

**Federal Court of Appeal**



**Cour d'appel fédérale**

**Date: 20200420**

**Docket: A-141-18**

**Citation: 2020 FCA 76**

**CORAM: NADON J.A.  
PELLETIER J.A.  
DE MONTIGNY J.A.**

**BETWEEN:**

**THE CLOROX COMPANY OF CANADA, LTD.**

**Appellant**

**and**

**CHLORETEC S.E.C.**

**Respondent**

Heard at Toronto, Ontario, on January 15, 2020.

Judgment delivered at Ottawa, Ontario, on April 20, 2020.

**REASONS FOR JUDGMENT BY:**

**DE MONTIGNY J.A.**

**CONCURRED IN BY:**

**NADON J.A.  
PELLETIER J.A.**

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**REASONS FOR JUDGMENT**

**DE MONTIGNY J.A.**

[1] This is an appeal of a decision of Justice Grammond of the Federal Court (*The Clorox Company of Canada Ltd. v. Chloretec S.E.C.*, 2018 FC 408 (Reasons)), wherein he upheld a decision of the Trademarks Opposition Board (2016 TMOB 30) rejecting Clorox's opposition to two trademark applications filed by the respondent, Chloretec S.E.C. (Chloretec).

[2] The appellant, the Clorox Company of Canada, Ltd. (Clorox), asks that the judgment be set aside, and that this Court issue an order directing the Registrar of Trademarks to refuse the respondent Chloretec's trademark applications.

[3] For the reasons that follow, the appeal should be dismissed.

I. Facts and procedural history

[4] On January 26, 2012, Chloretec filed trademark applications No. 1,561,391 and 1,561,417 to register respectively the trademarks JAVELO and JAVELO & DESIGN hereafter reproduced (the "JAVELO Applications" or "JAVELO Marks"):








[5] These applications were filed on the basis of proposed use in association with the goods "eau de javel", which was later amended on November 17, 2015 to the following goods:

[translation] liquid bleach, namely bulk quantities of several different concentrations and quantities manufactured exclusively to order of the industrial clientele according to their specific needs and excluding sales to retailers and retail sales of the goods for consumers.

[6] Clorox filed statements of opposition against the JAVELO Applications on March 18, 2013 on the grounds that the applications were contrary to section 2, paragraphs 12(1)(d), 16(3)(a) and (b), 30(b) and section 50 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act).

[7] Chloretec filed counter statements on June 6, 2013. Clorox later filed amended statements on September 29 2014, to which Chloretec responded with amended counter statements on November 18, 2014.

[8] In the opposition proceedings before the TMOB, Clorox filed evidence on October 2, 2013 of its trademark registrations in association with various forms of bleach and laundry detergents. These trademarks (the “JAVEX Marks”) are reproduced below:

<u>Reg. No.</u>	<u>Trade-mark</u>
TMA150,067	
TMA544,592	
TMA544,551	
TMA203,852	
UCA23533	“JAVALIN”
TMA120,689	JAVEX
TMA544,593	
TMA492,104	JAVELLISANT POUR NON-JAVELLISABLES
TMA175,755	JAVELLISANT POUR LES NON- JAVELLISABLES
TMA148,045	JAVEXTRA

[9] Chloretec also filed evidence on January 31, 2014 of: (1) Sylvain Demers, Vice President Finance and Administration of the parent company of Chloretec; (2) Denis Manias, Vice

President of UBA Inc., a parent company of Chloretec; and (3) Sandro Romeo, a trademark research analyst. They were all cross-examined on their affidavits and copies of the transcripts of the cross-examinations were filed with the TMOB.

[10] On February 22, 2016, the TMOB rejected Clorox's opposition to the registration of the JAVELO Applications on all alleged grounds. It concluded that the JAVELO trademark was not used in violation of the Act and did not lead to a likelihood of confusion with the JAVEX Marks.

[11] Pursuant to subsection 56(1) of the Act, Clorox appealed the Registrar's decision to the Federal Court on the grounds that the Registrar erred in finding that, *inter alia*: (a) The JAVELO Marks were not confusing with the JAVEX Marks registered and used by Clorox and thus not contrary to paragraphs 12(1)(d) and 16(3)(a) of the Act; (b) the JAVELO Marks were distinctive of Chloretec and not contrary to Section 2 of the Act; and (3) use of the JAVELO Marks did not take place prior to the filing date of the applications and was not contrary to paragraph 30(b) of the Act.

[12] On April 16, 2018, the Federal Court found against Clorox and dismissed its appeal.

## II. The Impugned Decision

[13] As is their right, Clorox filed new evidence on appeal to the Federal Court through an affidavit sworn by Vice President and Secretary of Clorox, Angela C. Hilt on November 28, 2016. Ms. Hilt was not cross-examined on her affidavit and Chloretec did not file any additional evidence.

[14] Ms. Hilt's affidavit contained evidence with respect to the use of Clorox's JAVEX Marks in Canada, as well as results from brand awareness surveys of the marketplace in Canada. The Federal Court found that this new evidence would have impacted the TMOB's finding that there was no evidence of use, but nevertheless considered that it was too cursory to allow for a determination of the extent of this use or of the marks' acquired distinctiveness. The Federal Court also refused to consider the surveys on the basis that it was impossible to assess their reliability and relevance to the questions at issue.

[15] Finally, the Federal Court reviewed the TMOB's findings that the JAVELO Marks were not improperly used prior to the registration and had not lost their distinctiveness due to their use by third parties, and found them both reasonable.

[16] On confusion, the Federal Court set out the applicable law and went through the factors listed in subsection 6(5) of the Act. On the basis of this analysis, it found that there was no confusion between the parties' marks. In particular, it agreed with the Registrar that the degree of resemblance between the two marks is low. As for the distinctiveness (inherent or acquired) of the marks, the Federal Court assessed the new evidence and concluded that both of the parties' marks possess limited inherent distinctiveness. On the other hand, it agreed with the Registrar that the JAVELO Marks had acquired distinctiveness, whereas the distinctiveness acquired by the JAVEX Marks may be on the decline. The period of use was not a critical factor considering that the new evidence did not establish the intensity of the use by Clorox of its JAVEX Marks. Finally, the fact that the products associated with the two marks are the same was not sufficient, for the Federal Court, to counterbalance the low degree of resemblance.

III. Issues

[17] The issues to be resolved in the present appeal can be identified as follows:

- A. What is the proper standard of review, both in this Court and before the Federal Court?
- B. Did the Federal Court err in its approach to the fresh evidence submitted by Clorox?
- C. Did the Federal Court err in law or in fact by applying the wrong legal test for confusion or by failing to properly consider the evidence?
- D. Did the Federal Court err in dismissing the appellant's other grounds of opposition?

IV. Analysis

- A. *What is the proper standard of review, both in this Court and before the Federal Court?*

[18] Prior to the decision of the Supreme Court in *Canada (Minister of Citizenship and Immigration) v. Vavilov*, 2019 SCC 65, 441 D.L.R. (4th) 1 [*Vavilov*], the applicable standard of review on appeals of decisions made pursuant to subsection 56(1) of the Act was well settled. In a decision that was widely followed afterwards (and endorsed by the Supreme Court in *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772 at paras. 35-39 [*Mattel*]), the principles were summarized in the following way:

I think the approach in *Benson & Hedges* and *McDonald's Corp.* are consistent with the modern approach to standard of review. Even though there is an express appeal provision in the *Trade-marks Act* to the Federal Court, expertise on the part of the Registrar has been recognized as requiring some deference. Having



regard to the Registrar's expertise, in the absence of additional evidence adduced in the Trial Division, I am of the opinion that decisions of the Registrar, whether of fact, law or discretion, within his area of expertise, are to be reviewed on a standard of reasonableness *simpliciter*. However, where additional evidence is adduced in the Trial Division that would have materially affected the Registrar's findings of fact or the exercise of his discretion, the Trial Division judge must come to his or her own conclusion as to the correctness of the Registrar's decision.

*Molson Breweries v. John Labatt Ltd.*, [2000] 3 F.C. 145, 2000 CanLII 17105 at para. 51 (F.C.A.) [*Molson*].

[19] Since an appeal before the Federal Court was treated as an application for judicial review, the approach developed in *Agraira v. Canada (Public Safety and Emergency Preparedness)*, 2013 SCC 36, [2013] 2 S.C.R. 559 (at paras. 45-47) and in *Canada Revenue Agency v. Telfer*, 2009 FCA 23, 386 N.R. 212 (at para. 18) with respect to an appeal from a decision disposing of an application for judicial review was followed by this Court. Accordingly, we determined whether the Federal Court properly identified the standard of review applicable to the questions at issue, and then examined whether it correctly applied that standard. When new evidence was adduced before the Federal Court, the role of this Court was to assess the Federal Court's finding as to whether such evidence would have materially affected the TMOB's decision on the appellate standard of review. This process was aptly summarized in paragraph 4 of *Monster Cable Products, Inc. v. Monster Daddy, LLC*, 2013 FCA 137, 445 N.R. 379:

On appeals of decisions made pursuant to subsection 56(1) of the *Trade-marks Act*, the role of this Court is to determine if the judge properly identified and applied the standard of review. There is no dispute that the Judge properly identified the standard as reasonableness. He also correctly stated that he could only review an issue *de novo* if the new evidence produced by Master Cable could have materially affected the Registrar's findings in that respect. This Court has already determined that the question of the materiality of new evidence is a question of mixed fact and law and that the Judge's findings will stand in the absence of a palpable and overriding error or an extricable error of law. [citations omitted]

See also: *Saint Honore Cake Shop Ltd. v. Cheung's Bakery Products Ltd.*, 2015 FCA 12 at para. 20, 132 C.P.R. (4th) 258.

[20] To what extent has *Vavilov* changed that approach? There is no doubt in my mind that the recent decision of the Supreme Court has no bearing on the standard of review this Court must apply when examining the Federal Court's finding in relation to the materiality of the new evidence. When making such a decision, the Federal Court is not acting as a reviewing court but as a court of first instance. Accordingly, its decision must be assessed on an appellate standard, and since it is a question of mixed fact and law, it will stand or fall on the basis of the palpable and overriding error standard.

[21] When the new evidence is found to be material—which has been interpreted to mean “sufficiently substantial and significant” (*Vivat Holdings Ltd. v. Levi Strauss & Co.*, 2005 FC 707 at para. 27, 276 F.T.R. 40) and of “probative value” (*Tradition Fine Foods Ltd. v. Groupe Tradition'l Inc.*, 2006 FC 858 at para. 58, 51 C.P.R. (4th) 342)—subsection 56(5) of the Act states that the Federal Court “may exercise any discretion vested in the Registrar”. This is in the nature of an appeal *de novo* and calls for the correctness standard. In *Vavilov*, the Supreme Court was clear that reasonableness is the presumptive standard of review when a court reviews the merits of an administrative decision. Such a presumption will be rebutted, however, when the legislature has clearly signalled that a different standard should apply. This is precisely what subsection 56(5) does, and I see no reason not to give effect to this legislative intent.

[22] What, then, if no new evidence is adduced before the Federal Court, or if the supplementary evidence is rightly found not to be material or “sufficiently substantial and

significant”? This is where, in my view, *Vavilov* calls for a fresh start. As mentioned earlier, the Supreme Court in *Mattel* (following *Molson* and other decisions of this Court) applied a reasonableness standard when reviewing a decision of the TMOB. Despite the grant of a full right of appeal, the Court reasoned that it was the appropriate standard given the expertise of the TMOB and the “weighing up” nature of the assessment required by section 6 of the Act with respect to confusion (*Mattel* at para. 40). After *Vavilov* and its invitation to pay heed to the legislature’s institutional design choices, this jurisprudence is no longer binding. The Court was quite explicit:

...Where a legislature has provided that parties may appeal from an administrative decision to a court, either as of right or with leave, it has subjected the administrative regime to appellate oversight and indicated that it expects the court to scrutinize such administrative decisions on an appellate basis. This expressed intention necessarily rebuts the blanket presumption of reasonableness review, which is premised on giving effect to a legislature’s decision to leave certain issues with a body other than a court. This intention should be given effect. As noted by the intervener Attorney General of Quebec in its factum, [translation] “[t]he requirement of deference must not sterilize such an appeal mechanism to the point that it changes the nature of the decision-making process the legislature intended to put in place”.

*Vavilov* at para. 36.

[23] As a result, from now on, it is the Supreme Court’s jurisprudence on appellate standards of review (and in particular *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235 [*Housen*]) that both the Federal Court and this Court should apply when dealing with an appeal under subsection 56(1) of the Act. I note that it is, indeed, the standard which the Federal Court has applied in what appears to be the only reported case so far involving an appeal under the regime of the Act: see *Pentastar Transport Ltd. v. FCA US LLC*, 2020 FC 367 at paras. 42-45. For questions of fact and mixed fact and law (except for extricable questions of law), the applicable

standard is therefore that of the “palpable and overriding error”. For questions of law, the standard is correctness.

B. *Did the Federal Court err in its approach to the fresh evidence submitted by Clorox?*

[24] Clorox submitted that the Federal Court erred when it applied the reasonableness standard to the Registrar’s decision, apart from the question of Clorox’s use of the JAVEX Marks, even though it found that the Hilt affidavit introduced new and significant evidence.

[25] Clorox also objects to the Federal Court’s exclusion of its surveys and its decision to treat that evidence as inadmissible or unreliable for the purposes of establishing the extent of use and acquired distinctiveness of the JAVEX Marks in Canada. Finally, Clorox also argues that there was no basis for questioning or doubting the personal knowledge of the statements of Ms. Hilt, a corporate officer of the appellant, regarding sales, promotion and marketing of the goods bearing the JAVEX Marks, especially when the affiant has not been cross-examined.

[26] Having carefully considered the Hilt affidavit and the reasons given by the Federal Court, I am unable to find any palpable and overriding error in its assessment of the new evidence. With regard to public opinion survey evidence, *Mattel* teaches that it is admissible if it is “presented through a qualified expert, provided its findings are relevant to the issues and the survey was properly designed and conducted in an impartial manner” (at para. 43). In the case at bar, the first survey to which Ms. Hilt refers is a scan of consumer behaviour and preferences. The survey report is not provided, for copyright reasons. Ms. Hilt therefore relates some of its findings,

including the sales figure of JAVEX bleach in 2006-2007. The second survey from 2013 concerns the notoriety of JAVEX in the marketplace.

[27] Neither of these surveys were presented to the Court through a qualified expert, and there is no evidence as to whether they were properly designed and carried out. Moreover, the first survey is only summarized by Ms. Hilt and her statement in that respect is therefore no more than hearsay; in addition, that survey is not contemporaneous to any of the relevant dates for the purpose of this case. As for the second survey, Ms. Hilt chose to append only extracts of it in her affidavit. Consequently, the Federal Court made no palpable and overriding error in concluding that it is impossible to assess their reliability and relevance to the questions at issue, and in excluding them (Reasons at para. 19). Clorox further attempted to dress up the surveys as admissible business records, but Ms. Hilt's business knowledge of the existence and contents of a survey does not alleviate the concerns about the relevance and the methodology of the surveys.

[28] The rest of Ms. Hilt's affidavit is also "sketchy", to use the Federal Court's words, in many respects. For example, she attests at paragraph 1 that "[t]he marks have been marketed, advertised and used in Canada in association with bleach and related products both to the wholesale, professional and retail markets by my Company and its predecessors since at least as early as 1970 and continuously to date". Yet this statement is rather vague, does not particularize which marks have been used, and is not supported by any kind of figures.

[29] At paragraph 4, she refers to a chart found in Exhibit "A" which apparently details the sales of JAVEX brand bleach in Canada. This chart is not very helpful, because the sales figure

for each year between 2007 and 2016 is the same, the explanation being that “actual sales figures are well in excess of the numbers shown for confidentiality purposes”. Moreover, no breakdown by marks of these numbers is provided.

[30] It is also alleged that the JAVEX trademark became less prominent on retail products in early 2013, but nevertheless continued to appear on Clorox’s JAVEX products in association with commercial or professional products. Yet the representative depictions of this statement found in the exhibits are far from sufficient to support that allegation. In many cases the JAVEX trademark appears on the back of the bottles and in small characters. It is at best doubtful that such use is sufficient to constitute the use of a mark in the normal course of trade. The case law is clear that to establish use of a trademark with respect to wares, the mark must be used for the purpose of distinguishing wares, that is, it must be associated with the wares so that notice of the association is given, and the transfer of the property must occur in the normal course of trade: see *White Consolidated Industries Inc. v. Beam of Canada Inc.* (1991), 39 C.P.R. (3d) 94 at 108-109, 47 F.T.R. 172 (F.C.); *Havana House Cigar & Tobacco Merchants Ltd. v. Skyway Cigar Store*, 1998 CanLII 7773 at para. 45, (1998) 81 C.P.R. (3d) 203; *Geox S.P.A. v. De Luca*, 2018 FC 855 at para. 35. Moreover, as noted by the respondent, more would have been expected from an officer of the company to show actual use of the JAVEX Marks, such as detailed sales reports, invoices for advertisement, financial statements, etc.

[31] On the basis of the foregoing, I am of the view that the Federal Court did not err in characterizing the Hilt affidavit as “sketchy”, and to conclude that “it does not make it possible

to determine the extent of [the use of the marks] nor to assess the extent of the marks' acquired distinctiveness": Reasons at para. 15.

C. *Did the Federal Court err in law or in fact by applying the wrong legal test for confusion or by failing to properly consider the evidence?*

[32] There is no dispute between the parties as to the proper test for confusion. That test was set out by the Supreme Court in paragraph 20 of *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée.*, 2006 SCC 23, [2006] 1 S.C.R. 824:

The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the name *Cliquot* on the respondents' storefront or invoice, at a time when he or she has no more than an imperfect recollection of the VEUVE CLICQUOT trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.

[33] The Federal Court was well aware of that test and indeed quoted that very same extract. It is also well established that when applying the test for confusion, the trier of fact must have regard to all the surrounding circumstances, including those specifically enumerated in subsection 6(5) of the Act. Again, this is precisely what the Federal Court did in the case at bar, stressing as Justice Rothstein did in *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27, [2011] 2 S.C.R. 387 (at para. 49) [*Masterpiece*], that the most important criterion is that of resemblance between the marks.

[34] Clorox argued, however that the Federal Court erred in writing that a consumer "is not always hurried to the same extent" for valuable or niche market goods.

[35] I can see no error in that statement. Quite to the contrary, it is consistent with the decision of the Supreme Court in *Mattel*, according to which consumers will be more cautious and take more time in some circumstances:

A consumer does not of course approach every purchasing decision with the same attention, or lack of it. When buying a car or a refrigerator, more care will naturally be taken than when buying a doll or a mid-priced meal...

*Mattel* at para. 58, citing *General Motors Corp. v. Bellows*, [1949] S.C.R. 678.

[36] Contrary to Clorox's argument, the degree of care of the relevant consumer may vary with the circumstances, and the normal channels of trade for a particular good must also be taken into account. This is necessarily the case for JAVELO bleach, which must be ordered by tanker-truck quantities. The Federal Court could therefore take that factor into consideration in assessing the likelihood of confusion, and made no error of law in doing so.

[37] As noted by the TMOB (at para. 14 of its reasons), the onus is on the respondent to show, on the basis of all the evidence, that its application for registration does not contravene the provisions of the Act. That being said, an opponent has the initial evidentiary burden to prove the facts on which it bases its allegations; if there is insufficient evidence to allow a reasonable conclusion of the existence of the facts alleged in support of the ground of opposition, as both the TMOB and the Federal Court have concluded, the opposition must be rejected: *John Labatt Ltd. v. Molson Company Ltd.* (1990), 30 C.P.R. (3d) 293 at 298, 36 F.T.R. 70 (F.C.); *Christian Dior, S.A. v. Dion Neckwear Ltd.*, 2002 FCA 29 at para. 15, [2002] 3 F.C. 405; *Wrangler Apparel Corp. v. Timberland Company*, 2005 FC 722 at para. 29, 41 C.P.R. (4th) 223.



[38] The appellant now asks this Court to reweigh the evidence and to come to a different conclusion than that reached by the TMOB and the Federal Court. This is a steep hill to climb, considering that on questions of fact and of mixed fact and law, the standard of review is the standard of palpable and overriding error. In other words, the appellant must convince this Court that the Federal Court made an error that is obvious and that goes to the very core of the outcome of the case: *Canada v. South Yukon Forest Corporation*, 2012 FCA 165 at para. 46, 431 N.R. 286. This is an even more deferential standard of review than the standard of reasonableness applied by the Federal Court.

[39] Starting with the degree of resemblance, which is the most determinative factor, the Federal Court agreed with the TMOB that the appellant's and the respondent's respective marks have a low degree of resemblance in terms of the writing, sound, graphic design and ideas suggested. Clorox argues that the Federal Court erred in its determination because (a) it only took into consideration the French language perspective and focused on the expression "eau de javel", (b) it did not consider Clorox's new evidence on the distinctiveness of the marks, and (c) it incorrectly approached the appearance and sound similarities of the marks.

[40] I have not been convinced that the Federal Court made a palpable and overriding error in assessing the degree of resemblance (the most important factor) between the marks. There was no new evidence on this issue, and the TMOB's findings were therefore entitled to a high degree of deference. Contrary to the appellant's submission, the Federal Court did not rely exclusively on the fact that the prefix "Jav-" or "Jave-" refers to the common noun "eau de Javel" in French; indeed, the Federal Court dealt with that aspect in its discussion of "inherent distinctiveness". It

is on the basis of its comparison of both parties' marks in terms of the writing, sound, graphic design and ideas suggested that the TMOB found a low degree of resemblance, and it is that overall conclusion that the Federal Court endorsed.

[41] Both before the TMOB and the Federal Court, the appellant focused its argument on appearance and sound, and argued that the respondent's mark is "very similar" to its JAVEX and JAVEX-formative marks because they both have a common prefix "jave". The appellant also argued that the respondent's mark is very similar to its JAVALIN mark because the first portion of each is identical and both contain an "L" in the middle. The TMOB rejected this argument and found that, despite a certain degree of resemblance between the words, it did not rise to the level of being "very similar". It also concluded that there was a low degree of sound resemblance between the marks, and that the graphic element of the JAVELO design mark increased the differences between the marks.

[42] It is only when considering the ideas suggested by the parties' marks that the TMOB considered the linguistic aspect. It is in response to the appellant's submission that its JAVEX Mark is formed from a unique invented word that the TMOB noted its association with the goods for a francophone or bilingual consumer. Despite the fact that both the JAVEX Mark and the JAVELO Mark, when used in association with the good, evoke the idea of Javel water for a francophone or bilingual consumer, the TMOB nevertheless found that there are differences between the ideas suggested by the two marks (JAVELO, and especially the JAVELO design, also suggesting the idea of a javelin for a francophone or bilingual consumer).

[43] I have not been convinced that the Federal Court made a palpable and overriding error in accepting the TMOB's conclusion in this respect, and in rejecting the appellant's thesis that a hurried consumer could discern similarities between the two trademarks. As both the TMOB and the Federal Court noted, this is the most important factor in the analysis regarding confusion: see *Masterpiece* at para. 49.

[44] With respect to the inherent and acquired distinctiveness of the mark, the Federal Court rightly considered that the appellant had filed new evidence only on the latter. Our task is therefore to determine if the Federal Court erred in assessing the TMOB's reasons on the inherent distinctiveness of the mark, and in carrying out its own assessment in regard to its acquired distinctiveness.

[45] Counsel for the appellant claims that its marks possess a high degree of inherent distinctiveness as coined terms, and takes issue with the Federal Court's finding that both of the parties' trademarks possess limited inherent distinctiveness because they are both derived from the French expression "eau de Javel". Counsel points out that, not only is there no evidence in the record to establish that "javel" is commonly understood by the average consumer in Canada or that the average consumer would on first impression associate the JAVEX Marks and JAVELO Marks with this product, but it also erred by limiting its assessment of inherent distinctiveness to the French language and failed to consider the inherent distinctiveness for the unilingual anglophone consumer.

[46] In my view, this argument is without merit. In the absence of new evidence, the decision of the TMOB was due a high degree of deference. It is well established that trademarks which are suggestive of the product sold have limited inherent distinctiveness and thus limited protection. As a result, even a small difference with such marks will be sufficient to diminish the likelihood of confusion: see *Laurentide Chemicals Inc. v. Registrar of Trade Marks* (1985), 1985 CarswellNat 1603 at para. 16, 35 A.C.W.S. (2d) 86 (WL Can.) (F.C.); *Kellogg Salada Canada Inc. v. Maximum Nutrition Ltd.*, [1992] 3 F.C. 442 at 456, 43 C.P.R. (3d) 349 (F.C.A.); *Man and His Home Ltd. v. Mansoor Electronics Ltd.*, 1999 CanLII 7603 at para. 14, 87 C.P.R. (3d) 218 (F.C.).

[47] I agree with counsel for Clorox that the assessment of inherent distinctiveness cannot be limited to one of the two official languages of Canada. The Act applies throughout the country, and French and English must be treated on the same footing. The fact that a unilingual francophone or a bilingual consumer may not be confused by the marks cannot cancel out a likelihood of confusion for the unilingual anglophone. As this Court stated in *SmithKline Beecham Corp. v. Pierre Fabre Médicament*, 2001 FCA 13, 271 N.R. 72, the average consumer is not the average bilingual consumer, to the exclusion of the average anglophone or francophone consumer. Rather, it is any of the three. To conclude otherwise, as Justice LeBlanc pointed out in *Assurant, Inc. v. Assurancia, Inc.*, 2018 FC 121, “would allow the monopolization of words of the French language and prohibiting the creation of new marks that are based on such words” (Reasons at para. 32).

[48] In the case at bar, however, there was evidence that the words “Javel Water” are known in English and an excerpt of the website Dictionary.com defining these words was appended to the affidavit of Mr. Manias (Appeal Book, vol. 1, p. 295, 536). On that basis, the TMOB could find that the inherent distinctiveness of the JAVEX Mark is mitigated by the fact that it evokes the word “Javel”. That finding warranted a high degree of deference by the Federal Court.

[49] As for the acquired distinctiveness of the marks, the Federal Court accepted the TMOB’s finding that the respondent had “continuously promoted the Goods associated with the Mark since September 20, 2011” and that the mark JAVELO had therefore acquired distinctiveness in Canada. It then acknowledged that Clorox had filed new evidence to address the gap identified by the TMOB with respect to the use of the JAVEX Marks and the extent to which they have become known. It deduced from that evidence that the JAVEX Marks had acquired distinctiveness since they have been used in Canada for more than 10 years, but could not assess the extent of that distinctiveness nor compare it to the distinctiveness of the JAVELO Mark. The Federal Court also found that the mark “Clorox” has been mainly used on bottles of bleach since 2013, and that the distinctiveness acquired by the mark “JAVEX” “may be on the decline”.

[50] I am unable to find any palpable and overriding error in the *de novo* assessment performed by the Federal Court with respect to the acquired distinctiveness of the appellant’s marks. As previously mentioned, the findings of facts and the drawing of evidentiary conclusions from facts is the purview of the trial judge, and an appeal court will not intervene lightly with such findings. The Federal Court carefully considered the new evidence, taking into account its significance, probative value and reliability, and came to the conclusion that it would not have

materially affected the TMOB's decision. A mere difference of opinion over the weight to be assigned to the evidence is no reason to interfere with the Federal Court's conclusion: *Housen* at para. 23; *Toneguzzo-Norvell (Guardian ad Litem of) v. Burnaby Hospital*, [1994] 1 S.C.R. 114 at 121-22, 110 D.L.R. (4th) 289.

[51] On the length of time during which the marks have been in use (Act, para. 6(5)(b)), the TMOB had found that Clorox's marks had been registered since 1937 (for "JAVALIN") and 1945 (for "JAVEX"), but was unable to assess their continued use due to a lack of evidence. On the basis of the Hilt affidavit, the Federal Court accepted that Clorox has used its marks over a longer period than Chloretec (which have only been used since 2012), but nevertheless held that it was insufficient to assess the intensity of that use.

[52] Once again, the appellant disagrees with the Federal Court's assessment of the new evidence, and submits that this factor clearly favours a finding of a likelihood of confusion. In my view, this is not sufficient for this Court to intervene. The Federal Court reviewed the new evidence and determined that while JAVEX's evidence showed use for more than 10 years, the pre-2007 evidence was scanty, based as it was on a single statement to the effect that it had been used since the 1970s. The evidence did not offer any details about the geographical area of use, intensity or extent of use during that time. As such, it did not add much to the existing evidence consisting of the date of trademark registration, which in and of itself is also insufficient to establish the continuous use of the mark in Canada.

[53] Finally, the appellant objects to the weight given both by the TMOB and the Federal Court to the nature of the goods, services or business (Act, para. 6(5)(c)) and the nature of the trade (Act, para. 6(5)(d)). The TMOB found that the nature of the products associated with the parties' respective marks were the same and were intended for the same markets, with the possibility of overlap in the parties' marketing channels. The Federal Court held that these findings were reasonable and compatible with the jurisprudence, and favoured the appellant. The Federal Court nevertheless found that these factors were insufficient to counterbalance the low degree of resemblance. In the absence of palpable and overriding error, this weighing of the evidence falls squarely within the province of a trial judge.

D. *Did the Federal Court err in dismissing the appellant's other grounds of opposition?*

[54] Given that the Federal Court found that the marks were not confusing, the rejection of the appellant's ground of opposition based on paragraph 12(1)(d) of the Act was entirely warranted, as it is determined in relation to the subsection 6(5) confusion assessment. The same is true for most other grounds of opposition put forward by the appellant, as they rely on a finding of confusion which, as we have seen, has not been undermined by the new evidence.

[55] The only other grounds that need be addressed briefly are those based on section 50 (non-distinctiveness due to third party use) and paragraph 30(b) (use prior to the application for registration) of the Act.

[56] With respect to the use of the appellant's marks by third parties, subsection 50(1) of the Act provides that the owner of a trademark must have direct or indirect control of the character

or quality of the goods or services for the use of the trademark by a licensee to be deemed a use by the owner. It is well established that a corporate relationship alone is insufficient to establish the existence of a proper licensing arrangement; there must be evidence that the trademark owner effectively controls the use of the trademarks by the affiliated entities and takes steps to ensure the character and quality of the goods provided: *MCI Communications Corp. v. MCI Multinet Communications Inc.* (1995), 61 C.P.R. (3d) 245 (T.M.O.B.); *Dynatech Automation Systems Inc. v. Dynatech Corp.* (1995), 64 C.P.R. (3d) 101 (T.M.O.B.).

[57] In the case at bar, the appellant claims that the “JAVELO” marks lost their distinctiveness because they were used by third parties, namely UBA Inc., Somavrac Group Inc. and Servitank Transport Inc., who do not hold licences. The TMOB rejected that claim, on the basis that these third parties are actually companies related to Chloretec. Moreover, the first acts as distributor and uses the mark under licence while the third offers transportation services, and evidence of use in those capacities is evidence of use of the trademark in Canada by its owner: *Manhattan Industries Inc. v. Princeton Manufacturing Ltd.* (1971), 4 C.P.R. (2d) 6 at 16-17, 1971 CarswellNat 513 (F.C.); *Philip Morris Inc. v. Imperial Tobacco Ltd.* (1985), 7 C.P.R. (3d) 254 at 275, 35 A.C.W.S. (2d) 258 (F.C.). As for Somavrac Group Inc., it is a holding company and the TMOB found that there was no evidence proving that it has used the mark in Canada in association with the goods. In the absence of new evidence in this respect, the Federal Court found that decision reasonable.



[58] Before this Court, the appellant reiterated the arguments made before the TMOB and the Federal Court, without being able to point to any palpable and overriding error in those findings. In my view, they should not be disturbed.

[59] Finally, the appellant argued that Chloretec used its JAVELO Marks before the date on which the application was filed. Pursuant to paragraph 30(b) of the Act, a mark applied for on the basis of proposed use in Canada cannot be registered if it has already been used in Canada prior to the filing date. Before the TMOB, the appellant relied on the affidavit filed by Mr. Manias on behalf of the respondent to claim that both UBA Inc. and Somavrac Group Inc. had used the JAVELO Marks prior to January 26, 2012, the filing date of the application.

[60] The TMOB carefully examined that submission and dismissed it on the basis of detailed and compelling reasons. The appellant did not adduce any new evidence in this respect, and the Federal Court found the TMOB's decision reasonable. In this Court, the appellant once again limited itself to repeating its previous claim in one paragraph of its factum, without even attempting to show any palpable and overriding error in the decisions below. This is clearly insufficient to succeed on this ground of appeal.

V. Conclusion

[61] For all the above reasons, I am of the view that the appeal should be dismissed, with costs in favour of the respondent.

“Yves de Montigny”

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J.A.

“I agree  
M. Nadon J.A.”

“I agree  
J.D. Denis Pelletier J.A.”

**FEDERAL COURT OF APPEAL**

**NAMES OF COUNSEL AND SOLICITORS OF RECORD**

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**STYLE OF CAUSE:** THE CLOROX COMPANY OF  
CANADA, LTD. v. CHLORETEC  
S.E.C.

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** JANUARY 15, 2020

**REASONS FOR JUDGMENT BY:** DE MONTIGNY J.A.

**CONCURRED IN BY:** NADON J.A.  
PELLETIER J.A.

**DATED:** APRIL 20, 2020

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