

Federal Court



Cour fédérale

**Date: 20141202**

**Docket: T-2212-12**

**Citation: 2014 FC 1153**

**Ottawa, Ontario, December 2, 2014**

**PRESENT: The Honourable Madam Justice Kane**

**BETWEEN:**

**GEMOLOGICAL INSTITUTE OF AMERICA**

**Applicant**

**and**

**GEMOLOGY HEADQUARTERS  
INTERNATIONAL**

**Respondent**

**JUDGMENT AND REASONS**

[1] This is an appeal under section 56 of the *Trade-marks Act*, RSC 1985, c T-13 [the Act], of a decision rendered September 28, 2012 by Ms Jill Bradbury [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]. The decision rendered denies the opposition by the applicant, the Gemological Institute of America and owner of the trade-mark GIA, to the registration of the trade-mark GHI by the respondent, the Gemology Headquarters International, for use in

association with the same wares and services, namely, diamond grading, the issuance of diamond grading certificates, education in the field of gemology and other wares and services in the field of gemology.

### **Overview**

[2] The applicant, Gemological Institute of America [GIA], submits that the Board erred in fact and law in finding that the respondent, Gemology Headquarters International [GHI], had established that there was no reasonable likelihood of confusion between the two marks. The applicant argues that the new evidence it has filed on appeal would have materially affected the Board's findings. As a result, the Court is required to conduct a *de novo* consideration of the matter and, on a *de novo* consideration, the respondent's application for the mark GHI should be refused.

[3] For the reasons that follow, I have found that the new evidence of the applicant – which addresses whether the mark is well known, as well as its reputation, length of use and relevant consumer market – is of sufficient quality and probative value, and would have changed the factual basis of the TMOB decision. It would, therefore, have materially affected its decision.

[4] Accordingly, I have conducted a *de novo* review. Upon consideration of the new evidence and the evidence previously submitted, the applicable case law and the factors set out in subsection 6(5) of the Act, I find that the respondent has not met its burden to establish that there is no likelihood of confusion between the two marks.

[5] As a result the Court allows the appeal and refuses the respondent's application to register the mark GHI.

### **Background**

[6] On February 7, 2006, the respondent filed an application to register the trade-mark GHI with the Registrar based on proposed use of the mark in Canada in association with wares and services related to the field of gemology. These wares and services include: certificates of authenticity and certificates of grading diamonds, gemstones and pearls; educational services regarding gemology; and, gemological services, namely, providing identification, authentication and grading of diamonds, gemstones and pearls, and issuing certificates relating to such grading.

[7] On November 6, 2008, the applicant filed a Statement of Opposition [Opposition] against the application pursuant to subsection 38(2) of the Act on three grounds: non-registrability under paragraph 12(1)(d), pursuant to paragraph 38(2)(b); non-entitlement under subsections 16(2) and (3), pursuant to paragraph 38(2)(c); and, non-distinctiveness under section 2, pursuant to paragraph 38(2)(d). Each of these grounds turned on the issue of confusion between the respondent's proposed mark, GHI, and the applicant's established mark, GIA, as well as its related GIA & Design and GTL marks.

### **The Decision of the TMOB**

[8] The TMOB rejected the applicant's Opposition. The Officer's decision, on behalf of the TMOB and the Registrar, sets out the various grounds of opposition, the material dates and the onus on each party.

[9] The Officer notes that she analyzed only the paragraphs 12(1)(d)/38(2)(b) ground of opposition since its later material date permitted the Officer to consider all of the applicant's evidence (regarding reputation) and, if the applicant were unsuccessful on this ground, it would necessarily be unsuccessful on the others. The Officer focused exclusively on the applicant's GIA mark since it most closely resembled the respondent's GHI mark.

[10] The Officer sets out the test for confusion in accordance with subsection 6(2) of the Act, noting that subsection 6(2) does not concern the confusion of the marks themselves, but of the goods or services from one source as being from another. The Officer notes that, in applying the test of confusion, the Registrar must have regard for all the surrounding circumstances, including but not limited to the specific factors set out in subsection 6(5) and these factors need not be attributed equal weight.

[11] With respect to the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known (paragraph 6(5)(a)), the Officer finds that both marks lack inherent distinctiveness and are weak marks because they consist only of letters (citing *GSW Ltd v Great West Steel Industries Ltd*, 22 CPR (2d) 154, [1975] FCJ No 406 [GSW]). The Officer notes that trade-marks can enhance their inherent distinctiveness through use and promotion, but that there is no evidence that the GHI mark has been used or promoted in Canada. The Officer reviews the affidavit evidence in some detail, noting what it does and does not address. She then concludes that the GIA mark is more known than the GHI mark (which is not known at all) and has acquired "some distinctiveness" but "based on the figures provided [she] cannot conclude that the Opponent's mark [i.e. GIA] is well known."

[12] With respect to *the length of time the trade-marks or trade-names have been in use (paragraph 6(5)(b))*, the Officer notes that the affidavit evidence focuses on use of the GIA mark in Canada from 2003, although the applicant was founded in 1931 in the United States. The Officer finds this factor favours the applicant noting that the respondent presented no evidence of use of its mark.

[13] The Officer notes that the *nature of the respective wares, services, business and trade (paragraphs 6(5)(c) and (d))* are the same or overlap. The parties only diverge with respect to their positions about the prospective consumer.

[14] Regarding the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them (paragraph 6(5)(e)), the Officer finds that considering the two marks as a whole in appearance and sound, there are significant differences. Although the two marks have two of the same three letters, the different position of the letter 'I' results in a significantly different sound and appearance, and the use of the letter G is inherently weak and should not be given undue weight.

[15] The Officer cites *GSW*, above, at para 31, to support her view of the weakness of letter acronyms and that “comparatively small differences are sufficient to avert confusion and a greater degree of discrimination may fairly be expected from the public in such instances.”

[16] The Officer also considers the *additional surrounding circumstances*. She acknowledges that both parties' marks are registered in the United States, but finds this fact is not relevant to

the issue of confusion in Canada. She rejects other material regarding the state of the register because it is insufficient to draw any inferences about the state of the market place. With respect to the evidence of printouts from 11 websites provided by the respondent, the Officer finds, among other things, insufficient evidence to support the claim that these websites demonstrate that Canadians are used to distinguishing between and among marks involving or based on words such as gemological, gemology, institute, international or laboratories.

[17] The Officer finds that, on a balance of probabilities, there is no reasonable likelihood of confusion between the marks. She notes that most factors favour the applicant but that the degree of resemblance is the most crucial factor to determine confusion. She concludes:

When confronted with letters of the alphabet that are being used as trade-marks, it may fairly be expected that consumers would exercise a greater degree of discrimination as a matter of first impression. Here, the differences between the marks are sufficient to avert confusion.

[18] With respect to confusion in the mind of unsophisticated individual consumers, the Officer notes that there is little evidence about this clientele and that her finding would remain the same regardless of the type of consumer because her conclusion regarding the likelihood of confusion was based on there being significant differences between two inherently weak marks.

### **The Issues**

[19] The applicant and respondent stated the issues slightly differently but the issues are:

Whether the new evidence submitted by the applicant would have materially affected the TMOB's findings of fact or the exercise of its discretion;

If so, and based on the new and original evidence, whether the respondent has met its burden on a *de novo* analysis to show that there is no reasonable likelihood of confusion under section 2, paragraph 12(1)(d) or subsections 16(2) and (3) of the Act between the respondent's mark GHI and the applicant's mark GIA; and

If the new evidence would not have materially affected the TMOB's findings, whether the TMOB's decision to reject the applicant's Opposition, on the basis that the trade-marks GIA and GHI are not confusing, was reasonable.

### **Standard of Review**

[20] The question of whether new evidence adduced on appeal would have materially affected the TMOB's decision determines the standard of review that the Court must apply when reviewing the decision.

[21] Reasonableness is generally the standard of review applicable on appeal from a decision of the Registrar. However, the Federal Court of Appeal in *Molson Breweries v John Labatt Ltd*, [2000] 3 FC 145 at para 51, 2000 CanLII 17105 (FCA) [*Molson*] established that "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."

[22] In *CEG License Inc v Joey's Tomato's (Canada) Inc*, 2012 FC 1541 at paras 14-16, 424 FTR 182 [CEG] (also cited in *Hudson's Bay Co v Beymen*, 2013 FC 125 at para 26, 427 FTR 73 and *Saint Honore Cake Shop Ltd v Cheung's Bakery Products Ltd*, 2013 FC 935 at para 21, 232 ACWS (3d) 767), Justice Manson provided the following helpful summary:

14 Given new evidence was filed by the opponent in this matter that was not before the Opposition Board, the Court has an unfettered discretion to consider the matter and come to its own

conclusion as to the correctness of the Board's decision, if the new evidence is significant and would materially affect the underlying decision: (*Bojangles' International, LLC v Bojangles Café Ltd*, 2006 FC 657 [*Bojangles*]; *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at paras 35, 37)

15 However, where no new significant evidence is added on appeal, the standard of review is reasonableness simpliciter (*Molson Breweries v John Labatt Ltd*, [2000] F.C.J. No. 159, [2000] 3 FC 145; *Novopharm Ltd v AstraZeneca AB*, 2001 FCA 296).

16 Thus, the real question for consideration by the Court is the nature and quality of the new evidence, and whether it materially affects the decision below, so that the standard is correctness, or whether the new evidence is not significant and would not materially affect the decision below, such that the standard of review is reasonableness and considerable deference should be given to the decision below (*Telus Corp v Orange Personal Communications Services Ltd*, 2005 FC 590 at 397; aff'd 2006 FCA 6 (FCA)).

[23] As the applicant notes, the case law uses both the terms “correctness” and “*de novo*” review, but has clearly established that where the Court finds that the new evidence would have materially affected the decision of the TMOB, the Court *must* conduct the *de novo* review, and it is not an option to send the matter back to the TMOB for redetermination (*Molson*, above, at paras 24-29; *Advance Magazine Publishers Inc v Wise Gourmet Inc*, 2009 FC 1208 at paras 36-39, 356 FTR 270 [*Advance*]; *London Drugs Ltd v International Clothiers Inc*, 2014 FC 223 at para 34, 238 ACWS (3d) 203 [*London Drugs*]; *CEG*, above, at para 14).

[24] On the other hand, where the Court finds that the new evidence would not have materially affected the decision, the TMOB’s decision will be reviewed on a reasonableness standard and deference is owed. Where the decision is justified, transparent and intelligible and



the outcome falls within a range of possible, acceptable outcomes which are defensible in accordance with the facts and the law, the decision will not be disturbed.

#### *The test for new evidence*

[25] In order to determine whether new evidence would have materially affected the Board's decision, the Court must consider the evidence's nature and quality, taking into account its significance, probative value and reliability (*Bojangles' International LLC et al v Bojangles Café Ltd*, 2006 FC 657 at para 10, 293 FTR 234 [*Bojangles*]; *CEG*, above, at paras 16 and 20). The test is one of quality not quantity (*London Drugs*, above, at para 35; *Bojangles*, above, at para 15; *Hawke & Company Outfitters LLC v Retail Royalty Co*, 2012 FC 1539 at para 31, 424 FTR 164 [*Hawke*]); the new evidence cannot be merely repetitive or supplementary to the material that was before the Board, but must add something of significance and enhance its cogency (*Telus Corp v Orange Personal Communications Services Ltd*, 2005 FC 590 at para 33, 273 FTR 228; *Rothmans, Benson & Hedges, Inc v Imperial Tobacco Products Ltd*, 2014 FC 300 at para 34, 239 ACWS (3d) 473, quoting *Vivat Holdings Ltd v Levi Strauss & Co*, 2005 FC 707 at para 27, 139 ACWS (3d) 93; *Advance*, above, at paras 38 and 41; *Prince v Orange Cove-Sanger Citrus Assn*, 2007 FC 1229 at para 9, 322 FTR 212; *Chamberlain Group, Inc v Lynx Industries Inc*, 2010 FC 1287 at para 31, 379 FTR 270 [*Chamberlain Group*]).

#### **The Applicant's Overall Position**

[26] The applicant submits that the new evidence addresses the deficiencies in the evidence noted by the TMOB, particularly regarding the use and reputation of the GIA mark, the market share GIA holds in Canada and the end consumer. The applicant notes that the TMOB focussed

on the inherently weak nature of the mark but acknowledged that a trade-mark can acquire distinctiveness based on use. The GIA mark has acquired distinctiveness; both the new and updated or improved evidence establishes that this mark has been used for decades and is well known, including in Canada.

[27] The applicant submits that, if the TMOB had found that the mark was well known, which the new evidence demonstrates, the starting point would not have been a comparison between two weak marks, and the resemblance analysis would have been different.

[28] This evidence of use and reputation, along with evidence that the consumer is the wholesaler, retailer and ultimately the end consumer, would have changed the overall analysis of confusion.

[29] The applicant also submits that it has provided new evidence suggesting bad faith on the part of the respondent GHI because it appears to have chosen a similar three letter acronym to take advantage of the goodwill of the GIA trade-mark and has not provided any evidence of how the name was chosen.

[30] The applicant disputes the respondent's criticism of the new evidence. The applicant submits that these criticisms are based on isolated statements of the affiants and their answers on cross-examination, taken out of context, with the implication that the affiants were unable to answer pertinent questions or provide particular evidence. Rather, the applicant submits that the affiants addressed the issues of use and reputation based on their own knowledge, experience and

expertise and that, cumulatively, the new evidence establishes the use and reputation of the GIA mark among wholesalers, retailers and, to some extent, the ultimate or end consumers. The applicant acknowledges that some of the updated sales figures criticised by the respondent are not materially different. However, all the other new evidence, taken together, would have materially affected the decision.

[31] The applicant submits, therefore, that the Court must conduct a *de novo* review and assess the issue of confusion based on the factors in section 6 of the Act.

[32] On a *de novo* review, the applicant argues that the key issue is the resemblance or similarity of the marks and the proper application of the test for confusion, which is based on first impression and imperfect recollection. The test is premised on the notion that the consumer would have previously seen or been aware of the GIA mark.

### **The Respondent's Overall Position**

[33] The respondent submits that the evidence submitted on the appeal is more of the same and, while voluminous, lacks sufficient quality to make any difference to the decision of the TMOB. The Court should not engage in a *de novo* review. The decision of the TMOB is reasonable and should not be disturbed.

[34] The TMOB found that the mark was inherently weak and that the new evidence does not address this inherent weakness nor establish that the mark was sufficiently well known. The TMOB reasonably concluded that there were significant differences between the two marks and

that there would not be confusion, regardless of whether the consumer was a wholesaler, retailer or the ultimate buyer.

[35] The respondent points to flaws in the new evidence submitted by the applicant, including that it does not establish the GIA mark's use in Canada, that the evidence of use is largely use of the GIA acronym along with its full name, and that there is no evidence from an ultimate consumer of a diamond to establish their awareness of the GIA mark. The respondent also notes that there are no surveys to establish use or awareness of the GIA mark. In addition, the target market is the wholesaler or retailer, a much more sophisticated or informed consumer who would not be confused at all.

**Would the new evidence submitted by the applicant on this appeal have materially affected the TMOB's findings of fact or the exercise of its discretion?**

*The applicant's position*

[36] The applicant notes that the TMOB identified certain key findings and deficiencies, including that: the GIA mark was not well known; there were significant differences between the two weak marks; the GIA mark had been in use only since 2003; and, that there was little difference among the consumer groups when assessing confusion.

[37] The applicant submits that the new evidence addresses these key findings and deficiencies cited in the Board's decision. Specifically, it shows: that the GIA mark has acquired distinctiveness through its use and reputation in Canada; that the relevant consumer or market includes the end buyer; and that the respondent is attempting to benefit from the goodwill of the applicant's GIA trade-mark.

[38] The applicant argues that once the new evidence is considered, the factual basis changes and the decision would be entirely different.

[39] The new evidence consists of four additional affidavits from: Ms Kim Cino [Cino affidavit], Director of Administration for GIA; Ms Grace Reagh [Reagh affidavit], an employee of 40 years at Birks [Birks & Mayors Inc] in Vancouver, working in a variety of roles including in retail sales, as store manager, as jewellery appraiser and as jewellery buyer; Dr Robert Frank [Frank affidavit], a trade-mark searcher with experience conducting and reviewing searches of databases and the internet; and, Dr Frank Hawthorne [Hawthorne affidavit], a Professor of Mineralogy at the University of Manitoba. All of these affiants, except Dr Hawthorne, were cross-examined.

[40] The Cino affidavit focuses on the use, reputation and market share in Canada. The Reagh affidavit focuses on the fame and reputation of the GIA mark among retailers and consumers in Canada. Dr Frank's affidavit provides the results of media and internet database searches identifying whether the GIA mark is associated with the applicant and whether the GHI mark is associated with the respondent. Dr Frank concludes that the GIA mark is strongly associated with the applicant in the field of gemology in Canada and globally. Dr Hawthorne's affidavit indicates his reliance on GIA as a leading authority based on his perspective as a Professor of Mineralogy for over 40 years.

[41] The new evidence also addresses the finding of the TMOB that there was little evidence of the individual or end consumer market. The applicant notes that individual consumers are the

group with the greatest likelihood of confusion as a matter of first impression when encountering the respondent's GHI mark with an imperfect recollection of the GIA mark, although other consumers in the industry could also likely be confused.

[42] The applicant further submits that the new evidence regarding the respondent's motivation to benefit from the goodwill of the GIA name demonstrates an additional circumstance which would also have materially affected the Board's conclusion. The Cino affidavit explains that Mr Nachum Krasnianski owns both the respondent and another competitor, EGL USA, and that Mr Krasnianski's actions globally and in Canada suggest that he is seeking to register marks similar to the GIA mark (e.g., GIH and GHI) to benefit from the goodwill of the GIA brand.

[43] The applicant disputes the respondent's criticisms of the new evidence noting that none of its affiants were undermined on cross-examination and that, cumulatively, the new evidence addresses the use and reputation of the GIA mark, along with the relevant markets.

[44] The applicant notes that Ms Cino does not deal with customers and, therefore, the respondent's focus on the fact that she has never provided a grading certificate to a consumer or witnessed this interaction is meaningless.

[45] In addition, Ms Cino was not confused about the data in the IDEX chart; she noted the obvious typo in the text but referred to the pie chart which accurately depicts the global market share at 64%. She noted that, in her experience, the global share is consistent with the Canadian

share and, while there was no Canadian data, she could extrapolate from the global figures based on this experience.

[46] In response to the respondent's repeated criticism that there are no surveys to indicate the use and reputation of the GIA mark, the applicant submits that surveys are not required (*Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at paras 93-101; [2011] 2 SCR 387 [*Masterpiece*]).

[47] The applicant also responds that an affidavit from a consumer of a diamond would not establish use or reputation of the GIA mark. Such evidence would likely be criticised by the respondent as simply one consumer's experience and, therefore, not representative.

#### *The respondent's position*

[48] As noted above, the respondent submits that the new evidence adduced by the applicant does not address the determinative issues, is not of sufficient quality or probative value and would not have materially affected the decision of the TMOB, and that the standard of review should, therefore, remain reasonableness.

[49] The respondent submits that the TMOB's findings were based on the significant differences between the marks themselves and the inherently weak nature of acronyms as trade-marks. The new evidence does not address either of these findings. Rather, it addresses the reputation of the trade-mark GIA in Canada, the use of other acronyms as trade-marks in the field of gemology in Canada and the channels of trade in which gemological goods and services

move. The respondent also argues that, even if the Court accepts the new evidence, it is not of sufficient quality or probative value to show that the GIA mark is well known and that the TMOB could have reached a different conclusion (*Bojangles*).

[50] The respondent criticizes the new evidence of the GIA mark's fame in Canada and argues it is based on hearsay, opinions without factual support and flawed computer searches from a professional expert witness based in the United States (i.e., Dr Frank). The respondent notes that Dr Frank is not an intellectual property lawyer or patent agent and has no apparent knowledge of Canadian law. He did not conduct any surveys about the impressions of the consumer. The number of "hits" in his internet searches is not evidence of whether the GIA mark is well known.

[51] The respondent submits that there is no additional evidence of actual use of the applicant's mark in Canada, other than that of sales volumes and revenues provided in the Cino affidavit, which are more of the same. The respondent argues that the magazine ads provided by the applicant should be discounted due to lack of circulation figures.

[52] The respondent seeks to discredit the evidence of Ms Cino; she was unaware of any surveys of end consumers and she never witnessed a GIA certificate being given to an end consumer. The respondent notes that while Ms Cino now says that GIA's services are for the benefit of the end consumer, she first stated that the majority of its services are for retailers.



[53] The respondent also points out that Ms Cino is the Director of Administration of GIA, not a trade-mark lawyer or patent agent, and has no legal training and was assisted by counsel in preparing her affidavit.

[54] The respondent also notes that Ms Reagh admitted that the GIA credentials displayed at Birks are usually in small salons and that customers could learn of the “4Cs of diamond quality” (colour, clarity, cut and carat weight) from other grading laboratories, rather than the applicant. Ms Reagh could not provide the number of customers who have specifically requested GIA certificates. Ms Reagh had never interviewed or surveyed consumers, indicating that there was no need.

[55] The respondent submits that the evidence does not support the applicant’s assertion that online retailer Blue Nile uses GIA reports. That company’s own website includes references to several other grading laboratories and does not favour the applicant’s grading certificates.

[56] The respondent further submits that there is no explanation of how Dr Hawthorne’s professional expertise allows him to comment on the perception of the applicant by other members of the gemological field. Even if he is an expert, he is only one opinion and this cannot establish the fame of the mark.

[57] More generally, the respondent submits that there is nothing new in the evidence. The respondent repeatedly notes that none of the affiants could point to any surveys of Canadian consumers to determine actual consumer opinion of the trade-mark GIA. There is no evidence of

how the end consumer perceives GIA although it would have been easy to provide this, for example by way of an affidavit of a consumer.

[58] Even if the evidence demonstrates that the applicant's GIA mark is well known, the respondent argues that it would not have materially affected the TMOB's decision overall, which was based on the significant differences between the two weak marks.

[59] The respondent argues that the new evidence does not show that individual consumers are the ultimate target market for the applicant's grading reports and services. Ms Cino's evidence that grading reports are passed on to and used by end consumers is hearsay, based only on conversations with retailers. The respondent argues that individual consumers of jewellery are *not* the ultimate target market for reports and grading services. Retailers and wholesalers are the purchasers of grading reports and they do not get confused.

[60] However, even if the relevant customers are the end consumers, the respondent further argues that the decision would not have been different because the TMOB found that no consumer would likely be confused because of the significant differences between the two inherently weak marks.

[61] The respondent disputes, but does not address, the allegations of bad faith in pursuing the registration of its own GHI mark and counters that the applicant is simply attempting to suppress a smaller competitor.

**The new evidence would have materially affected the TMOB's findings of fact or the exercise of its discretion**

[62] The Court is required to put itself into the mind of the TMOB to assess whether the new evidence – had it been provided to the Hearing Officer – would have made a difference to the result. The question is whether the new evidence addresses the deficiencies noted by the TMOB which led to its findings and whether that evidence has sufficient significance or probative value that it would have changed the factual basis for the decision or otherwise materially affected the decision.

[63] The TMOB found deficiencies in the original evidence regarding whether the GIA trade-mark was well known and who the ultimate consumer was, although the TMOB noted that the outcome would be the same regardless of the consumer. The TMOB also noted that a trade-mark could become distinctive through use, but the TMOB did not agree that this had occurred.

[64] The new evidence addresses the issue of *acquired distinctiveness*. The TMOB found that the GIA mark had not acquired distinctiveness and was inherently weak, with small differences being sufficient to avoid confusion, based on its conclusion that the mark was a three letter acronym and that it was not well known.

[65] This finding of inherent weakness influenced the analysis of the degree of resemblance, as noted by the Officer's reference to *GSW*, and her conclusion on confusion. The new evidence demonstrates that the GIA mark is much more known and, among retailers, is very well known. The new evidence would therefore change the starting point for the resemblance analysis.

[66] The Cino affidavit provides evidence of use, advertising, reputation and market share in Canada to show that the applicant's GIA marks were well known in Canada at all material dates. For example, the Cino affidavit provides evidence of the use of reports by diamond and jewellery traders and by end consumers. It also provides evidence of Canadian sales figures, which although not significantly different than the previous evidence, were explained as not including sales in Canada made via US intermediaries. The Cino affidavit also provides evidence of GIA's global market share as set out in the IDEX report and the affiant's opinion, based on her experience and knowledge, that the Canadian market share is similar. The Cino affidavit also sets out: the services provided to law enforcement and museums; educational initiatives of GIA hosted or offered in conjunction with Canadian universities, including distance education with enrolment figures provided dating back to the 1970s (noting 5000 students total, with 2500 alumni on its mailing list); information on the number of users of the website and mobile app for Canada and globally; trade show attendance numbers; and GIA advertising dating back to the 1970s.

[67] The IDEX article cited by the affiant, which depicts GIA's global market share of grading reports, was criticised by the respondent who argued that the figures add up to more than 100%. However, this was proactively noted by Ms Cino to be a typographical error and the graphic depiction makes it very clear that the global market share for GIA was 64%, the largest of any other and all the shares combined.

[68] The Reagh affidavit provides additional evidence of the reputation of the GIA mark among retailers and consumers in Canada from the perspective of Ms Reagh's 39 year history

with Birks and in the diamond and jewellery industry, including: Birks' almost exclusive use of the applicant's diamond grading reports since 1981; the practice to discuss the "4C's of diamond quality" with customers as part of the sales approach or script; and, requests for the applicant's grading reports from those customers who make requests for reports.

[69] Ms Reagh also expressed the opinion that GIA's credentials were the most reputable and desirable and were displayed in Birks' stores. She indicated that most diamond jewellery is sold with a grading report and that GIA's reports are the most trusted. She stated that anyone in the trade is completely aware of GIA, their services and their fine reputation.

[70] With respect to online retailer Blue Nile's reliance on GIA, the documentary evidence (i.e. printouts from its website) shows many references to GIA, some along with other services. That Blue Nile also uses other laboratories or grading services does not diminish the fact that it uses GIA's.

[71] The Frank affidavit provides new evidence of search results from media databases and the Internet showing the GIA mark as associated with the applicant in the field of gemology, both in Canada and globally. Dr Frank's evidence withstood the scrutiny of the respondent who challenged his credentials, methodology and whether the results actually demonstrated use of the trade-mark.

[72] Dr Frank acknowledged that he was not legally trained, but attested that he had a great deal of experience and has, through extensive reading of case law, learned about Canadian trade-mark law regarding famous marks.

[73] With respect to the respondent's criticism of some of his databases, Dr Frank indicated that any inaccuracies in the information retrieved from Infomart would be due to inaccuracies in the original versions that were posted electronically and that the database itself is reliable.

[74] Dr Frank explained that the purpose of conducting research on the Internet by means of search engines such as Yahoo and Google is to determine the amount, frequency and type of exposure that a particular word or phrase has to members of the public who seek information on the Internet. He explained his approach as broad – to try to replicate the behaviours that a consumer who would be familiar with “GIA” would demonstrate if trying to find information about either GIA or the Gemological Institute of America.

[75] Dr Frank indicated that the database searches do not demonstrate conclusively what is in the mind of the consumer about the source and origin of the trade-mark. The results are factual; they are not subjective and were not intended to be.

[76] In response to the respondent's criticism that the number of “hits” was not sufficient evidence of use and did not show recognition of the trade-mark, Dr Frank indicated that the articles he presented were a sampling and that there were 4,600 records total. He explained that the purpose was to give a representative sample from which reasonable inferences could be

drawn. When asked how many references in the general media to a trade-mark and a term would show “global recognition,” Dr Frank indicated that there was no exact number, but that 15 examples of third party use would likely establish this. He expressed the view that his results showed that GIA is a well known or well recognized mark and is associated with Gemological Institute of America in Canada.

[77] He added that, based upon his years of doing this research and the validation that he has performed of the accuracy of the (Dialog) database, he is highly confident that GIA, other than when being used as a person’s name (which is a very, very small percentage), is in the jewellery industry almost always associated with Gemological Institute of America.

[78] With respect to *the relevant customer*, the new evidence indicates that individual consumers are the ultimate target market for the applicant’s grading reports. The new evidence adduced by the applicant is *more* than the “little evidence concerning this portion of the parties’ trade/clientele,” as found by the TMOB.

[79] The Cino affidavit confirms that, while the applicant’s direct clients for diamond grading reports are mostly members of the diamond and jewellery trade, every grading report is for the benefit and ultimate use of the end consumer (i.e. the jewellery owner). Ms Cino confirmed on cross-examination that business decisions all have the end consumer in mind. Ms Cino did not contradict the other affiants; she agreed that the larger direct market is the trade, but stated that it also includes the end consumer.

[80] Ms Cino indicated on cross-examination that she has never witnessed a certificate being given to the end consumer. However, she does not work in retail stores and this would not be expected. Rather, Ms Reagh's evidence addressed this issue; she indicated that certificates were provided to end consumers and she relayed her extensive experience dealing with end consumers over her 39 years at Birks.

[81] The respondent carefully scrutinised the new evidence to argue that it is simply more of the same and, to the extent that any of it is new, it is not probative. However, many of the flaws and criticisms highlighted by the respondent, which are based on the affidavits and cross-examination of Ms Cino, Ms Reagh and Dr Frank, have been taken out of context and with high expectations of what ideal evidence should be. When all the new evidence is considered together and in the proper context, I am of the view that it would have materially affected the decision of the TMOB.

[82] The new evidence of use of the trade-mark GIA and GIA's reputation is both more significant and different in several respects than the evidence provided to the TMOB. The TMOB would have approached the analysis of the overall strength of the mark and the resemblance with GHI differently if it had recognized the reputation of the GIA mark.

[83] In addition, while the ultimate consumer may not be the primary target market for the full range of the applicant's wares and services, the new evidence sufficiently establishes that the ultimate consumer of the gems or jewellery is an important part of the target market. In my view, this is also common sense. A wholesaler or retailer does not rely on the wares and services of the



applicant only for their own benefit without considering the ultimate consumer. Jewellery wholesalers and retailers do not hoard diamonds and other gems except for the purpose of ultimate sale to a consumer. The individual consumer must be considered as part of the market and the confusion analysis cannot ignore this aspect.

[84] The respondent contends that wholesalers and retailers are the primary market and they would not be confused. That may be true for wholesalers and retailers who have long dealt with the applicant and are then presented with the mark of the respondent, particularly given the reputation of the applicant for decades and the use of many acronyms in the trade. However, the test for confusion is the first impression based on imperfect recollection. Some retailers would likely be confused on first impression if they had not had extensive dealings with the applicant.

[85] Moreover, the confusion is assessed from the perspective of the mythical customer or consumer (*Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at paras 56-58, [2006] 1 SCR 772 [*Mattel*]); that consumer includes the whole range from the large wholesalers to jewellery makers to large and small retailers and ultimately the end consumer.

[86] The respondent argues that the new evidence was analogous to some extent to that in *Hawke*, above, because Ms Cino had referred to her affidavit as “supplementing” the three original affidavits. Regardless of how Ms Cino may have characterized her new affidavit, its content and her evidence on cross-examination supports the finding that there is sufficient new evidence of a better quality to call for a *de novo* review.

[87] In *Hawke*, Justice de Montigny found that one of the new affidavits merely corrected erroneous references about the nature of the wares and provided information that post-dated the relevant dates for the confusion analysis. The other new affidavit did not address the Officer's concerns or the most critical finding.

[88] That is not the situation here. In this case, new evidence has been submitted by the applicant that affects the foundation for the key findings of the Registrar – namely, the use and reputation of the mark – and, in turn, the confusion analysis.

[89] There is no need to address the applicant's assertion that new evidence suggests bad faith on the part of the respondent given that the other evidence is sufficient to find that the decision of the TMOB would have been materially affected. In addition, as noted in *Chamberlain Group*, above at para 53, a confusion analysis would not be influenced one way or the other by evidence of bad faith.

***De novo* review; based on the new and original evidence, has the respondent established that there is no reasonable likelihood of confusion between its GHI mark and the applicant's GIA mark?**

*The applicant's position*

[90] The applicant reiterates the arguments advanced to demonstrate that the new evidence would have materially affected the decision of the TMOB and highlights particular aspects of the evidence. The applicant submits that the respondent has not discharged its burden of showing that there is no reasonable likelihood of confusion between the marks. The proper application of the test for confusion would lead to the finding that the customer would likely be confused.

[91] The applicant submits that not everyone has to be confused and whether some or even many are not confused is not the test. The applicant points to *Canada Post Corp v Paxton Developments Inc* (2000), 198 FTR 72 at para 12, 101 ACWS (3d) 1160 [*Canada Post*], where the Federal Court found that there need not be evidence that a majority of consumers would be confused, rather a sufficient number to get over the *de minimus* rule. The “average consumer” does not mean a majority of consumers. In *Canada Post*, the Court relied on survey information indicating that 9% of those surveyed were confused, yet found that to be sufficient evidence of actual confusion by a significant number of consumers (above, at para 21).

[92] The applicant acknowledges that acronyms, such as the two marks in question, have low degrees of inherent distinctiveness. However, distinctiveness can be acquired through use and reputation (*GSW*, above, at para 51; *Lee Canada Inc v Jones Investments Co* (2008), 71 CPR (4<sup>th</sup>) 112 (TMOB) at paras 25 and 32). The new evidence on appeal establishes significant and long-term use of the GIA mark in Canada in the field of gemology (including laboratory services, education and research), showing it to be well known. With regard to diamond grading reports, it is the longest standing and most reputable name in the industry, and commands the largest market share globally and in Canada.

[93] The applicant submits that considered as a whole, the GIA mark has a higher degree of acquired distinctiveness than understood by the TMOB and is not weak. There is no evidence of use or reputation of the respondent’s mark, GHI, in Canada other than a very few hits revealed by Dr Frank. Accordingly, this factor strongly favours the applicant.

[94] The applicant submits that the GIA mark has been in use longer than since 2003 as found by the TMOB. Although the TMOB found that the factor of length of time in use favoured GIA, because there was no use of GHI, the applicant submits that GIA's decades of use are relevant to its reputation.

[95] With respect to the degree of resemblance, the applicant argues that the two marks are more similar than different. When considered as a whole, from the perspective of the average consumer with an imperfect recollection, the marks share a high degree of resemblance and the consumer would likely be confused.

[96] The applicant acknowledges that bad faith will not "make or break" the confusion analysis, but submits that, where a mark exists, the burden is on the newcomer to take care not to adopt a similar and confusing mark. The applicant argues that there were plenty of other business names and corresponding acronyms available, even if the word "Gemological" and the use of "G" remained.

*The respondent's position*

[97] The respondent does not directly respond to the new evidence in the context of a *de novo* review because it denies that the new evidence on appeal would have materially affected the decision of the TMOB and submits that reasonableness remains the standard of review.

[98] However, the respondent's arguments regarding the inadequacy of the new evidence and the reasonableness of the decision have been considered to assess whether, on a *de novo* analysis, it has discharged its burden to establish that the consumer would not likely be confused.

[99] As noted above, the respondent contends that the applicant's new evidence lacks in probative value, is insufficient and is contradicted by the respondent's own affidavits, which indicate that few customers request a particular company for grading and many diamond and gemstone grading laboratories use three letter acronyms.

[100] The respondent filed affidavits from: Mr Barry Katzen, a diamond distributor, indicating among other things that only approximately 1% of customers request a particular company for grading; Trish Haley, a corporate searcher, providing printouts of web pages of third party diamond and gemstone grading laboratories, many of which use three letter acronyms; and, Mr Shalyskin, manager at the Vancouver Office of EGL Canada, a competitor, noting that EGL is fairly well known in Canada and shares the market with many other competitors, several of which have trade-marks or trade names known by three letter acronyms.

*The relevant jurisprudence regarding confusion*

[101] The jurisprudence has established that the onus is on the party that applies for the trade-mark registration (in this case, the respondent) to show on a balance of probabilities, that there is no likelihood of confusion (*Mattel*, above, at para 54). This remains the case on a *de novo* review where new evidence has been accepted.

[102] In *Chamberlaine Group*, above, at para 38, Justice Hughes noted that the issue is whether confusion is “likely”.

[103] In *GSW*, the Court set out two principles. The TMOB relied on the principle regarding acronyms, quoting *GSW* at para 31:

31 In short, where a trader has appropriated letters of the alphabet as a design mark without accompanying distinctive *indicia*, and seeks to prevent other traders from doing the same thing, the range of protection to be given that trader should be more limited than in the case of a unique trade mark and comparatively small differences are sufficient to avert confusion and a greater degree of discrimination may fairly be expected from the public in such instances. (See Lord Simond's remarks concerning trade names in *Office Cleaning Services Ltd. v. Westminster Office Cleaning Assn.* (1944), 61 R.P.C. 133 (Eng. C.A.) at p. 135.)

[104] However, at para 51, the Court in *GSW* added that a weak mark may gain distinctiveness through use:

51 In so stating the Registrar was giving effect to the principles which I have stated above, that is that letters not being inherently distinctive they constitute a "weak" mark and as such, small differences may be accepted to distinguish one mark from another. However a "weak" mark by long and extensive use might become distinctive...

[105] As noted by Justice Mainville in *Advance*, at para 48, after citing the test from *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 at para 20, [2006] 1 SCR 824: “The principal question is whether the ‘ordinary casual consumers somewhat in a hurry are likely to be deceived about the origin of the wares or services’ (*Mattel, supra* at para 58).”

[106] In *Mattel*, at paras 56-58, Justice Binnie elaborated on the notion of the mythical casual consumer noting that this person is not the careful and diligent purchaser, nor the “moron in a hurry”, but falls somewhere in between and is not devoid of intelligence or the normal powers of recollection. Justice Binnie also noted that a consumer does not approach every purchase with the same degree of attention and suggested that more care would be taken with larger, more expensive purchases, though in any event, the test remained the same. He noted at para 58:

To those mythical consumers, the existence of trade-marks or brands makes shopping decisions faster and easier. The law recognizes that at the time the new trade-mark catches their eye, they will have only a general and not very precise recollection of the earlier trade-mark, famous though it may be or, as stated in *Coca-Cola Co. of Canada Ltd. v. Pepsi-Cola Co. of Canada Ltd.*, [1942] 2 D.L.R. 657 (P.C.), “as it would be remembered by persons possessed of an average memory with its usual imperfections” (p. 661). The standard is not that of people “who never notice anything” but of persons who take no more than “ordinary care to observe that which is staring them in the face”: *Coombe v. Mendit Ltd.* (1913), 30 R.P.C. 709 (Ch. D.), at p. 717. However, if ordinary casual consumers somewhat in a hurry are likely to be deceived about the origin of the wares or services, then the statutory test is met.

[107] In *Masterpiece*, Justice Rothstein addressed the test for confusion in the context of expungement of a trade-mark. With respect to the perspective of the mythical consumer, the Court clarified that the test must be applied in all situations, but is flexible to fit the context and the perspective remains largely the same, regardless of the products, services or wares purchased. Justice Rothstein noted, at para 69, that the test focuses on the consumer as they approach the purchase and encounter the trade-mark and not to the research they may do afterward before finalizing the purchase. In addition, while the consumer of expensive goods may be more

attentive, it is still their first impression and imperfect recollection of the trade-mark that is relevant (at para 70).

[108] Justice Rothstein stated at para 72:

[72] This distinction is important because even with this increased attentiveness, it may still be likely that a consumer shopping for expensive goods and services will be confused by the trade-marks they encounter. Careful research and deliberation may dispel any trade-mark confusion that may have arisen. However, that cannot mean that consumers of expensive goods, through their own caution and wariness, should lose the benefit of trade-mark protection. It is confusion when they encounter the trade-marks that is relevant. Careful research which may later remedy confusion does not mean that no confusion ever existed or that it will not continue to exist in the minds of consumers who did not carry out that research.

[109] And later at para 73, he added, “Consumers of expensive wares or services and owners of the associated trade-marks are entitled to trade-mark guidance and protection as much as those acquiring and selling inexpensive wares or services.”

**Application of the Statutory Test; The Respondent has not established that there is no reasonable likelihood of confusion between its GHI mark and the Applicant’s GIA Mark**

[110] I have carefully reviewed all the evidence, including the transcripts of the cross-examinations of the affiants, and have considered the factors set out in subsection 6(5) in light of the new evidence.

[111] With respect to *the inherent distinctiveness of the GIA trade-mark and the extent to which it has become known*, the evidence shows, as a whole, that the GIA mark has acquired a



higher degree of distinctiveness through use and has a strong reputation. There is no evidence of use or reputation of the respondent's mark, GHI, in Canada other than the very few hits revealed by Dr Frank in his search.

[112] With respect to *the length of time in use*, the evidence demonstrates that the GIA mark has been in use far longer than 2003, as was found by the Board. The TMOB had acknowledged that GIA was founded in 1931, but noted that the evidence of use provided to it was more recent. The new evidence establishes, however, that the GIA mark has been used in Canada for several decades.

[113] For example, the reprint of a trade article attached to Ms Cino's affidavit includes an excerpt from a 1955 publication that noted GIA's use in Canada in the retail jewellery trade for many years. In addition, her affidavit confirms that educational services have been provided by GIA in Canada since at least 1969 and that GIA has advertised in Canada since the 1970s. In addition, the claim for first use in Canada of the GIA & Design mark was in 1949.

[114] With respect to the reputation of the GIA mark more generally, Ms Reagh's personal knowledge, based on 39 years of experience, and her strong statement about GIA's reputation in Canada among retailers supports the finding that GIA is well known and has a strong reputation particularly in the industry, which has endured for many years. As she noted in her cross-examination, anyone in the trade is completely aware of GIA, their services, and their fine reputation.

[115] Dr Hawthorne's affidavit, despite the respondent's criticisms, confirms the reputation of GIA from his academic perspective.

[116] With respect to *the nature of the parties' wares, services, businesses and trade*, there is no dispute that these are either the same or there is a direct overlap.

[117] In considering the *degree of resemblance*, I find that the two marks are very similar; both marks are three letter acronyms, sharing two of the same letters and both beginning with the letter "G". Although the "G" stands for a word that identifies the wares (gemological), it need not be the first word in the name or the first letter if a similar business were looking for distinctiveness. Both marks contain an "I". While "A" and "H" are not similar when written, they can sound the same. Moreover, because the otherwise weak GIA mark has gained distinctiveness due to use and reputation, it deserves protection and small differences in the marks of others will no longer be enough to avert confusion.

[118] Although the applicant pointed to three new *surrounding circumstances*, the most relevant relates to the consumer market. As previously noted, the new evidence demonstrates that the individual purchaser of diamonds is a relevant and important market to consider. This group is a target market for the GIA grading reports, although perhaps not its key one, and the applicant's mandate includes educating the public (e.g. about the 4Cs of diamond quality) and ensuring public trust (e.g. providing grading reports for transmission to consumers). As noted above, the end consumer cannot be ignored as part of the market. Wholesalers and retailers are in business to sell to an ultimate consumer – the person who will wear the jewellery.

[119] This consumer group would have a greater likelihood of confusion as a matter of first impression when encountering the respondent's mark with an imperfect recollection of the applicant's mark: while the consumer may have heard of GIA, or seen its mark, it would not readily distinguish it from other trade-marks, particularly other three letter acronyms.

[120] In addition, the perspective of the consumer remains largely the same, even though, in this context, the purchaser may be more attentive when making an infrequent and expensive purchase.

[121] The consumer may do some online browsing before heading to a jewellery retailer or some preliminary in-store browsing before narrowing down their choices. The consumer may also discuss or seek advice of friends or others who have made similar purchases. Or the consumer may see ads in magazines, flyers or elsewhere. Some exposure to the GIA mark is possible if the consumer is considering a jewellery purchase or is simply observant of jewellery. Upon approaching a retailer with the intention of making a purchase, the consumer could be confronted with the GHI mark rather than the GIA mark he or she was previously exposed to. The consumer's first impression with his or her imperfect recollection would likely lead them to be confused and think it was the same mark.

[122] The fact that, upon further consideration or research or comparison, they realize it is different does not change the first impression.

[123] As noted above, the smaller retailer or retailers new to the industry without previous relationships with the GIA wares and services and trade-mark could also likely be confused.

[124] All the factors and the surrounding circumstances favour the applicant. The degree of resemblance is strong and, as a matter of first impression, I find that the differences between the two marks are not sufficient to avoid confusion.

[125] The respondent's new evidence and the respondent's careful scrutiny of the applicant's new evidence have not undermined the applicant's new evidence or its support for the relevant factors. The respondent has not discharged its burden to show that, on a balance of probabilities, there is no reasonable likelihood of confusion between the marks.

### **Conclusion**

[126] Although the GIA trade-mark is not inherently distinctive, it has been used over a significant period of time in Canada which has resulted in its enhanced reputation in the industry and consumer market in Canada.

[127] The new evidence demonstrates that the GIA trade-mark is well known and that the relevant consumer market includes the wholesaler, retailer and end consumer. With this new evidence the TMOB would have approached the confusion analysis differently – and not from the position of comparing two inherently weak marks.

[128] On the *de novo* review, that same evidence has been carefully considered along with the respondent's criticism of the evidence and the respondent's own evidence. All the relevant factors of subsection 6(5) of the Act and the surrounding circumstances favour the applicant. I find that the respondent has not met its burden of establishing, on a balance of probabilities, that there is no reasonable likelihood of confusion between the respondent's mark GHI and the registered trade-mark GIA.

[129] Therefore, the Court allows the appeal with costs and refuses the respondent's application (Appl No 1, 289, 031) to register the mark GHI.

**JUDGMENT**

**THIS COURT ORDERS AND ADJUDGES that:**

1. The appeal is allowed;
2. The respondent's application (Appl No 1, 289, 031) under the *Trade-marks Act* for the trade-mark GHI is refused; and
3. The applicant shall have his costs.

"Catherine M. Kane"

---

Judge

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-2212-12

**STYLE OF CAUSE:** GEMOLOGICAL INSTITUTE OF AMERICA v  
GEMOLOGY HEADQUARTERS INTERNATIONAL

**PLACE OF HEARING:** OTTAWA, ONTARIO

**DATE OF HEARING:** OCTOBER 28, 2014

**JUDGMENT AND REASONS:** KANE J.

**DATED:** DECEMBER 2, 2014

**APPEARANCES:**

Mr. Daniel M. Anthony

FOR THE APPLICANT

Ms. Janet M. Fuhrer

FOR THE RESPONDENT

**SOLICITORS OF RECORD:**

Smart & Biggar  
Ottawa, Ontario

FOR THE APPLICANT

Ridout & Maybee LLP  
Ottawa, Ontario

FOR THE RESPONDENT