

Federal Court



Cour fédérale

Date: 20130214

Docket: T-1260-12

Citation: 2013 FC 156

Ottawa, Ontario, February 14, 2013

PRESENT: The Honourable Mr. Justice Phelan

BETWEEN:

**SAN MIGUEL BREWING INTERNATIONAL
LIMITED**

Applicant

and

MOLSON CANADA 2005

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

I. INTRODUCTION

[1] This appeal concerns the refusal by a member [Member] of the Trade-marks Opposition Board [Board] to register the trade-mark RED HORSE and the design because of the likelihood of confusion with the trade-mark BLACK HORSE.



[2] The potential for the use of phrases such as “this is a horse of a different colour” or equine and beer jokes jump out at one. The Court will refrain from such frivolities for this is a case about beer and a case of beer is a serious matter.

[3] This matter is generally governed by s 6 and s 12 of the *Trade-marks Act*, RSC 1985, c T-13 [*Trade-marks Act*], in particular ss 6(1), 6(2), 6(5) and 12(1)(d).

6. (1) For the purposes of this Act, a trade-mark or trade-name is confusing with another trade-mark or trade-name if the use of the first mentioned trade-mark or trade-name would cause confusion with the last mentioned trade-mark or trade-name in the manner and circumstances described in this section.

6. (1) Pour l'application de la présente loi, une marque de commerce ou un nom commercial crée de la confusion avec une autre marque de commerce ou un autre nom commercial si l'emploi de la marque de commerce ou du nom commercial en premier lieu mentionnés cause de la confusion avec la marque de commerce ou le nom commercial en dernier lieu mentionnés, de la manière et

dans les circonstances décrites au présent article.

(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.

(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.

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

(3) L'emploi d'une marque de commerce crée de la confusion avec un nom commercial, lorsque l'emploi des deux dans la même région serait susceptible de faire conclure que les marchandises liées à cette marque et les marchandises liées à l'entreprise poursuivie sous ce nom sont fabriquées, vendues, données à bail ou louées, ou que les services liés à cette marque et les services liés à l'entreprise poursuivie sous ce nom sont loués ou exécutés, par la même personne, que ces marchandises ou services soient ou non de la même catégorie générale.

(4) The use of a trade-name causes confusion with a trade-mark if the use of both the trade-name and trade-mark in the same area would be likely to

(4) L'emploi d'un nom commercial crée de la confusion avec une marque de commerce, lorsque l'emploi des deux dans la même région serait

lead to the inference that the wares or services associated with the business carried on under the trade-name and those associated with the trade-mark are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

susceptible de faire conclure que les marchandises liées à l'entreprise poursuivie sous ce nom et les marchandises liées à cette marque sont fabriquées, vendues, données à bail ou louées, ou que les services liés à l'entreprise poursuivie sous ce nom et les services liés à cette marque sont loués ou exécutés, par la même personne, que ces marchandises ou services soient ou non de la même catégorie générale.

(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

(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) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;

a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;

(b) the length of time the trade-marks or trade-names have been in use;

b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;

(c) the nature of the wares, services or business;

c) le genre de marchandises, services ou entreprises;

(d) the nature of the trade; and

d) la nature du commerce;

(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

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.

12. (1) Subject to section 13, a trade-mark is registrable if it is not

(a) a word that is primarily merely the name or the surname of an individual who is living or has died within the preceding thirty years;

(b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin;

(c) the name in any language of any of the wares or services in connection with which it is used or proposed to be used;

(d) confusing with a registered trade-mark;

(e) a mark of which the

12. (1) Sous réserve de l'article 13, une marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :

a) elle est constituée d'un mot n'étant principalement que le nom ou le nom de famille d'un particulier vivant ou qui est décédé dans les trente années précédentes;

b) qu'elle soit sous forme graphique, écrite ou sonore, elle donne une description claire ou donne une description fautive et trompeuse, en langue française ou anglaise, de la nature ou de la qualité des marchandises ou services en liaison avec lesquels elle est employée, ou à l'égard desquels on projette de l'employer, ou des conditions de leur production, ou des personnes qui les produisent, ou du lieu d'origine de ces marchandises ou services;

c) elle est constituée du nom, dans une langue, de l'une des marchandises ou de l'un des services à l'égard desquels elle est employée, ou à l'égard desquels on projette de l'employer;

d) elle crée de la confusion avec une marque de commerce déposée;

e) elle est une marque dont

adoption is prohibited by section 9 or 10;

l'article 9 ou 10 interdit l'adoption;

(f) a denomination the adoption of which is prohibited by section 10.1;

f) elle est une dénomination dont l'article 10.1 interdit l'adoption;

(g) in whole or in part a protected geographical indication, where the trade-mark is to be registered in association with a wine not originating in a territory indicated by the geographical indication;

g) elle est constituée, en tout ou en partie, d'une indication géographique protégée et elle doit être enregistrée en liaison avec un vin dont le lieu d'origine ne se trouve pas sur le territoire visé par l'indication;

(h) in whole or in part a protected geographical indication, where the trade-mark is to be registered in association with a spirit not originating in a territory indicated by the geographical indication; and

h) elle est constituée, en tout ou en partie, d'une indication géographique protégée et elle doit être enregistrée en liaison avec un spiritueux dont le lieu d'origine ne se trouve pas sur le territoire visé par l'indication;

(i) subject to subsection 3(3) and paragraph 3(4)(a) of the *Olympic and Paralympic Marks Act*, a mark the adoption of which is prohibited by subsection 3(1) of that Act.

i) elle est une marque dont l'adoption est interdite par le paragraphe 3(1) de la *Loi sur les marques olympiques et paralympiques*, sous réserve du paragraphe 3(3) et de l'alinéa 3(4)a) de cette loi.

II. FACTS

[4] The Applicant, a corporation based in the Philippines, filed an application in 2005 to register the trade-mark RED HORSE MALT LIQUOR & Horse Head Design for use in association with beer, ale, pilsner, stout, bock and malt beverages. The description of wares was later changed so as to delete malt beverages.

[5] The Respondent opposed the trade-mark application on the basis of its ownership of a number of trade-marks that include the words BLACK HORSE. That trade-mark was issued originally by the Newfoundland trade-mark authorities in approximately 1922. The mark has been used continuously since then where the primary market for BLACK HORSE ale remains the Province of Newfoundland and Labrador.



[6] The Applicant filed affidavit evidence concerning trade-mark registrations (with design) for LE CHEVAL BLANC, FLYING HORSE, GOLDEN HORSESHOE PREMIUM LAGER and IRON HORSE. There was also evidence that various provincial liquor commissions and the Beer Store had listings for RED HORSE, BLACK HORSE, IRON HORSE BROWN, LE CHEVAL BLANC, GOLDEN HORSESHOE and IRONHORSE. The Applicant also filed an affidavit from the Manager of United Brands in Canada, the importing agent for the Applicant, showing beer sales in Alberta and British Columbia.

[7] The Respondent filed two affidavits of an articling student who had searched the Canadian Intellectual Property Office database for registrations for the Respondent and searched the internet for HORSE in association with beer and brewed alcoholic beverages and for RED BEER and RED ALE. The final affidavit was from the Director of Intellectual Property at Molson confirming the series of registrations that include the words BLACK HORSE and the history and market thereof. Between 2000 and 2008 Molson sold in excess of 150,000 hectolitres of BLACK HORSE and spent \$13 million in advertising the brand.

[8] There were no cross-examinations on the affidavits although the Respondent attacked the admissibility of some of the affidavits.

[9] The Board decision focused on whether the RED HORSE trade-mark and design were, in accordance with s 12(1)(d), confusing with a registered trade-mark, BLACK HORSE. The design marks were not in issue; only the words.

[10] The Member canvassed the “surrounding circumstances” set out in s 6(5).

[11] On the issue of inherent distinctiveness, the Member concluded that RED HORSE has a greater degree of distinctiveness principally because of RED HORSE’S design feature.

[12] With regard to the extent to which each mark is known, the Member found that BLACK HORSE, in use since 1922, was better known and that the quantity of RED HORSE sales is insignificant to those of BLACK HORSE.

[13] Because BLACK HORSE has been in use since 1922 and RED HORSE only since 2005, the issue of length of time which the marks have been in use favoured BLACK HORSE.

[14] On the matter of nature of ware, business and trade, since the channels of trade would be the same or overlap, the Member found in favour of BLACK HORSE.

[15] As to the critical question of the degree of resemblance between the marks, the Member found that the most striking portion of the mark was HORSE. The Member also found that although the Applicant's design features are noteworthy, they do not outweigh the significance of the words that dominate the centre of the mark RED HORSE and the unique word HORSE. Therefore, the Member determined that the ideas suggested by each mark are similar and the design of resemblance between the marks favoured the Respondent Molson.

[16] The word RED was not considered to be of use in the "likelihood of confusion" analyses as the Applicant is not the only entity to have used this word in a trade-mark in relation to beer.

[17] The search results of the design of a horse were not pertinent because they were not similar to the BLACK HORSE mark and there is no evidence that they sound like BLACK HORSE.

[18] In looking at the state of the market-place and the searches directed at HORSE, BLACK HORSE and RED in association with beer at liquor control commissions and the Beer Store in

Ontario, the Member placed little weight on the market-place evidence as listing of four third party marks is not much evidence.

[19] The Member held that in respect of the absence of evidence of confusion, no adverse inference can be drawn because the wares are sold at opposite ends of the country.

[20] In concluding the s 12(1)(d) grounds (confusion), the Member also concludes that BLACK HORSE was well-known in Newfoundland at the material date and its distinctiveness in one area in Canada is sufficient to negate the other mark's distinctiveness in another area.

III. ANALYSIS

[21] There are two issues in this appeal:

- (1) What is the standard of review?
- (2) Subject to the applicable standard, is RED HORSE confusing with BLACK HORSE in the minds of the relevant consumer?

A. *Standard of Review*

[22] The standard of review is affected by the type of new evidence (if any) filed on the appeal in accordance with s 56(5) of the *Trade-marks Act*. In the absence of new evidence, the standard of review is reasonableness (*Groupe Procycle Inc v Chrysler Group LLC*, 2010 FC 918, 377 FTR 17).

[23] However, where new evidence is filed, it will cause the standard of review to be correctness where that new evidence is substantial and significant. Mere regurgitation or supplements of prior

evidence would generally be insufficient to alter the standard of review (*Vivat Holdings Ltd v Levi Strauss & Co*, 2005 FC 707 at para 27, 276 FTR 40).

[24] As summarized by K Gill and R S Jolliffe in *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed, loose-leaf, (Toronto: Thomson Carswell, 2002), at 6-48 [*Fox*]: “[t]he mere filing of new evidence on appeal does not necessarily lower the standard of appeal to one of correctness. The quality of the new evidence must be considered. The question is to the extent to which the additional evidence has a probative significance that extends beyond the material that was before the Board.”

Fox goes on to write: “[w]here the new evidence adds nothing of significance and is merely repetitive of existing evidence without enhancing its cogency, the standard of review will be whether the Registrar’s decision was clearly wrong. In such cases, the presence of the newly filed evidence will not affect the standard of review applied by the Court on the appeal.”

I accept those statements as reflective of the law in Canada.

[25] In the affidavit of Bhupesh K. Choudhary filed on the appeal (Choudhary 2nd affidavit), the Applicant addressed a comment in the Member’s decision about use of RED HORSE in association with the wares and provided updated information on sales in Canada and its market reach to Manitoba.

This is the type of repetitive evidence that *Fox* commented upon as not enhancing cogency and thus not altering the standard of review.

[26] The Applicant also filed an affidavit from Mia Alentajan, Regional Marketing Services Manager for the Applicant. In that affidavit, amongst other matters related to sales volumes and country of sales, she attests to the fact that there are alcoholic beverages sold in Canada which use the word HORSE:

- Iron Horse Beer in BC and Alberta;
- Golden Horseshoe Premium Lager, Red Leaf Smooth Red Lager; and
- Dark Horse Stout.

There was no cross-examination on this affidavit.

[27] The Respondent objected to the affidavit as ambiguous, outside the pertinent dates and inadmissible as hearsay. The Respondent never says it is inaccurate.

[28] The evidence is not ambiguous. The relevant date is when this Court considers the matter (see *Park Avenue Furniture Corp v Wickes/Simmons Bedding Ltd*, 130 NR 223, 37 CPR (3d) 413 at 422 (FCA)). As to hearsay, the affiant attests that she is personally aware of the situation and gives the source for her awareness. The Respondent chose not to cross-examine to show absence of knowledge or unreliability of the basis for the affiant's knowledge. Any alleged infirmity due to alleged hearsay is overcome by its reliability and necessity in the context of these proceedings. As such, I would not strike the evidence if the Respondent had brought the necessary motion to strike portions of an affidavit.

[29] The evidence is material. While it may be arguable that IRON HORSE means a train engine and GOLDEN HORSESHOE relates to a piece of equipment on a horse, DARK HORSE is clearly

relevant both as to the simple word HORSE and the colour or colour characteristic. It was not a matter brought to the Board's attention, it is material to the decision and it could have (and should have) made a difference.

[30] Therefore, there is new evidence that meets the threshold to change the standard of review from "reasonableness" to "correctness".

B. *Confusion* – RED HORSE/BLACK HORSE

[31] The test for confusion is well-summarized in *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 41, [2011] 2 SCR 387 [*Masterpiece*]. One has to look at the mark as a whole, not tease out each portion of the mark. One has to approach "confusion" on the basis of first impression, from the perspective of the average person who goes into the market. One has to use common sense; in this case, common sense in relation to a beer consumer. Additionally, the Court writes in *Masterpiece*:

83 Neither an expert, nor a court, should tease out and analyze each portion of a mark alone. Rather, it should consider the mark as it is encountered by the consumer - as a whole, and as a matter of first impression. In *Ultravite Laboratories Ltd. v. Whitehall Laboratories Ltd.*, [1965] S.C.R. 734, Spence J., in deciding whether the words "DANDRESS" and "RES DAN" for removal of dandruff were confusing, succinctly made the point, at pp. 737-38: "[T]he test to be applied is with the average person who goes into the market and not one skilled in semantics."

...

92 I would endorse these comments about expert evidence and follow the approach of Spence J. in *Ultravite*, the House of Lords in *General Electric* and the English Court of Appeal in *esure*. In cases of wares or services being marketed to the general public, such as retirement residences, judges should consider the marks at issue, each as a whole, but having regard to the dominant or most striking

or unique feature of the trade-mark. They should use their own common sense, excluding influences of their “own idiosyncratic knowledge or temperament” to determine whether the casual consumer would be likely to be confused.

[32] In *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22, [2006] 1 SCR 772, the Supreme Court accepted the notion of the consumer (who is the litmus test for confusion) as the “ordinary hurried purchaser” – neither the careful diligent purchaser nor the “moron in a hurry”. The Court also recognized that courts owe the consumer a certain amount of credit for their intelligence or knowledge.

56 What, then, is the perspective from which the likelihood of a “mistaken inference” is to be measured? It is not that of the careful and diligent purchaser. Nor, on the other hand, is it the “moron in a hurry” so beloved by elements of the passing-off bar: *Morning Star Co-Operative Society Ltd. v. Express Newspapers Ltd.*, [1979] F.S.R. 113 (Ch. D.), at p. 117. It is rather a mythical consumer who stands somewhere in between, dubbed in a 1927 Ontario decision of Meredith C.J. as the “ordinary hurried purchasers”: *Klotz v. Corson* (1927), 33 O.W.N. 12 (Sup. Ct.), at p. 13. See also *Barsalou v. Darling* (1882), 9 S.C.R. 677, at p. 693. In *Delisle Foods Ltd. v. Anna Beth Holdings Ltd.* (1992), 45 C.P.R. (3d) 535 (T.M.O.B.), the Registrar stated at pp. 538-39:

When assessing the issue of confusion, the trade marks at issue must be considered from the point of view of the average hurried consumer having an imperfect recollection of the opponent’s mark who might encounter the trade mark of the applicant in association with the applicant’s wares in the market-place.

And see *American Cyanamid Co. v. Record Chemical Co.*, [1972] F.C. 1271 (T.D.), at p. 1276, aff’d (1973), 14 C.P.R. (2d) 127 (F.C.A.). As Cattanach J. explained in *Canadian Schenley Distilleries*, at p. 5:

That does not mean a rash, careless or unobservant purchaser on the one hand, nor on the other does it mean a person of higher education, one possessed of expert qualifications. It is the probability of the average person endowed with average intelligence acting with ordinary caution being deceived that

is the criterion and to measure that probability of confusion the Registrar of Trade Marks or the Judge must assess the normal attitudes and reactions of such persons.

[33] Applied to the beer consumer (the relevant “ordinary person” at the bar or beer/liquor store), I am of the view that the ordinary beer drinker is sensitive to the names of beers and to what they know and like. The test is premised on the ordinary beer drinking consumer – not on what might be a legal fiction of the non-beer drinking life partner who is asked to pick up beer. The following quotes from Justice Walsh’s decision in *Carling O’Keefe Breweries of Canada Ltd v Anheuser-Busch, Inc*, 68 CPR (2d) 1 at 20-21, 1982 CarswellNat 670 (Fed TD), are apt:

Even though the colours and designs of the two labels are somewhat similar a purchaser would have to be nearly blind, (or perhaps having consumed so much beer as to be in the same condition), not to be able to see at a glance from the label on the bottle or container, that he was getting either Plaintiff’s Standard Lager or Defendant’s Budweiser as the case might be.

[...]

The second major contributor to sales is of course the product itself and the flavour thereof, as regular beer drinkers will have considerable loyalty to their favourite brand.

[34] One look at the labels of RED HORSE and BLACK HORSE is sufficient to dispel any notion of confusion between RED HORSE (with just a horse’s head) and BLACK HORSE (with a horse in profile). However, that is not determinative as this is not a breach of copyright case. As noted earlier, the Member did not consider the design features but it is hard to ignore.

[35] On the issue of the word marks and confusion pursuant to s 6(2), the question is whether an ordinary beer drinking consumer, on hearing the words RED HORSE (as in “Do you have (serve)

RED HORSE?”), is likely to think that RED HORSE must be a beer made by the same company that makes BLACK HORSE.

[36] There is no evidence to suggest such confusion and as a matter of common sense, I conclude that it is unlikely. The Court reaches this same conclusion even if the test were “reasonableness” even in recognition of the expertise of the Board.

[37] The fact that DARK HORSE is sold without evidence of confusion with BLACK HORSE undermines any notion that Molson has secured such necessary recognition in relation to the word HORSE in relation to beer.

[38] This is compounded by the existence of CHEVAL BLANC, which, while dismissed as of limited importance because it might be sold in restaurants, and is thus considered a different ware, shows that there is no automatic association of a horse with the Molson product.

[39] While the Member did a detailed analysis of each aspect of the competing marks, the Member never stepped back and asked the fundamental question about confusion in accordance with the test in *Masterpiece*, above, against the consumer as pictured in *Mattel*, above, and *Carling*, above.

[40] The Board did not consider that what it was doing was, in effect, granting to Molson a trademark monopoly over the word HORSE of any colour (green, golden, brown, blue, etc.) in relation to beer. The breadth of that monopoly is unreasonable.

[41] For all these reasons, the Board's decision is neither correct nor reasonable.

IV. CONCLUSION

[42] Therefore, this appeal will be granted. The Board's decision will be set aside and Application No. 1,246,654 will be allowed.

[43] The Applicant shall have its costs at the usual scale.

JUDGMENT

THIS COURT’S JUDGMENT is that the appeal is granted. The decision of the Trade-marks Opposition Board is set aside, and Application No. 1,246,654 is allowed. The Applicant is to have its costs at the usual scale.

“Michael L. Phelan”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1260-12

STYLE OF CAUSE: SAN MIGUEL BREWING INTERNATIONAL
LIMITED

and

MOLSON CANADA 2005

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**REASONS FOR JUDGMENT
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DATED: February 14, 2013

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