

Federal Court
of Appeal



Cour d'appel
fédérale

Date: 20110613

Docket: A-284-10

Citation: 2011 FCA 201

**CORAM: LÉTOURNEAU J.A.
TRUDEL J.A.
MAINVILLE J.A.**

BETWEEN:

**THE MINISTRY OF COMMERCE
AND INDUSTRY OF THE
REPUBLIC OF CYPRUS**

Appellant

and

**INTERNATIONAL CHEESE
COUNCIL OF CANADA**

Respondent

Heard at Montréal, Quebec, on May 26, 2011.

Judgment delivered at Ottawa, Ontario, on June 13, 2011.

REASONS FOR JUDGMENT BY:

MAINVILLE J.A.

CONCURRED IN BY:

LÉTOURNEAU J.A.
TRUDEL J.A.

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REASONS FOR JUDGMENT

MAINVILLE J.A.

[1] This is an appeal of an order by Justice de Montigny of the Federal Court (the “Judge”) dated June 30, 2010, and bearing the citation 2010 FC 719 (the “Order”), dismissing an appeal of a decision by the Registrar of Trade-marks (the “Registrar”) rendered on April 29, 2008 (the “decision”) allowing the respondent’s opposition to the appellant’s registration of the certification mark of HALLOUMI cheese (the “Certification Mark”) with respect to application No. 795,511.

[2] The *Trade-marks Act*, R.S.C. 1985, c. T-13 (the “Act”) establishes a specific regime for the adoption and registration of a certification mark by a person who is not engaged in the manufacture, sale, leasing or hiring of the wares or the performance of the services in question, but who wishes to licence others to use the mark in association with wares or services. The purpose of such a certification mark for wares is to distinguish them with respect to their character or quality, the working conditions under which they have been produced, the class of persons by whom they have been produced, or the area within which they have been produced. Note the following provisions of the Act:

2. In this Act,

“certification mark” means a mark that is used for the purpose of distinguishing or so as to distinguish wares or services that are of a defined standard with respect to

- (a) the character or quality of the wares or services,
- (b) the working conditions under which the wares have been produced or the services performed,
- (c) the class of persons by whom the wares have been produced or the services performed, or
- (d) the area within which the wares have been produced or the services performed, from wares or services that are not of that defined standard

“trade-mark” means

...

- (b) a certification mark,

2. Les définitions qui suivent s’appliquent à la présente loi.

« marque de certification » Marque employée pour distinguer, ou de façon à distinguer, les marchandises ou services qui sont d’une norme définie par rapport à ceux qui ne le sont pas, en ce qui concerne :

- a) soit la nature ou qualité des marchandises ou services;
- b) soit les conditions de travail dans lesquelles les marchandises ont été produites ou les services exécutés;
- c) soit la catégorie de personnes qui a produit les marchandises ou exécuté les services;
- d) soit la région à l’intérieur de laquelle les marchandises ont été produites ou les services exécutés.

« marque de commerce » Selon le cas :

[...]

- b) marque de certification;

23. (1) Une marque de certification ne

23. (1) A certification mark may be adopted and registered only by a person who is not engaged in the manufacture, sale, leasing or hiring of wares or the performance of services such as those in association with which the certification mark is used.

(2) The owner of a certification mark may license others to use the mark in association with wares or services that meet the defined standard, and the use of the mark accordingly shall be deemed to be use thereof by the owner.

(3) The owner of a registered certification mark may prevent its use by unlicensed persons or in association with any wares or services in respect of which the mark is registered but to which the licence does not extend.

...

25. A certification mark descriptive of the place of origin of wares or services, and not confusing with any registered trade-mark, is registrable if the applicant is the administrative authority of a country, state, province or municipality including or forming part of the area indicated by the mark, or is a commercial association having an office or representative in that area, but the owner of any mark registered under this section shall permit the use of the mark in association with any wares or services produced or performed in the area of which the mark is descriptive.

peut être adoptée et déposée que par une personne qui ne se livre pas à la fabrication, la vente, la location à bail ou le louage de marchandises ou à l'exécution de services, tels que ceux pour lesquels la marque de certification est employée.

(2) Le propriétaire d'une marque de certification peut autoriser d'autres personnes à employer la marque en liaison avec des marchandises ou services qui se conforment à la norme définie, et l'emploi de la marque en conséquence est réputé en être l'emploi par le propriétaire.

(3) Le propriétaire d'une marque de certification déposée peut empêcher qu'elle soit employée par des personnes non autorisées ou en liaison avec des marchandises ou services à l'égard desquels cette marque est déposée, mais auxquels l'autorisation ne s'étend pas.

[...]

25. Une marque de certification descriptive du lieu d'origine des marchandises ou services et ne créant aucune confusion avec une marque de commerce déposée, est enregistrable si le requérant est l'autorité administrative d'un pays, d'un État, d'une province ou d'une municipalité comprenant la région indiquée par la marque ou en faisant partie, ou est une association commerciale ayant un bureau ou un représentant dans une telle région. Toutefois, le propriétaire d'une marque déposée aux termes du présent article doit en permettre l'emploi en liaison avec toute marchandise produite, ou tout service exécuté, dans la région que désigne la marque.

[3] The defined standard for which the use of the Certification Mark was intended was described as follows in the *Trade-marks Journal*, as reproduced at paragraph 4 of the Order:

The use of the certification mark is intended to indicate that the specific wares listed above in association with which it is used are of the following defined standard: the defined standard prescribes that the cheese is produced only in Cyprus using the historic method unique to that country, namely: traditionally, it has been produced from sheep's and/or goat's milk. In case of mixtures, cow's milk is also allowed. Raw materials which are used for its production include rennin, mint leaves and salt. See file for information about quality characteristics, chemical characteristics and maturation.

[4] According to the ground of opposition accepted by the Registrar and the Judge, based on paragraphs 38(2)(b) and 12(1)(e) and section 10 of the Act, the adoption of HALLOUMI as a trade-mark is prohibited, because HALLOUMI has by ordinary and *bona fide* commercial usage become recognized in Canada as designating a kind or quality of cheese.

[5] A person may oppose an application for registration of a trade-mark (which includes a certification mark) on the ground that it is not registrable. Paragraph 12(1)(e) of the Act provides that a mark prohibited by section 10 is not registrable. Section 10 covers marks that have by ordinary and *bona fide* commercial usage become recognized in Canada as designating, among other things, a kind of wares, in which case no person may adopt such a mark as a trade-mark or use it in a way likely to mislead. This prohibition also extends to marks so nearly resembling that mark as to be likely to be mistaken therefor. Section 10 and paragraph 12(1)(e) of the Act read as follows:

10. Where any mark has by ordinary and *bona fide* commercial usage become recognized in Canada as designating the kind, quality, quantity,

10. Si une marque, en raison d'une pratique commerciale ordinaire et authentique, devient reconnue au Canada comme désignant le genre, la

destination, value, place of origin or date of production of any wares or services, no person shall adopt it as a trade-mark in association with such wares or services or others of the same general class or use it in a way likely to mislead, nor shall any person so adopt or so use any mark so nearly resembling that mark as to be likely to be mistaken therefor.

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

(e) a mark of which the adoption is prohibited by section 9 or 10;

qualité, la quantité, la destination, la valeur, le lieu d'origine ou la date de production de marchandises ou services, nul ne peut l'adopter comme marque de commerce en liaison avec ces marchandises ou services ou autres de la même catégorie générale, ou l'employer d'une manière susceptible d'induire en erreur, et nul ne peut ainsi adopter ou employer une marque dont la ressemblance avec la marque en question est telle qu'on pourrait vraisemblablement les confondre.

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

[...]

e) elle est une marque dont l'article 9 ou 10 interdit l'adoption;

[6] The Registrar accepted this ground of opposition in light of the extensive evidence before him demonstrating that several Canadian manufacturers produced cheese with similar marks and that this cheese was widely distributed in Canada under these marks to designate its character or quality. The Judge found no error in these aspects of the Registrar's decision.

[7] The appellant submits that the Judge erred in his selection of the standard of review when considering the respondent's burden of proof in bringing an opposition based on section 10 of the Act, and that he himself misinterpreted this burden of proof. Thus, the appellant submits, the Judge erred in finding that the respondent's evidence was sufficient to satisfy the burden of proof required by section 10.

[8] It is also submitted that the Judge erred in law in holding that it was not open to the appellant to argue that the relevant date for the purposes of paragraphs 38(2)(b) and 12(1)(e) and section 10 of the Act was the date of the adoption of the Certification Mark rather than the date of the Registrar's decision, and that he also erred in law in nevertheless determining that the relevant date was indeed that of the Registrar's decision. Because the respondent submitted no evidence predating the date of adoption of the Certification Mark, the appellant submits that the opposition to its Certification Mark should have been refused.

[9] I shall deal first with the issues related to the relevant date, then turn to those related to the applicable burden of proof and the assessment of the evidence.

The relevant date for the purpose of an opposition based on section 10 of the Act

[10] Before the Registrar, both the appellant and the respondent submitted that the relevant date for the purpose of the opposition to the registration of the Certification Mark based on section 10 was the date of the Registrar's decision. In this case, the parties agreed that it had to be determined whether, at the time of the Registrar's decision, the Certification Mark was recognized in Canada by ordinary and *bona fide* usage as designating a type of cheese.

[11] Moreover, in its notice of appeal of the Registrar's decision to the Federal Court, the appellant did not raise the issue of the relevant date as a ground of appeal. It was only in its memorandum in the Federal Court that the appellant raised this ground for the first time, on the basis that certain cryptic statements made by the Federal Court in *Scotch Whisky Association v. Glenora Distillers International Ltd.*, 2008 FC 425, 65 C.P.R. (4th) 441 (subsequently reversed by

this Court: 2009 FCA 16, [2010] 1 F.C.R. 195) cast doubt on whether the date of the Registrar's decision was indeed the relevant date for the purpose of section 10 of the Act.

[12] Both before the Federal Court and this Court, the respondent strongly objected to this ground being considered on the basis that it was contrary to the *Federal Courts Rules*, SOR/98-106 (the "*Rules*") and would cause it a prejudice. During the hearing before this Court, counsel for the respondent insisted that if he had been notified in a timely manner that the relevant date would be challenged, he could have done the research and taken the steps necessary to gather evidence for the period preceding the date of adoption of the Certification Mark. The respondent would therefore suffer a serious prejudice if this new ground of appeal were to be allowed.

[13] In his Order, at paragraphs 47 and 48, the Judge did not authorize this ground of appeal because section 301 of the *Rules* clearly states that the notice of application shall set out a complete and concise statement of the grounds intended to be argued, and he took into account the case law establishing that an applicant may not raise an argument not set out in its notice of application, including *AstraZeneca AB v. Apotex Inc.*, 2006 FC 7, 46 C.P.R. (4th) 418 (aff'd 2007 FCA 327, 61 C.P.R. (4th) 257), decided by our colleague Justice Layden-Stevenson when she sat on the Federal Court.

[14] I note that subsection 59(1) of the Act clearly provides that where an appeal of a decision by the Registrar is brought to the Federal Court, the notice of appeal shall set out full particulars of the grounds on which relief is sought:

59. (1) Where an appeal is taken under section 56 by the filing of a notice of appeal, or an application is made under

59. (1) Lorsqu'un appel est porté sous le régime de l'article 56 par la production d'un avis d'appel, ou

section 57 by the filing of an originating notice of motion, the notice shall set out full particulars of the grounds on which relief is sought.

[Emphasis added]

qu'une demande est faite selon l'article 57 par la production d'un avis de requête, l'avis indique tous les détails des motifs sur lesquels la demande de redressement est fondée.

[Non souligné dans l'original]

[15] In light of this subsection of the Act, I find that the Judge did not err in not allowing the appellant to raise the relevant date as a ground of appeal, especially given that authorizing the ground would have been prejudicial to the respondent. In order to raise this ground, the appellant would have had to file an appropriate motion to amend its notice of appeal, which would have allowed for a timely debate as to the relevance of such an amendment and, if necessary, the measures required to prevent either party from suffering prejudice.

[16] Despite his conclusion on this point, the Judge nevertheless made comments regarding the relevant date at paragraphs 49 and 50 of his Order, determining that it was the date of the Registrar's decision on the basis that he was bound by this Court's decision in *Canadian Olympic Association v. Olympus Optical Co.* (1991), 136 N.R. 231, 38 C.P.R. (3d) 1, rendered with respect to subparagraph 9(1)(n)(iii) of the Act. The Judge did not have to comment this issue and could have refrained from doing so as the matter was not properly before him.

[17] Therefore, there is no reason for this Court to comment on the issue. I do note, however, that the appellant is basing its argument mainly on the hypothesis that Canadian producers could appropriate a certification mark in bad faith for the period required to deal with an application for the registration of that mark. Not only is there no evidence of such bad faith in this file, but

section 10 also provides that the commercial usage leading to the recognition of a mark as designating a kind of wares must be “*bona fide*”, which is a complete answer to the concerns raised by the appellant. Having said this, I shall refrain from further comment on the subject.

The burden of proof and assessment of the evidence

[18] The appellant raises the following grounds of appeal related to the burden of proof and the assessment of the evidence: (i) the Judge failed to apply the appropriate standard of review to establish the applicable burden of proof; (ii) the Judge and the Registrar erred with respect to the nature and scope of the evidence required in support of the opposition under section 10 of the Act; (iii) the Judge erred in his statement of the applicable standard of proof; and (iv) both the Registrar and the Judge committed determinative errors with respect to the assessment of the evidence. I shall consider each of these grounds in turn.

[19] The appellant alleges that while the Judge correctly identified the applicable standard of review as correctness (Order at paragraph 29), he subsequently erred by applying instead the standard of reasonableness at paragraph 52 of his Order. I am of the view that the appellant has misunderstood the statements made by the Judge at that paragraph of his Order. They relate to the assessment of the evidence by the Registrar, not the identification of the applicable burden of proof, as is made perfectly clear by the Judge’s conclusions at paragraph 55 of his Order:

[55] I believe that the Registrar **correctly identified the respondent’s burden of proof** and, after carefully reviewing the evidence, I am also of the view that **the facts before him supported his finding** that, at the date he issued his decision, the Mark had become recognized in Canada as designating a type of cheese . . . [emphasis added].

The Judge therefore did indeed apply the standard of correctness to the identification of the applicable burden of proof and the standard of reasonableness to the Registrar's findings of fact.

This ground of appeal is therefore rejected.

[20] However, the appellant adds that the Judge erred in law with respect to the nature and scope of the evidence required of the respondent to support its opposition based on section 10 of the Act. According to the appellant, section 10 must be interpreted narrowly because it imposes a prohibition on the use of a mark. The nature and scope of the evidence required in support of an objection based on this section must therefore be established accordingly. In this case, the appellant submits that the "ordinary and *bona fide* commercial usage" covered by this provision requires extensive commercial usage of a mark and wide recognition of that mark as designating a kind of wares. The appellant provides the example of the mark "cheddar", which enjoys established commercial usage and is widely recognized as designating a type of cheese, which would support with respect to that mark an opposition based on section 10.

[21] According to the appellant, the Registrar erred by failing to take into account the objectives of section 10 of the Act in establishing the nature and scope of the evidence required of the respondent in support of its opposition to the Certification Mark HALLOUMI, and the Judge in turn erred by failing to correct the Registrar on this point.

[22] After a close reading of the Order and the decision, I was not persuaded by the appellant that the Judge or the Registrar had committed determinative errors with regard to the scope of the

evidence required in this case. The Judge made the following statement at paragraph 55 of his Order:

[55] I believe that the Registrar correctly identified the respondent's burden of proof and, after carefully reviewing the evidence, I am also of the view that the facts before him supported his finding that, at the date he issued his decision, the Mark had become recognized in Canada as designating a type of cheese. In his reasons, he pointed out that, in order to satisfy its burden of proof, the respondent had to adduce "sufficient evidence" to demonstrate that the Mark had become recognized in Canada, and also noted that "one would not be able to obtain the monopoly over a term or word under pretext that it is a certification mark if such mark has been used extensively in Canada" by others prior to the relevant date. In my view, this method of dealing with the evidence complies in all aspects with the state of the law on this subject.

[23] At pages 5 and 6 of his decision, the Registrar stated the nature and scope of the evidence that must be submitted to him under section 10:

The Opponent argues that the Mark is not registrable because it has become recognized in Canada as a type of cheese through ordinary and *bona fide* commercial usage. Therefore the Applicant would be precluded from adopting the Mark as a certification mark in association with the Wares, the whole contrary to s. 10 of the Act. I have to determine if the Opponent has adduced sufficient evidence to conclude that the Mark has become recognized in Canada as designating the kind, quality, value, or place of origin of the Wares.

...

The purpose of a certification mark is to alert the Canadian consumers that the product bearing such mark possesses a certain standard that distinguishes it from other similar types of products. In this particular case the Mark would be used to distinguish that type of cheese from any other type of cheese. However one would not be able to obtain the monopoly over a term or word under pretext that it is a certification mark if such mark has been used extensively in Canada by others prior to the relevant date such that it has become recognized in Canada as designating the kind, quality, value, or place of origin of the Wares.

[Emphasis in original.]

[24] Therefore, the Registrar's conclusion that "the evidence shows that there has been *bona fide* commercial usage of the Mark or similar terms such that it is recognized in Canada as designating a

kind of cheese” (see his decision at page 9) is based on what I find to be a correct analysis of the nature and scope of the evidence required to support an opposition under section 10 of the Act.

[25] The appellant also submits that the Judge erred in law at paragraph 53 of his Order by concluding “that an opponent has only an initial evidentiary burden: at most, it must introduce sufficient evidence to support a *prima facie* finding that there is a factual basis for the ground of opposition”. The appellant views this conclusion as erroneously stating that the applicable standard of proof is something other than proof on a balance of probabilities.

[26] Although the standard of proof is proof on a balance of probabilities, this standard applies to all of the evidence submitted. The appellant refers to *John Labatt Ltd. v. Molson Co.*, 30 C.P.R. (3d) 293, [1990] F.C.J. No 533 (QL), 36 F.T.R. 70 (affirmed on appeal: 42 C.P.R. (3d) 495, 144 N.R. 318) in support of its argument. In that decision, the following finding was made at pages 229 and 300:

The final act of weighing all the evidence on the balance of probability in terms of reaching the appropriate result is, in my view, accurately and succinctly stated by the Chairman, Mr. G.W. Partington, in *Tubecon Inc. v. Tubeco Inc.* (1986), 10 C.P.R. (3d) 386, at pp. 388-89:

. . . To the extent that the opponent relies on allegations of fact in its statement of opposition to support a ground based on s. 29(b) and, to the extent that those facts are not self evident or admitted, there is in accordance with the usual rules of evidence an evidential burden upon the opponent to prove those allegations. The presence of the evidential burden upon the opponent with respect to a particular issue means that in order for the issues to be considered at all, there must be sufficient evidence from which it could reasonably be concluded that the facts alleged to support that issue exist. On the other hand, the presence of the legal burden on the applicant means that if after all the evidence is in, a determinate conclusion cannot be reached, the issue must be decided against the applicant.

[27] On that subject, it seems to me that the remarks of Justice Décarie in *Christian Dior, S.A. v. Dion Neckwear Ltd.*, 2002 FCA 29, [2002] 3 F.C. 405, 20 C.P.R. (4th) 155, although made in the context of an opposition under paragraph 12(1)(d) of the Act, are relevant in this case:

[11] In fact, I have not been shown any case where a “beyond doubt” standard was applied as such by a court, as opposed to the standard of balance of probabilities generally applicable in civil matters. As I read the jurisprudence, and in particular the comments of Cattanach J. in *Sunshine Biscuits*, [(1982), 61 C.P.R. (2d) 53 (F.C.T.D.)] the difference between opposition proceedings and civil proceedings is not the applicable standard, i.e. balance of probabilities, but the onus, which is not on the party who asserts an allegation (the opponent), but on the party who seeks registration (the applicant).

[12] The most accurate formulation of the test seems to me to be the one suggested by Marceau J. (as he then was) in *Playboy Enterprise Inc. v. Germain* (1978), 39 C.P.R. (2d) 32 (F.C.T.D.) at 38, aff. (1979), 43 C.P.R. (2d) 271 (F.C.A.):

The question whether a mark is likely to be confusing with another mark in the minds of the public and within the meaning of the law, is a question of fact, or more precisely a question of opinion as to probabilities based on the surrounding circumstances and the particular facts of the case.

[28] Therefore, the comment for which the Judge is faulted, found at paragraph 53 of his Order, does not aim to alter the applicable standard of proof, but to describe how the burden of proof shifts during the hearing before the Registrar. The Order, read as a whole, does not put the applicable standard of proof in question. Furthermore, the Registrar’s decision clearly shows that the standard of proof on a balance of probabilities was applied to all of the abundant evidence presented to him by the parties.

[29] As a final argument, the appellant submits that the Registrar and the Judge both made determinative errors in their assessments of the evidence, particularly by describing the quantities of cheese sold under a similar mark as substantial and by finding that the Certification Mark

HALLOUMI and the similar mark HALLOUM were recognized in Canada as designating a type of cheese. Yet, the Registrar had a number of pieces of evidence before him showing that similar marks had been used by many Canadian cheese manufacturers and retailers for many years, such that these marks had become recognized in Canada as designating a type of cheese. In my opinion, the appellant has failed to identify a determinative error in the assessment of the evidence that would warrant the intervention of this Court.

[30] I would therefore dismiss the appeal and award costs in favour of the respondent.

“Robert M. Mainville”

J.A.

“I agree.
Gilles Létourneau J.A.”

“I agree.
Johanne Trudel J.A.”

Certified true translation
Sarah Burns

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: A-284-10

STYLE OF CAUSE: **THE MINISTRY OF
COMMERCE AND INDUSTRY
OF THE REPUBLIC OF
CYPRUS v. INTERNATIONAL
CHEESE COUNCIL OF
CANADA**

PLACE OF HEARING: Montréal, Quebec

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REASONS FOR JUDGMENT BY: MAINVILLE J.A.

CONCURRED IN BY: LÉTOURNEAU J.A.
TRUDEL J.A.

DATED: June 13, 2011

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