operations in 1998, attracted in excess of 16 million “hits” by Canadians from November 17, 2006 to March 14, 2009;

- The total advertising expenses incurred by and in connection with the Respondents’ Canadian operations are claimed to have exceeded US\$3 million dollars each year for the five years prior to the year the affidavit was sworn.

[9] The Applicant’s evidence before the TMOB included the affidavit of Aron Rosenberg. Mr. Rosenberg is the President of the Applicant and his evidence can be summarized as follows:

- The Applicant has been in the business of manufacturing and importing clothing since March 2006, has developed its own line of clothing under the label HAWKE & CO. OUTFITTERS & Design that has become well-known in the United States and is now known in Canada, and has been selling its products continuously in Canada since as early as the Fall of 2007;
- The Applicant is a company engaged in the manufacture, importation, sale and distribution of adult and children’s outerwear and accessories;
- The offices of the Applicant are located in New York City and Rahway, New Jersey, and employ approximately 20 employees;
- Copies of invoices to Winners stores, copies of work sheets from Winners for the Applicant’s goods, an extract from the Applicant’s catalogue with six styles which bear the applied-for mark, and copies of photographs of clothing items sold to Winners and bearing the applied-for mark on the labels, constitute evidence of use of the applied-for mark;

- The applied-for trade-mark is licensed to Daron Fashions Inc. and Daron Fashions Group, which are associated companies with “Hawke Company” and are licensed to sell its products, including those bearing the applied-for mark;
- The Applicant’s approximate sales of wearing apparel in Canada amounted to US\$11,220 in 2007, US\$54,335 in 2008 and US\$100,000 in 2009.

[10] After the filing of written arguments by the Applicant and by the Respondents on November 18, 2009 and November 20, 2009, respectively, an oral hearing attended by agents for both parties was held by telephone on April 11, 2011. As noted above, the Officer’s decision granting the Respondents’ Opposition and refusing the Applicant’s Application was rendered on August 10, 2011.

## **2. The impugned decision**

[11] The Officer first dealt with the burden of proof when dealing with an opposition to registration. She stated that an opponent bears an initial evidential burden to adduce sufficient admissible evidence to support the facts alleged in support of each ground of opposition. The applicant then bears the legal onus of establishing, on a balance of probabilities, that the application complies with the requirements of the *Act* and the particular grounds of opposition should not prevent registration of the mark.

[12] The Officer then considered the Opposition based on non-conformity with s. 30(e) of the *Act*. She summarily dismissed this first ground of opposition, as the Opponents did not discharge their evidential burden in that respect.

[13] She turned next to the remaining grounds of opposition, which all turned on the issue of confusion between the parties' marks. In addressing confusion, the Officer first considered the two non-entitlement grounds of opposition based on s. 16(3)(a) of the *Act*, the first based on the previous use and making known in Canada of RRC's AEO & Design mark in association with clothing and retail clothing store services, and the second based on the previous use or making known in Canada of RRC's trade-marks identified at Schedule A of the Officer's decision. She concentrated her initial analysis on the AEO & Design mark and made the following findings in that context.

[14] First, the Officer found that, based on a fair reading of the Gibbs Affidavit in its entirety, the Opponents had discharged their burden of showing prior use and non-abandonment of the AEO & Design mark in association with clothing and retail clothing stores (based on hang tags, labels, photographs and advertising specimens). The Officer notes that Ms. Gibbs does not specifically refer to the AEO & Design mark, but she is satisfied that the evidence of use of the EAGLE Design in combination with the words AMERICAN EAGLE OUTFITTERS, in most instances displayed one above the other, amounts to use of the AEO & Design mark as pleaded in the ground of opposition.

[15] The Opponents having discharged their initial burden of proof, the Officer next considered whether the Applicant had discharged its burden to show that there was no reasonable likelihood of confusion on a balance of probabilities. Pursuant to ss. 38(2)(c) and 16(3), the material date in that respect is the date of filing, i.e. April 26, 2007. The Officer summarized the test for confusion, and stated that it is based on first impression and imperfect recollection. In applying the test, the Registrar must have regard to all the surrounding circumstances, including those specifically

enumerated in s. 6(5) of the *Act*, which factors need not be attributed equal weight. As she pointed out, the likelihood of confusion is a question of probabilities and surrounding circumstances based on the particular facts of a case.

[16] The Officer then went through all of the factors set out in s. 6(5) of the *Act*. On the inherent distinctiveness of the trade-marks and the extent to which they have become known (s. 6(5)(a)), the Officer found in favour of the Opponents. Despite finding the word “outfitter” to be generic and being of the view that the marks have roughly equivalent inherent distinctiveness, she was swayed by the acquired distinctiveness of RRC’s mark (as evidenced by annual Canadian sales and advertising expenses, along with the specimens of use produced and the lack of any distinctiveness of the applied-for mark as of the material date.

[17] The Officer also found that the length of time the parties’ marks had been in use as of the material date (s. 6(5)(b)) favoured the Opponents.

[18] There was no debate between the parties that there is an overlap between the wares associated with the parties’ trade-marks (s. 6(5)(c)). As for the nature of the trade (s. 6(5)(d)), however, the Applicant argued that there was no overlap as the Respondents’ wares are only sold in AMERICAN EAGLE OUTFITTERS retail stores. Despite the fact that there was no evidence to that effect, the Officer was prepared to infer from the Respondents’ evidence that their wares are sold only in stores operated by the Respondents’ licensee (and on-line), although she acknowledged that the Respondents are not prevented from selling these wares in other stores as well. Be that as it

may, she concluded that an overlap between the nature of the trade exists since both parties provide their wares by means of retail clothing stores.

[19] Finally, turning to the degree of resemblance between the trade-marks in appearance or sound (s. 6(5)(e)), the Officer noted that this factor is often the most crucial of the five. She concluded that there is a fair degree of resemblance between the bird designs and between the ideas suggested by the parties' marks. In arriving at that conclusion, the Officer found that:

- The points of similarity between the parties' marks are found in the word "OUTFITTER" and in the design of a bird;
- The word "OUTFITTER", which cannot be said to be a highly distinctive element, is nevertheless found as the last element of both marks and "there is no evidence to conclude that such word, at the material date, was commonly adopted as a component of trade-marks used in association with clothing and accessories" (at paragraph 44 of the decision);
- The Officer agreed with the Applicant's argument that there exist significant differences between the marks when sounded, but disagreed that there are significant differences when viewed, stating:

For one thing, when considering the Mark in its entirety, I find that the bird design is as striking as the words "HAWKE & CO". In other words, I disagree with the Applicant's position that the words "HAWKE & CO" are predominant in the Mark. Further, I find that the designs of the bird in the parties' marks show a fair degree of resemblance in that they both depict the silhouette of a bird of prey with outstretched wings. Also, I find that there is a fair degree of resemblance between the ideas suggested by the parties' marks. (Decision, at para 46)

[20] The Officer also considered additional surrounding circumstances to determine the likelihood of confusion. First, she addressed the Applicant's assertion that similar bird designs have been allowed to co-exist in the fashion industry, as a result of which small differences are enough to distinguish the marks. The Officer rejected that argument for lack of sufficient evidence to make any inference about the state of the marketplace. The Applicant had filed examples of some of the marks that had been allowed to co-exist on the register, but the Officer disregarded these examples because state of the register evidence should have been filed by way of affidavit or statutory declaration, and also because in opposition proceedings the Registrar does not exercise his discretion having regard to anything appearing on the register that is not properly proved by evidence. That left only the print-outs of two registrations owned by third parties filed as part of the Rosenberg affidavit.

[21] The Applicant had also argued that there was no evidence of any single incident of confusion between the parties' marks. The Officer found that no adverse inference could be drawn from the lack of evidence of instances of confusion, since there was no use of the applied-for mark in Canada prior to the material date and, as such, the Opponents were under no obligation to submit evidence of instances of actual confusion.

[22] Finally, the Officer considered the Respondents' argument that RRC's family of other bird design trade-marks is an additional circumstance enhancing the likelihood of confusion between the trade-marks at issue. This argument was dismissed, as the Officer found that: (i) RRC's bird design marks do not form a family since there is no evidence of use or advertisement of the three non-eagle bird designs (apart from use at the bottom of a few pages of the website); (ii) the non-eagle designs

differ substantially from the EAGLE Design mark; and (iii) in any event, a family typically consists of more than two marks.

[23] On the basis of all the foregoing, the Officer concluded:

[52] In applying the test for confusion, I have considered it as a matter of first impression and imperfect recollection. Weighing all of the factors and their relative importance together, I arrive at the conclusion that the probabilities of confusion between the marks at issue are evenly balanced between a finding of confusion and of no confusion. As the legal burden is on the Applicant to establish, on a balance of probabilities, that the Mark was not confusing with the trade-mark AMERICAN EAGLE OUTFITTERS & Design at the filing date of the application, I accept the first non-entitlement ground of opposition based upon s. 16(3)(a) of the Act.

[53] Since I accept the first s. 16(3)(a) ground of opposition, I see no need to address the second one based on the previous use or making known in Canada of the trade-marks identified at Schedule A.

[24] The Officer then turned to the last ground of opposition, based on the lack of distinctiveness of the applied-for mark. In order to meet their burden, the Respondents needed to show that the relevant marks had become known sufficiently as of the date their Statement of Opposition was filed (i.e., September 2, 2008) to negate the distinctiveness of the applied-for mark. The Officer found that the Respondents failed to meet their initial burden with respect to the three non-eagle bird marks given their failure to evidence use of these marks. She was, however, satisfied that the AEO & Design mark had become sufficiently known as of the material date to negate the distinctiveness of the applied-for mark.

[25] The Respondents having discharged their initial burden with respect to the AEO & Design mark, it was up to the Applicant to show that there was no reasonable likelihood of confusion, on a

balance of probabilities standard. Since the difference in relevant dates did not substantially affect her analysis of confusion from the first s. 16(3)(a) ground of opposition, the Officer found that the Applicant had not discharged its onus to establish an absence of confusion on a balance of probabilities. As she accepted the non-distinctiveness ground of opposition based upon the AEO & Design mark, she did not find it necessary to address the non-distinctiveness ground of opposition based on RRC's AMERICAN EAGLE OUTFITTERS and EAGLE Design marks.

[26] Having found in favour of the Respondents with respect to two grounds of opposition, the Officer did not address the remaining grounds of opposition and refused the application pursuant to s. 38(3) of the *Act*.

### **3. Issues**

[27] In support of its Notice of Application, the Applicant has filed additional evidence in the form of two affidavits. The first question to be determined, therefore, is whether this evidence is sufficiently significant and probative to materially affect the Board's findings of fact or the discretion exercised. If it is, the applicable standard will be correctness. If it is not, the applicable standard will be that of reasonableness.

[28] The second question to be decided, obviously, is whether the Officer's decision is reasonable or correct, depending on the applicable standard of review.

#### 4. Analysis

##### a) The standard of review

[29] It has been noted that s. 56 of the *Act* is not a customary appeal provision, pursuant to which an appellate court decides the appeal on the basis of the record that was before the lower court.

Subsection 56(5) allows for additional evidence to be adduced before the Federal Court.

Conversely, neither is it an appeal *de novo*, where a case is decided exclusively on the basis of the new record and without regard to the evidence introduced in the first proceeding. On an appeal before the Federal Court pursuant to s. 56 of the *Act*, the parties may add to the evidence filed before the Registrar but the Court is not to disregard the record created before the Registrar.

[30] The parties are generally in agreement that in the absence of additional evidence produced on appeal under s. 56 of the *Act*, the reasonableness standard of review applies. They also agree that, when new evidence is submitted, it is necessary to assess its significance and that if the additional evidence would materially affect the Officer's findings of fact or the exercise of its discretion, then the correctness standard of review applies. This standard of review was discussed and summarized by Justice Rothstein, writing for the majority, in *Molson Breweries v John Labatt Ltd*, [2000] 3 FC 145, 5 CPR (4<sup>th</sup>) at para 29:

I think the approach in *Benson & Hedges v. St. Regis* and in *McDonald's Corp. v. Silcorp* are consistent with the modern approach to standard of review. Even though there is an express appeal provision in the *Trade-marks Act* to the Federal Court, expertise on the part of the Registrar has been recognized as requiring some deference. Having regard to the Registrar's expertise, in the absence of additional evidence adduced in the Trial Division, I am of the opinion that decisions of the Registrar, whether of fact, law or discretion, within his area of expertise, are to be reviewed on a standard of reasonableness *simpliciter*. However, where additional evidence is adduced in the Trial Division that would have materially affected the Registrar's findings of fact or the

exercise of his discretion, the Trial Division judge must come to his or her own conclusion as to the correctness of the Registrar's decision.

[31] It is well established that when additional evidence is filed, the test is “one of quality, not quantity”: see *Canadian Council of Professional Engineers v APA – The Engineered Wood Assn*, [2000] FCJ no 1027 (QL), 7 CPR (4<sup>th</sup>) 239 (FC) at para 36; *Wrangler Apparel Corp v Timberland Co*, 2005 FC 722 at para 7. Evidence that merely supplements or confirms earlier findings, or which pertains to facts posterior to the relevant material date, will be insufficient to displace the deferential standard of reasonableness.

[32] As previously mentioned, the Applicant filed two additional affidavits in support of its Notice of Application. The first one was sworn by Celine Wong, a legal secretary with the law firm Robinson Sheppard Shapiro LLP, the solicitors for the Applicant. The second was sworn by Mr. Rosenberg, President of the Applicant, and aims to offer clarifications in respect of his first affidavit.

[33] Ms. Wong conducted a search of the Canadian Trade-Marks Database and found the following:

- The Database includes the word “OUTFITTERS” in connection with 113 trade-marks, 42 of which are active trade-marks covering items of “wearing apparel, clothing, footwear and retail and wholesale services relating to wearing apparel, clothing and footwear”;
- The Database includes the word “OUTFITTER” in connection with 21 trade-marks, 6 of which are active trade-marks covering items of “wearing apparel, clothing,

footwear and retail and wholesale services relating to wearing apparel, clothing and footwear”;

- The Database contains (at least) 378 trade-marks of record including a bird design element, 42 of which are active trade-marks covering items of “wearing apparel, clothing, footwear and retail and wholesale services relating to wearing apparel, clothing and footwear”;
- The Database contains (at least) 215 trade-marks of record containing an eagle design element, 30 of which are active trade-marks covering items of “wearing apparel, clothing, footwear and retail and wholesale services relating to wearing apparel, clothing and footwear”.

[34] Ms. Wong also conducted a search of the Corporations Canada Database, which lists 45 incorporated companies (active or dissolved) that include the word “OUTFITTERS” as an element of their corporate names, 17 of which are identified as active federal incorporations, as well as 10 incorporated companies (active or dissolved) that include the word “OUTFITTER” as an element of their corporate names, 4 of which are identified as active federal incorporations.

[35] Additionally, Ms. Wong conducted a search of the Registraire des entreprises du Québec database (which provides information on all individuals and companies carrying on business in Québec, regardless of their juridical character), and found 147 entities that include the word “OUTFITTERS”, 6 of which were still in force and had activities related to clothing and footwear.

[36] Finally, Ms. Wong provided definitions of the word “OUTFITTER” from four dictionaries.

[37] As for the second affidavit from Mr. Rosenberg, it provides the following additional evidence and clarification regarding his first affidavit:

- Daron Fashions Inc. and Daron Fashions Group are both names for the same entity, the parent company of the Applicant, and were at all relevant times the distributor for clothing bearing the Applicant's applied-for mark;
- From 2007 to 2009, only men's clothing bearing the applied-for mark was sold to Winners by Daron Fashions Inc. on behalf of the Applicant;
- Winners invoices issued by Daron Fashions Inc., produced in various exhibits to the Second Rosenberg affidavit, were for men's wool knit sweaters, men's full zip sweaters, men's hoodie sweaters, men's knit poly sweat jackets, men's woven poly jackets, men's woven wool jackets, men's MMF feather light jackets, men's cotton knit sweaters, and men's full zip mock neck jackets, sold and delivered to Winners, and which bore a woven label on which appeared the applied-for Trade-Mark, as appears from copies of the photographs filed as further exhibits to that second affidavit;
- Exhibit 14 contains copies of seven invoices issued to Winners by Daron Fashions Inc. in 2009, purportedly evidencing sales of men's apparel totalling US\$150,675 by October 22, 2009;
- Mr. Rosenberg alleges that all merchandise delivered to Winners in connection with these seven invoices bore a woven label displaying the applied-for mark. He also clarifies that only men's clothing bearing the applied-for mark was sold to Winners

by Daron Fashions Inc. from 2007 to 2009, contrary to his previous assertion that the Applicant sells clothes for women and children as well.

[38] I do not think the information provided in the second Rosenberg Affidavit is sufficiently significant or probative to have materially altered the Officer's findings for two primary reasons. First, the only truly new evidence produced in the appendices to that affidavit is the group of seven invoices produced at Exhibit 14, all of which relate to 2009, which is after the relevant material dates for the consideration of confusion and distinctiveness under ss. 2 and 16 of the *Act*. Second, the remaining clarifications offered by Mr. Rosenberg's second affidavit either serve to correct erroneous statements made in his first affidavit (which statements, if left uncorrected, would likely have favoured the Applicant, including, for example, the assertion that from 2007 to 2009 the Applicant sold only men's clothing bearing the applied-for mark to Winners) or attempt to clarify evidence of use of the applied-for mark in Canada, which is unnecessary in light of the fact that the Officer was satisfied, "based on a fair reading of the Rosenberg affidavit as a whole", that the first affidavit established the use of the applied-for mark in Canada since November 2007 in association with clothing (see para 29 of the decision).

[39] I am also of the view that the voluminous evidence produced in the appendices of the Wong Affidavit is not of sufficient quality and significance to materially alter the Officer's decision. Counsel for the Applicant argued that this affidavit addresses some of the Officer's concerns, namely that: (i) there was no evidence to conclude that the word "OUTFITTER" was commonly adopted as a component of trade-marks used in association with clothing and accessories at the material date; (ii) the Applicant had failed to provide any evidence establishing that trade-marks

involving the design of a bird are commonly adopted and used in Canada in association with clothing and accessories; and (iii) the Applicant's submissions that similar bird designs have been allowed to co-exist in the fashion industry was unsubstantiated by any proper evidence to that effect. Unfortunately, the additional evidence found in the Wong Affidavit falls short of addressing the Officer's concerns and does not deal with her most critical finding.

[40] I agree with the Respondents that a search of the Trade-marks Office Register is not the best way to establish the state of the marketplace or the actual use of a mark. The fact that a mark appears on the register does not show that it is currently in use, was in use as of the relevant material dates, is used in relation to wares or services similar to those of the parties, or the extent of any such use: see *Equinox Entertainment Ltd. v 54<sup>th</sup> Street Holdings Sarl*, 2011 TMOB 233, [2011] TMOB no 5233, 98 CPR (4<sup>th</sup>) 14 [*Equinox Entertainment*] at para 35 (TMOB).

[41] The corporate registry information produced by the Applicant is of even less relevance, particularly in light of the failure of the Applicant to connect the evidence to the nature of the wares or services offered by the parties and its failure to provide any evidence of current use in the marketplace. In order to draw any inference as to the state of the marketplace, more tangible evidence is required, like the purchase of co-existing clothing, samples of current advertising, annual sales of the wares associated with the mark, etc.

[42] Moreover, many of the trade-marks listed in the Wong Affidavit are deficient in one respect or another and do not support the purpose for which they are appended as exhibits. For example, the Affidavit overstates the number of supposedly co-existing marks that include either the word

“OUTFITTER” or “OUTFITTERS” as some are not registered and others are not relevant either because they belong to the Respondents, relate solely or primarily to outdoor outfitting, or do not appear to be related to wares of the type sold by the parties. The same is true for the trade-marks including a bird design or an eagle design element, very few of which could be said to be potentially confusing with the parties’ designs and many of which are not registered in respect of retail wares similar to those of the parties.

[43] Indeed, a careful review of the Wong Affidavit establishes that the combination of both a bird design (not to mention an eagle design) and the word “OUTFITTER” or “OUTFITTERS” is uncommon. There appears to be only three or four marks (see Exhibits 10, 13, 17 and 45 of the Wong Affidavit) that include the combination of both a bird and the word “OUTFITTER” or “OUTFITTERS”, and there is no evidence provided to establish that these trade-marks were in use in Canada as of any material date, or the extent of any such use. The parties’ marks are the only ones that combine a silhouette of a bird with outstretched wings and talons and the word “OUTFITTER” or “OUTFITTERS”.

[44] The exact number of similar marks needed to establish that an element of a mark was commonly adopted as a component of trade-marks used in association with the relevant wares or services at the material date is not clear and likely depends on the facts of a given case. In *Groupe Procycle Inc v Chrysler Group LLC*, 2010 FC 918, 87 CPR (4<sup>th</sup>) 123 (FC) [*Procycle*], the Court found that the Registrar’s conclusion that ten relevant registrations were sufficient to draw inferences as to the state of the marketplace was based on the case law and “not at all unreasonable” (at para 46). The Court also accepted the relevance of *Park Avenue Furniture Corp v*

*Wickes/Simmons Bedding Ltd*, [1991] FCJ no 546, 37 CPR (3d) 413 (FCA), according to which “seven relevant registered trade-marks are a sufficient basis from which to draw conclusions about the state of the market in a state-of-the-register analysis” (*Procycle* at para 46), but did not comment on the Registrar’s conclusion that five registrations were insufficient to draw any inferences about the state of the marketplace with respect to a separate mark (*Procycle* at para 19).

[45] In *Equinox Entertainment*, above, at para 45, the TMOB found that the coexistence on the register of six trade-marks owned by the opponent (all but two of which were owned by different entities) was sufficient on its own to limit the ambit of protection for each of the six marks and contributed to an overall decrease in the likelihood of confusion with the applicant’s applied-for mark. In *Nature’s Source Inc v Natursource Inc*, 2012 FC 917, 104 CPR (4th) 1, however, this Court upheld the Board’s decision pursuant to which only phonetically equivalent third party trade-marks were found to be relevant to the analysis and the four instances of such marks filed in evidence were not sufficient to draw the inference that “consumers would be accustomed to see such trade-marks in the marketplace and distinguish among them” (at para 66).

[46] In light of the foregoing, I am unable to conclude that the evidence provided in the Wong Affidavit would have materially altered the Officer’s findings. Undoubtedly, the Officer’s finding that “the probabilities of confusion between the marks at issue are evenly balanced between a finding of confusion and of no confusion” (at para 52 of the decision) suggests that the production of any additional evidence presented by the Applicant should be carefully considered to the extent that it could tip the balance in its favour. The few marks on the register that can be considered relevant for the purpose of establishing a probability of confusion, however, are insufficient to

conclude that the similar elements of the parties' marks were commonly adopted as a component of trade-marks used in association with clothing and accessories at the material date. While there may be a certain number of marks using the individual elements of a bird design or the word "OUTFITTER" or "OUTFITTERS" in combination, there appears to be no other trade-mark that includes the combination of a silhouette of a bird having outstretched wings and these same words (with the exception, perhaps, of Tab 13, which clearly depicts a pelican in flight, as opposed to a bird of prey).

[47] That being the case, the Board's decision is reviewable under the reasonableness standard. When that standard applies, as recalled by the Supreme Court in *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22, [2006] 1 SCR 772 [*Mattel*], the question is whether the Board's decision can withstand "a somewhat probing" examination and is not "clearly wrong" (at para 40). Considering the expertise possessed by members of the Board, who determine whether applied-for trade-marks are confusing or not on a daily basis, their decisions ought not to be set aside lightly. The Court's role when reviewing a decision under the reasonableness standard has been described as follows in *Dunsmuir v New Brunswick*, 2008 SCC 9, [2008] 1 SCR 190 at para 47:

Reasonableness is a deferential standard animated by the principle that underlies the development of the two previous standards of reasonableness: certain questions that come before administrative tribunals do not lend themselves to one specific, particular result. Instead, they may give rise to a number of possible, reasonable conclusions. Tribunals have a margin of appreciation within the range of acceptable and rational solutions. A court conducting a review for reasonableness inquires into the qualities that make a decision reasonable, referring both to the process of articulating the reasons and to outcomes. In judicial review, reasonableness is concerned mostly with the existence of justification, transparency and intelligibility within the decision-making process. But it is also concerned with whether the decision falls within a range of possible,

acceptable outcomes which are defensible in respect of the facts and law.

#### **b) The reasonableness of the Officer's decision**

[48] As suggested by the Respondents, it is important to keep in mind the role of a trade-mark in the marketplace in undertaking a review of the Officer's decision:

Trade-marks in Canada are an important tool to assist consumers and businesses. In the marketplace, a business marks its wares or services as an indication of provenance. This allows consumers to know, when they are considering a purchase, who stands behind those goods or services. In this way, trade-marks provide a "shortcut to get consumers to where they want to go", *per Binnie J. in Mattel, Inc. v 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772, at para. 21. Where the trade-marks of different businesses are similar, a consumer may be unable to discern which company stands behind the wares or services. Confusion between trade-marks impairs the objective of providing consumers with a reliable indication of the expected source of wares or services. [...]

*Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27, [2011] 2 SCR 387 [*Masterpiece Inc*] at para 1.

[49] The grounds of opposition upon which the Officer found in favour of the Respondents all turn on the issue of confusion between the parties' marks. The parties generally agree as to the principles to be applied when considering the existence of confusion under the grounds of opposition raised by the Respondents, and have not argued that the Officer misdirected herself as to these principles. They differ only as to how the law should be applied to the case at hand.

[50] The Supreme Court has confirmed that the test of confusion to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry, who does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences

between the marks: see *Veuve Clicquot Ponsardin v Boutique Cliquot Ltée*, 2006 SCC 23, [2006] 1 SCR 824, 49 CPR (4<sup>th</sup>) 401 [*Veuve Clicquot*] at para 20.

[51] In applying the test for confusion, the Registrar must have regard to all of the surrounding circumstances, including those specifically enumerated in s. 6(5) of the *Act*, namely:

- a) the inherent distinctiveness of the trade-marks and the extent to which they have become known;
- b) the length of time the trade-marks 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 in appearance or sound or in the ideas suggested by them.

[52] These enumerated factors are not exhaustive, and need not be attributed equal weight: *Mattel*, above, at para 54; *Veuve Clicquot*, above, at para 21. Despite the fact that the degree of resemblance is the last factor listed in s. 6(5), the degree of resemblance is often the one factor likely to have the greatest effect on the confusion analysis: see *Masterpiece Inc*, above, at para 49. Indeed, the Supreme Court went so far as to say that the other factors in s. 6(5) only become significant once the respective marks are found to be identical or very similar to one another:

As Professor Vaver points out, if the marks or names do not resemble one another, is it unlikely that even a strong finding on the remaining factors would lead to a likelihood of confusion. The other factors become significant only once the marks are found to be identical or very similar (Vaver, at p. 532). As a result, it has been suggested that a consideration of resemblance is where most confusion analyses should start (*ibid.*).

*Masterpiece Inc*, at para 49.

[53] Having carefully reviewed the Officer's reasons, I am unable to conclude that any of her conclusions with regard to the s. 6(5) factors clearly fall outside of the range of possible, acceptable outcomes which are defensible in respect of the facts and law. The Officer's decision, while not the only possible conclusion that could be drawn on the facts, is justifiable, transparent and intelligible.

[54] Despite the Applicant's assertion to the contrary, I am unable to find that its applied-for mark is inherently more distinctive than the Respondents' AEO marks. While the word "OUTFITTERS" can be said to be descriptive and has properly been considered generic by the Officer, it cannot seriously be contended that the word "AMERICAN" is any more descriptive of clothes than the word "HAWKE". Neither of the two marks, once stripped of the word "OUTFITTERS", are descriptive of clothing, and no one mark can therefore be said to be inherently more distinctive than the other. Since the Applicant's applied-for mark is based upon proposed use, it clearly cannot have acquired any greater distinctiveness at the material date, whereas the Gibbs Affidavit clearly shows extensive use in Canada of the AEO & Design trade-mark. The Officer could therefore reasonably come to the conclusion that the factor mentioned at s. 6(5)(a) of the *Act* favours the Respondents.

[55] As for the length of time the AEO & Design mark has been in use, it is true, as argued by the Applicant, that there is nothing in the Gibbs Affidavit establishing when that trade-mark was first used in association with wares or services. It is equally obvious, however, that use in Canada had commenced prior to the filing of the Applicant's proposed use trade-mark. To that extent, the Member's conclusion that this factor also favours the Respondents was reasonable.

[56] Counsel for the Applicant tried to argue that there was insufficient evidence to establish that the AEO & Design trade-mark had become known to a fair extent at the material date. He pointed out, for example, that there is no way to assess what portion of the sales or of the advertising expenses referred to in the Gibbs Affidavit covered or related to wearing apparel, footwear and accessories bearing the AEO & Design trade-mark, as opposed to the “AMERICAN EAGLE OUTFITTERS” and/or the “EAGLE DESIGN” mark.

[57] Counsel also referred to the photographs of the Respondents’ retail stores located in Canada, which illustrate use of the trade-mark AMERICAN EAGLE OUTFITTERS on the exterior signage, rather than use of the AEO & Design mark. The same would be true of the internal signage and point of sale materials, which demonstrate the EAGLE Design mark in the right hand corner and the AMERICAN EAGLE OUTFITTERS mark at the bottom left hand corner.

[58] The Officer was clearly aware of these deficiencies, but nevertheless found that there was sufficient evidence of use to establish the existence of an AEO & Design mark. She stated, at paragraph 35 of her reasons:

Although Ms. Gibbs does not specifically refer to the trade-mark AMERICAN EAGLE OUTFITTERS & Design, I note that hang tags, labels and photographs of wearing apparel filed with her affidavit do display the EAGLE Design in combination with the words AMERICAN EAGLE OUTFITTRS, as do specimens of direct mail advertising and website pages. In most instances the EAGLE Design is shown above the words AMERICAN EAGLE and the word OUTFITTERS is shown below them. I am satisfied that such display amounts to use of the trade-mark AMERICAN EAGLE OUTFITTERS & Design as pleaded in the ground of opposition [...].

[59] The Officer carefully considered and accepted the evidence provided by the Respondents with respect to prior use of the AEO & Design mark. Ms. Gibbs was not cross-examined, and the Applicant filed no additional evidence on this point in this appeal. Having carefully reviewed the exhibits appended to Ms. Gibbs' affidavit, I am satisfied that the conclusion of the Officer on this factor was not unreasonable.

[60] As for the nature of the wares (s. 6(5)(c)), it is indisputable that there is an overlap between the wares associated with the parties' respective trade-marks. The applied-for mark is proposed to be used in connection with clothing and footwear. The Gibbs Affidavit established that the Respondents have also used their trade-mark in connection with clothing, footwear, accessories and related store services. Indeed, this fact was not disputed by the Applicant, as noted by the Officer. It was therefore reasonable to find that this factor also favours the Respondents.

[61] There is also clearly an overlap between the nature of trade of the parties. On the basis of the evidence that was before her, the Officer found it reasonable to infer that the Respondents' wares are sold only in stores operated by the Respondents' licensee (with the exception of on-line sales); however, that does not detract from the fact that nothing prevents the Respondents from selling their wares in other stores. Moreover, the parties' wares are sold through the same channels, i.e. retail clothing stores, and the fact that they are not currently sold in the same stores is irrelevant for the purpose of determining whether there is an overlap between the nature of the trade of the two parties.

[62] That brings me to the degree of resemblance between the trade-marks. As previously mentioned, the degree of resemblance in appearance or sound or in the idea suggested has the greatest effect on the confusion analysis: *Masterpiece Inc*, above, at para 49; *Home Hardware Stores Ltd v Ames True Temper Properties, Inc.*, 2010 TMOB 213, [2010] TMOB no 5213, 89 CPR (4<sup>th</sup>) 442 at para 34.

[63] Counsel for the Applicant contended that the word “outfitter” is a common dictionary word and is commonly used in association with clothing and accessories, such that the Officer erred in placing any significance on the fact that this word is common to the relevant marks. Similarly, it was argued that both bird designs and eagle designs are common elements of trade-marks used in Canada in association with clothing and accessories and, as such, the fact that a bird design is found as an element of both of the parties’ marks should not serve to render their respective marks similar to one another. As a result, the Applicant submitted that the striking aspects of the parties’ respective marks (“HAWKE & CO.” and “AMERICAN EAGLE”) bear no resemblance to one another, and are therefore not confusingly similar with one another.

[64] While attractive at first sight, the Applicant’s reasoning is flawed and not in keeping with the case law. It is well established, as noted by the Officer, that when assessing the degree of resemblance between two marks, they should be looked at in their entirety and not dissected into their components with emphasis being placed on those elements which are common to both: *British Drug Houses, Ltd v Battle Pharmaceuticals*, [1944] Ex CR 239, 4 CPR 48 at 60; *Ultravite Laboratories Ltd v Whitehall Laboratories Ltd*, [1965] SCR 734, 44 CPR 189 at 191-192. That

being said, a dominant component in a mark which affects the overall impression of an average consumer ought not to be disregarded: *Masterpiece Inc*, above, at para 84.

[65] The Officer could reasonably reject the Applicant's argument that the dominant or most striking aspects of the respective marks were "HAWKE & CO" and "AMERICAN EAGLE" for two reasons. First of all, the Officer found that there was no evidence establishing that the word "OUTFITTER" or the design of a bird were commonly adopted as components of trade-marks used in association with clothing and accessories. Based on the evidence that was before her, it was a conclusion that she could validly reach. Indeed, I have already indicated that the supplementary affidavit filed by the Applicant before this Court would not have had a material impact upon the Registrar's decision. The Wong Affidavit establishes that the combination of both a bird design and the word "OUTFITTER/OUTFITTERS" is not common, and that the only marks that combine both a silhouette of a bird of prey with outstretched wings and the word "OUTFITTER/OUTFITTERS" are the respective marks of the Applicant and Respondents.

[66] Moreover, the Supreme Court has recognized in *Masterpiece Inc* (above, at para 84) that a common word with wide use in describing goods and services can sometimes serve as the most distinctive and dominant component of a mark when it provides the "content and punch" of the trade-mark. On that basis, the Officer could reasonably focus on the word "OUTFITTER", because it is the last element of both marks, and on the bird designs, because they show a fair degree of resemblance in that they both depict the silhouette of a bird of prey with outstretched wings. While the Officer agreed that there are significant differences between the trade-marks when sounded, she nevertheless determined that there is a fair degree of resemblance between the marks when viewed,

both when considered as a whole and when considering their most striking elements. In light of the expertise of the Board on those matters and of the significant degree of deference owed to its decision, I conclude that its assessment as to the degree of resemblance between the two marks should not be disturbed on appeal before this Court.

### **Conclusion**

[67] The Board applied the relevant jurisprudence, provided cogent and intelligible reasons and came up with a decision that falls “within a range of possible, acceptable outcomes which are defensible in respect of the facts and law”. Accordingly, this appeal is dismissed, with costs.

**JUDGMENT**

**THIS COURT'S JUDGMENT is that** the appeal is dismissed, with costs.

"Yves de Montigny"

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Judge

**FEDERAL COURT**

**SOLICITORS OF RECORD**

**DOCKET:** T-1645-11

**STYLE OF CAUSE:** HAWKE & COMPANY OUTFITTERS LLC v RETAIL  
ROYALTY COMPANY ET AL

**PLACE OF HEARING:** Montréal, QC

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