

Federal Court of Appeal



Cour d'appel fédérale

Date: 20230110

Docket: A-276-21

Citation: 2023 FCA 4

**CORAM: BOIVIN J.A.
DE MONTIGNY J.A.
WOODS J.A.**

BETWEEN:

PUMA SE

Appellant

and

CATERPILLAR INC.

Respondent

Heard at Toronto, Ontario, on November 3, 2022.

Judgment delivered at Ottawa, Ontario, on January 10, 2023.

REASONS FOR JUDGMENT BY:

BOIVIN J.A.

CONCURRED IN BY:

**DE MONTIGNY J.A.
WOODS J.A.**

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REASONS FOR JUDGMENT

BOIVIN J.A.

I. Introduction

[1] Puma Se (Puma) challenges the decision of Fuhrer J. of the Federal Court (the Judge) rendered on September 22, 2021 (2021 FC 974). The Judge allowed an appeal brought by Caterpillar Inc. (Caterpillar) from a decision of the Trademarks Opposition Board (the Board) (*Caterpillar Inc. v. Puma SE*, 2017 TMOB 114). The Judge accordingly refused Puma's

application for registration of its proposed mark, “procat”, pursuant to subsection 38(12) of the *Trademarks Act*, R.S.C. 1985, c. T-13 (the Act).

[2] For the reasons that follow, I would dismiss Puma’s appeal.

II. Background

[3] On January 5, 2012, Puma filed a trademark application for procat under the application number 1,558,723 for use in association with footwear, namely athletic, sports and casual shoes and boots; and headgear, namely hats and caps.

[4] The procat application was opposed by Caterpillar before the Board on a number of grounds. Caterpillar contended that procat was confusing with its design mark, CAT & Triangle Design (registration number TMA382,234) registered on March 29, 1991, and the word mark, CAT, for which Caterpillar submitted an application for registration on July 30, 2012 (registration number TMA934,244 dated April 8, 2016). Caterpillar’s CAT & Triangle Design is reproduced here, for ease of reference:



In its opposition to Puma’s application before the Board, Caterpillar also relied on the use of its marks in Canada by licensees, under section 50 of the Act, to establish use of the marks and the extent to which they have become known.

III. The Board's decision

[5] The Board first determined that the use of Caterpillar's marks in Canada did not inure to Caterpillar's benefit as per section 50 of the Act because Caterpillar had insufficient control over its licensees' use of the marks.

[6] The Board thereafter rejected all grounds of opposition raised by Caterpillar against Puma's trademark application for procat and found that Puma had demonstrated, on a balance of probabilities, that there was no likelihood of confusion between the marks pursuant to subsection 6(5) of the Act.

[7] The Board thus allowed the registration of procat.

IV. Federal Court Decision

[8] Caterpillar appealed the Board's decision to the Federal Court pursuant to subsection 56(1) of the Act. Both parties submitted fresh evidence before the Federal Court pursuant to subsection 56(5) of the Act. The findings of the Judge that are relevant to this appeal are the following.

[9] The Judge, seized of Caterpillar's appeal, was satisfied that a portion of the new evidence tendered by the parties was material, hence triggering a *de novo* review of the Board's decision on the issues touched by the admitted evidence. For all other aspects of the Board's decision, the

Judge determined that the appellate standards of review in *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235 (*Housen*), were applicable (Judge's decision at para. 32).

[10] The fresh evidence accepted as material by the Judge included three affidavits submitted by Caterpillar (the Beaupre, Ors, and Wetherald affidavits) and one out of two affidavits submitted by Puma (the Narriman affidavit) (Judge's decision at paras. 37-42). The Judge found the fresh evidence to be material to the issues of whether Caterpillar had sufficient control of the use of its marks pursuant to section 50 of the Act and whether procat was confusing with Caterpillar's marks in the meaning of subsection 6(5) of the Act, except in respect of paragraphs 6(5)(c) and 6(5)(d) of the Act and the surrounding circumstance of Puma's alleged family of trademarks (Judge's decision at paras. 39-43). For ease of reference, subsection 6(5) of the Act is reproduced as follows:

What to be considered

6(5) In determining whether trademarks or trade names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including:

- (a) the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known;
- (b) the length of time the trademarks or trade names have been in use;
- (c) the nature of the goods, services or business;

Éléments d'appréciation

6(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris :

- a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;
- b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;
- c) le genre de produits, services ou entreprises;

(d) the nature of the trade; and
 (e) the degree of resemblance between the trademarks or trade names, including in appearance or sound or in the ideas suggested by them.

d) la nature du commerce;
 e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux, notamment dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

[11] The Judge first found that Caterpillar's new evidence demonstrates that it complied with the controlled licensing requirement of section 50 of the Act, meaning that the use of Caterpillar's marks by its licensees is deemed to be Caterpillar's use (Judge's decision at paras. 43-57). The Judge then considered whether there was a likelihood of confusion between Caterpillar's CAT & Triangle Design mark and procat such that Puma's application could not succeed, pursuant to paragraph 12(1)(d) of the Act (Judge's decision at para. 58). For more certainty, the Judge indicated that this ground of review was limited to Caterpillar's CAT & Triangle Design mark because it was the only mark relied on by Caterpillar in its original statement of opposition (Judge's decision at para. 59).

[12] Relying on the Supreme Court of Canada's decisions in *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23, [2006] 1 S.C.R. 824 and *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27, [2011] 2 S.C.R. 387 (*Masterpiece*) as well as our Court's decision in *Reynolds Presto Products Inc. v. P.R.S. Mediterranean Ltd.*, 2013 FCA 119, 111 C.P.R. (4th) 155, the Judge correctly articulated the test to be applied in assessing the likelihood of confusion:

I find an apt formulation of the test to be applied in assessing the likelihood of confusion in this case to be this. As a matter of first impression, would the casual consumer, somewhat in a hurry, who sees a good bearing Puma's trademark procat, when that consumer first encounters such trademark in the marketplace, and where the consumer has no more than an imperfect recollection of Caterpillar's trademark CAT & Triangle Design and does not pause to give the matter any detailed consideration or scrutiny, be likely to be confused as to the

source of the goods? *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 [*Veuve*] at para 20; *Masterpiece Inc. v Alavida Lifestyles Inc.*, 2011 SCC 27 [*Masterpiece*] at para 87; *Reynolds Presto Products Inc. v PRS Mediterranean Ltd.*, 2013 FCA 119 [*Reynolds*] at para 20. In other words, would the casual consumer believe that the goods associated with procat and CAT & Triangle Design respectively were authorized, licensed, manufactured or sold by the same person, that is, by Caterpillar?

[Judge's decision at para. 61]

[13] Following a well-reasoned and thorough analysis, supported by an extensive review of the evidentiary record tendered by the parties, the Judge found or agreed with the Board that the following factors weighed in favour of Caterpillar: inherent distinctiveness and extent known (paragraph 6(5)(a)); length of time in use (paragraph 6(5)(b)); nature of goods (paragraph 6(5)(c)); nature of trade (paragraph 6(5)(d)); and the degree of the resemblance between the goods (paragraph 6(5)(e)).

[14] The Judge further considered the state of the register evidence adduced by Puma and Puma's evidence of its use of cat-nominative word marks as part of the "surrounding circumstances" (subsection 6(5)). In this regard, the Judge found that this evidence did not benefit Puma (Judge's decision at paras. 86, 90, 97). The Judge went on to conclude that Puma had failed to demonstrate on a balance of probabilities that there was no likelihood of confusion between the parties' trademarks, CAT & Triangle Design and procat. The Judge accordingly set aside the Board's decision. The Judge thus allowed Caterpillar's appeal pursuant to section 56 of the Act and refused Puma's trademark application for procat pursuant to subsection 38(12) of the Act.

[15] Puma appeals the Judge's decision before our Court.

V. Issues

[16] In the present appeal, Puma argues that the Judge made three errors warranting our Court's intervention (Puma's Public Memorandum of Fact and Law at para. 32). Specifically, Puma alleges that the Judge erred in conducting her confusion analysis pursuant to subsection 6(5) of the Act, more particularly in her assessment with respect to (i) the inherent distinctiveness of Puma and Caterpillar's marks and the extent to which they are known (paragraph 6(5)(a)); (ii) the degree of resemblance (paragraph 6(5)(e)); and, (iii) the surrounding circumstances (subsection 6(5)). The other subsection 6(5) factors, namely the nature of goods, services or business (paragraph 6(5)(c)) and the nature of trade (paragraph 6(5)(d)) are not at issue in this appeal; nor is section 50 of the Act.

[17] The issues to be addressed in this appeal are accordingly framed as follows: Did the Judge err in concluding that there is a likelihood of confusion, more particularly in finding that (a) inherent distinctiveness and the extent to which the parties' marks are known favours Caterpillar; (b) the degree of resemblance factor favours Caterpillar; and (c) the surrounding circumstances do not favour Puma.

VI. Standard of Review

[18] The standards of review applicable to an appeal from a Federal Court decision made pursuant to subsection 56(1) of the Act are those set out in *Housen*. For questions of fact and mixed fact and law, the applicable standard is that of palpable and overriding error. For questions

of law, the applicable standard is correctness (see *Clorox Company of Canada, Ltd. v. Chloretec S.E.C.*, 2020 FCA 76, 172 C.P.R. (4th) 351 at paras. 18-23).

[19] In the present appeal, each of Puma's grounds of appeal relates to a question of mixed fact and law. Accordingly, the only standard engaged is that of palpable and overriding error. In this regard, it is useful to recall that "[t]he determination of whether a likelihood of source confusion exists is a fact-finding and inference-drawing exercise, and thus, appellate courts should generally defer to the trial judge's fact findings and inferences" (*Masterpiece* at para. 102). As such, absent a palpable and overriding error in a finding of fact or of mixed fact and law, this Court must decline to intervene.

VII. Analysis

A. *Did the Judge err in her assessment that the inherent distinctiveness and the extent to which the trademarks have become known favour Caterpillar?*

[20] From the outset, it is recalled that the Judge agreed with two conclusions of the Board regarding the factor of inherent distinctiveness. First, the Judge agreed with the Board that "Caterpillar's trademark CAT & Triangle Design possesses a high degree of inherent distinctiveness because the word CAT has no relation to footwear and headwear" (Judge's decision at para. 67). Second, the Judge also agreed with the Board that procat "is a coined word comprised of components which typically do not appear together" (Judge's decision at para. 67).

[21] Turning to her *de novo* analysis, the Judge considered the new dictionary definitions introduced by the Beaupre affidavit with respect to the meaning of the prefix “pro”. She noted in passing that the Board had underscored the absence of such evidence (Judge’s decision at para. 37). With the benefit of such evidence on appeal, the Judge concluded that the prefix “pro” in procat meant “professional” or “in favour of” and lent “a suggestive or laudatory connotation to procat” (Judge’s decision at para. 68). As such, she found that the prefix “pro” in procat “has significance in relation to Puma’s goods, thus shifting the focus of inherent distinctiveness assessment to the more striking feature of the trademark, namely, the suffix ‘cat’” (Judge’s decision at para. 69).

[22] The Judge then addressed the extent to which the trademarks at issue have become known or acquired distinctiveness. She considered Caterpillar’s new evidence and found that the sales of the CAT-branded footwear and headwear from 1994 to 2017 were substantial. In comparing Caterpillar’s sales with what she qualified as Puma’s *de minimis* sales of procat-branded goods, she concluded that the evidence favoured Caterpillar (Judge’s decision at para. 73).

[23] Puma disagrees with the Judge’s above-described conclusions on inherent distinctiveness and submits that our Court’s intervention is warranted for a number of reasons.

[24] Puma contends that the Judge erred in not finding that “pro”, even as a suggestive short-form for professional, made procat distinct, such that consumers would associate goods using “pro” with Puma and not Caterpillar. Specifically, Puma submits that the Judge erred in finding

that procat was not distinctive of Puma on the one hand, and that the word CAT has acquired distinctiveness as a reference to a feline animal in relation to Caterpillar's goods, on the other. In Puma's view, both the procat and CAT & Triangle Design marks are so distinctive, that it is in fact impossible that a consumer that was not "devoid of intelligence" would be confused as to the source of goods bearing those marks (Puma's Public Memorandum of Fact and Law at paras. 47, 65).

[25] Puma accepts that the Judge turned her mind to each of these issues, pointing in particular to paragraphs 68 and 69 of her decision in which she considered the factor of inherent distinctiveness and extent known, pursuant to paragraph 6(5)(a) of the Act. Yet, Puma argues that the Judge committed a palpable and overriding error in finding that the most striking element of procat was the element "cat", and thus, failed to be distinctive.

[26] Puma's contentions fail to reveal a palpable and overriding error. Indeed, the Judge accepted dictionary definitions of "pro" that were not before the Board below, finding that it was a suggestive or laudatory prefix. It was not an error for the Judge to find that this element did little to make procat distinctive: suggestive or laudatory elements of trademarks are generally considered not to aid in distinction (Kelly Gill, *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed., (Toronto: Thomson Reuters, 2022), at s. 8:12 (*Fox on Trade-marks*); *Registrar of Trade Marks v. Hardie & Co. Ltd.*, [1949] S.C.R. 483, [1949] 4 D.L.R. 582; *Clorox Co. v. Sears Canada Inc. (T.D.)*, [1992] 2 F.C. 579, 53 F.T.R. 105 at p. 584 (aff'd 49 C.P.R. (3d) 217 (FCA)); *Boston Pizza International Inc. v. Boston Chicken Inc.*, 2003 FCA 120, 224 D.L.R. (4th) 475 at para. 6).

[27] Puma further argues that it was an error for the Judge to not find that “professional” is significant in relation to Puma because of the professional athletes who are known to use Puma’s goods. In doing so, Puma is effectively challenging the conclusions the Judge drew from the evidence and is asking this Court to substitute the Judge’s findings with the ones Puma would have preferred. The fact that Puma as a whole already enjoys some of the laudatory benefit of having a connection with professional athletes does not undermine the Judge’s finding that “pro” as a prefix is laudatory and that “cat” is in fact the more striking element of procat. The Judge reached this conclusion based on the evidence before her and Puma has failed to identify any palpable and overriding error in this regard.

[28] Puma also contends that the Board has since allowed the registration of procat in relation to different goods, again over Caterpillar’s opposition and despite consideration of the dictionary definitions of “pro” in *Caterpillar Inc. and PUMA SE*, 2021 TMOB 157 (the “sister decision”). The sister decision relates to the same marks at issue and in finding that the trademarks were not confusing, the Board rejected Caterpillar’s opposition and decided in favour of Puma. Puma urges this Court to find that the sister decision should impact this Court’s consideration of the issues raised in the present appeal. However, as correctly conceded by Puma, although the sister decision relates to the same marks at issue, it concerns different goods—that is, bags and clothing (Puma’s Public Memorandum of Fact and Law at para. 60). Furthermore, the sister decision is under appeal. In any event, each case turns on its own facts and evidence and it is trite that similar issues raised in different matters do not necessarily lead to the same result. Hence, the sister decision cannot compel a particular outcome before this Court.

[29] In this case, without evidence demonstrating that procat had become known in Canada in relation to Puma, the Judge was left with Puma's assertion that consumers would associate the words "pro" and "cat" with Puma. Puma again fails to point to an error in the Judge's rejection of this assertion. Puma briefly argues that the Judge's decision confers a monopoly over the word "cat" to Caterpillar and that it is "not appropriate to allow a trade-mark registration to monopolize a word that is used regularly and frequently" (Puma's Public Memorandum of Fact and Law at para. 55). In support of its argument, Puma relies on the following cases: *Swatch AG (Swatch SA) (Swatch Ltd.) v. Hudson Watch, Inc.*, 2018 FC 853, 158 C.P.R. (4th) 209 (*Swatch*) and *Assurant, Inc. v. Assurancia, Inc.*, 2018 FC 121, 154 C.P.R. (4th) 188. Yet, as correctly noted by Caterpillar, these cases are distinguishable from the present matter as both marks relied on by the respective opponents—"iwatch" for use in association with wristwatches and "assurant" in relation with insurance—were suggestive of the goods and services in issue. Here, Puma's concern is irrelevant because the parties are not in the business of selling cats (Carterpillar's Public Memorandum of Fact and Law at para. 38). It was thus open to the Judge to find that CAT (& Triangle Design) was highly distinctive of Caterpillar's goods and had earned the protection provided for by the Act through use.

[30] In addition, Puma contends that if Caterpillar's mark is indeed so well known, then the logical consequence would be that consumers may distinguish between the CAT & Triangle Design mark and procat more easily. In other words, argues Puma, the success of Caterpillar creates a double-edged sword because the familiarity of the CAT & Triangle Design must decrease its resemblance with procat in the eye of the average consumer. In support of this argument, Puma relies on the Federal Court decision in *Adidas AG v. Globe International*

Nominees Pty Ltd, 2015 FC 443, 478 F.T.R. 66 (*Adidas*) where the Federal Court made the following observation at paragraph 64:

[W]hen a trademark becomes so well known or famous [...], it may be that even as a matter of first impression, any differences between the well-known mark and another party's trademark [...] may serve to more easily distinguish the other party's trademark and reduce any likelihood of confusion.

[emphasis added]

[31] This argument likewise fails, as it overlooks the fact that the Judge carefully analyzed the evidence and found “that the extent to which the trademarks at issue have become known or acquired distinctiveness clearly favours Caterpillar” (Judge’s decision at paras. 85-86). As submitted by Carterpillar, contrary to the *Adidas* case, “there was no finding that the CAT Design Mark had become ‘so well known or famous’ that ‘even as a matter of first impression’, any differences between it and procat may serve ‘to reduce any likelihood of confusion’” (emphasis added; Caterpillar’s Public Memorandum of Fact and Law at para. 40).

[32] Similarly, Puma argues that it was an error for the Judge to find a connection between a feline animal and Caterpillar similar to the connection between a feline and Puma. More specifically, Puma advances that a consumer who would see CAT in the CAT & Triangle Design mark would view it as short for Caterpillar. In this regard, Puma emphasized that all Caterpillar products bear the circular Caterpillar Inc. Licensed Merchandise mark. Yet, there was no evidence before the Judge that CAT is short for Caterpillar or that the Caterpillar Inc. Licensed Merchandise mark suggests this inference. As such, there is no basis for concluding that the Judge erred in finding that the word CAT in the CAT & Triangle Design mark suggest the idea of a feline animal (Judge’s decision at paras. 78-81).

[33] Ultimately, the Judge's decision in this case was predominantly based on the lack of evidence that procat had ever been used in Canada to the extent that it would have acquired distinctiveness or become known. Puma alleges that this itself is an error, resulting from the Judge ignoring evidence of significant procat sales in the Narriman affidavit and leading her to erroneously find there were only *de minimus* sales. Upon reviewing the evidence, I disagree with Puma that the Judge ignored evidence. First, it is a well-established principle that a judge is presumed to have considered all of the evidence (*Housen* at para. 46; *Mahjoub v. Canada (Citizenship and Immigration)*, 2017 FCA 157, 387 C.R.R. (2d) 1 at para. 67 (*Mahjoub*)). Second, the evidentiary record does not conclusively support Puma's allegation of procat sales (Transcript of Cross-Examination of Neil Jafar Narriman (13 September 2019) at 69-88, Public Appeal Book at 2909-2928) and Puma cannot substitute sales of goods bearing other cat-nominative marks to substantiate its contention that procat is distinctive or known by consumers in Canada. In this case, the Judge specifically considered this issue and, finding that there were deficiencies in the evidence, did not disagree with the Board in this regard. In the words of the Judge:

In addition, the TMOB [Board] found that there is no evidence the trademark procat has acquired distinctiveness. Although Mr. Narriman attests in his second affidavit that procat footwear was sold in Target stores in Canada, the supporting exhibits to his affidavit point to sales of other procat goods including water bottles, hairbands, soccer balls and shin guards. At best, I am prepared to infer *de minimis* procat footwear sales in Canada in Target stores for the limited period such stores operated here. Further, while Mr. Narriman also attests in his second affidavit that Target in the United States offers sales and shipments of procat goods to customers in Canada through its website, no details of any such sales and shipments have been provided.

[emphasis added; Judge's decision at para. 73]

[34] There is no reason to disturb this finding.

[35] As discussed above, Puma submitted a suite of arguments regarding the Judge's assessment of the evidence with respect to the inherent distinctiveness of Caterpillar's mark, CAT & Triangle Design. Although the confusion analysis involves a comparison between the opponent's mark (CAT & Triangle Design) and the applicant's mark (procat), the onus here lay with Puma as the applicant to demonstrate that there is no likelihood of confusion. In relying on the factor of inherent distinctiveness and extent known, Puma would have had to show that procat was distinctive and known to the extent that a casual consumer in a hurry, with an imperfect recollection, would associate that mark with Puma. As explained above, the Judge found, on the basis of the evidence, that Puma failed to do so. The Judge thus concluded that Caterpillar's mark possessed a "high degree of inherent distinctiveness" (Judge's decision at para. 67) and, as a result, on this ground of appeal, I conclude that Puma has failed to raise a palpable and overriding error.

B. *Did the Judge err in her determination of the degree of resemblance between procat and the CAT & Triangle Design marks?*

[36] A number of the Judge's findings with respect of the degree of resemblance overlap with her findings in regard of distinctiveness. This is often the case as the considerations raised by each of the factors listed in subsection 6(5) of the Act are intertwined, together determining the likelihood of confusion. Nonetheless, the degree of resemblance factor is "often likely to have the greatest effect on the confusion analysis" (*Masterpiece* at para. 49).

[37] Upon reviewing the degree of resemblance factor, the Judge first agreed with the Board that the parties' trademarks resemble each other and sound alike because they share the component "cat". However, the Judge disagreed with the Board that the prefix "pro" in procat assists in differentiating it from Caterpillar's trademark, CAT & Triangle Design. The Judge referred to her inherent distinctiveness analysis in this regard and her finding that there was evidence that "pro" had a suggestive or laudatory connotation and thus shifted the focus to the word "cat". She concluded that there was significant resemblance between the two marks as the dominant feature of both marks was "cat" (Judge's decision at para. 78).

[38] Puma argues that the Judge erred in failing to consider each of the marks at issue as a whole and focusing instead on the word "cat" in both. This, in Puma's view, amounts to a palpable and overriding error because, in ignoring the distinguishing elements in each of the marks, the Judge ultimately compared the word "cat to cat" and inevitably concluded that the marks resembled each other.

[39] This argument again fails. The Supreme Court's decision in *Masterpiece* teaches that it is legitimate to consider a striking or unique element of a trademark in considering whether it resembles another mark and that "trademarks with some differences still may result in likely confusion" (Judge's decision at para. 64; *Masterpiece* at paras. 62-64). *Masterpiece* also teaches that when a word mark is applied for, it must be borne in mind that the word mark may later be used in any style, form, typeface, or colour (*Masterpiece* at para. 55). As correctly emphasized by Caterpillar, the degree of resemblance must thus be considered with a view to actual use as well as a view to all possible future uses.

[40] Here, the Judge considered different presentations of Puma's mark where "sometimes, the elements 'pro' and 'cat' are displayed in different colours and that sometimes, 'ProCat' is used with the main Jumping Cat Design" (Judge's decision at para. 80). The Judge found that the word CAT in Caterpillar's CAT & Triangle Design mark was dominant, despite Puma's arguments to the contrary:

I disagree with Puma's argument that the Triangle Design is the dominant element of Caterpillar's registered trademark. In my view, the word CAT is the more dominant aspect of the trademark CAT & Triangle Design, especially in terms of sound or how the trademark would be pronounced, while "cat" is the more dominant element of the trademark procat in light of the suggestive or laudatory connotation of the element "pro." I find the latter supported by Mr. Narriman's evidence in his second affidavit that the use of Cat-formative sub-brands or product names by Puma was intended to evoke the image of a feline.

[Judge's decision at para. 83]

[41] As it did in relation to the inherent distinctiveness factor, Puma again raises the concern that the Judge's analysis results in a monopoly over the word "cat" to the benefit of Caterpillar. This contention remains unpersuasive. It has been found that marks consisting of commonly used words are deserving of a smaller ambit of protection and some risk of confusion is acceptable to allow for fair competition in the marketplace: *General Motors Corp. v. Bellows*, [1949] S.C.R. 678, [1950] 1 D.L.R. 569 at 691. However, this generally requires some evidence—deficient in the present case—that the word is so commonly used in the trade that a consumer will be sensitive to smaller differences in the mark (*Johnson (S.C.) and Son, Ltd. et al. v. Marketing International Ltd.*, [1980] 1 S.C.R. 99, 105 D.L.R. (3d) 423 at 110-112; *Swatch* at para. 42; *San Miguel Brewing International Limited v. Molson Canada 2005*, 2013 FC 156, 108 C.P.R. (4th) 325, at paras. 33-40).

[42] On this point, it does not follow that Caterpillar can now prevent the registration of any marks using the word “cat”. As discussed below, Puma’s state of the register evidence clearly suggests that it has not. It is only that the simple word mark procat, with only a laudatory prefix to differentiate it and limited evidence of use or consumer recognition, is insufficiently distinctive to prevent confusion as to the source of the goods at issue. The Judge was thus entitled to form her own conclusions as to the similarities between the two marks, without evidence from experts or surveys (Judge’s decision at para. 84; *Masterpiece* at para. 90) and Puma has not argued any principle of law suggesting otherwise.

[43] Simply put, the Judge did not grant Caterpillar a monopoly over the word “cat”. She simply found that procat resembled Caterpillar’s mark. It is not open to this Court to reweigh the evidence with regard to the resemblance of the marks at issue in order to render the outcome Puma would have preferred. This ground of appeal must also be rejected.

C. *Did the Judge err in her assessment that the significant surrounding circumstances did not favour Puma?*

[44] Puma contends that the Judge erred by failing to take into account two significant surrounding circumstances in support of its application to register procat: the state of the register and Puma’s family of cat-nominative trademarks. As explained below, Puma has failed to demonstrate that the Judge erred in her analysis of the surrounding circumstances.

[45] Firstly, with respect to the state of the register, the Judge found that 13 trademarks was not a sufficient number on which to base an inference of marketplace use. Puma concedes that the Judge considered the state of the register at paragraphs 91 to 96 of her reasons, but alleges that there were many other relevant registered marks containing the word cat. In Puma's view, this error tainted the Judge's entire analysis of the state of the register, as she considered that 13 marks was an insufficient number from which to draw any conclusions about the state of the marketplace. Puma also argues that even if there were only 13 relevant registered marks, this still would have been sufficient to draw the conclusion that "cat" is a commonly used term in the marketplace and that consequently, consumers are more attuned to differences between products bearing cat-nominative marks.

[46] For its part, Caterpillar argues that the Judge did not err in relying on only 13 of the registered marks on the basis that the other marks were not actually before her, given that she had found the Papadopoulos affidavit updating the state of the register evidence inadmissible. Puma disagrees and contends that these trademarks were properly put before the Judge through the cross-examination of Caterpillar's affiant, Mr. Beaupre.

[47] In reality and regardless of the parties' arguments, the Judge did actually consider the cross-examination of Mr. Beaupre on the subject of "cat-formative sub-brands or products names" (Judge's decision at para. 96). In fairness to the Judge, her refusal to draw the inference sought by Puma—that "cat" is a commonly used term in the marketplace—was not solely based on her assessment that 13 registrations were too few, it was also based on a lack of evidence of actual use of the registered marks:

In other words, this number of trademarks is insufficient to draw any inferences about the state of the marketplace, especially in the absence of any demonstrated marketplace use: *McDowell*, above at para 46, citing *Hawke & Company Outfitters LLC v. Retail Royalty Co*, 2012 FC 1539 at para 40. This finding applies to the trademarks BOBCAT and ARCTIC CAT on which Puma sought to rely specifically at the hearing before me. Notwithstanding that the owners of these trademarks allegedly, even admittedly, are competitors of Caterpillar, there is no evidence of whether, and the extent to which if any, these marks are used in the footwear and headgear space in the marketplace.

[emphasis added; Judge's decision at para. 94]

[48] As noted by the Judge, the number of similar marks needed to establish that an element of a mark is common in association with the relevant goods is a contextual inquiry that depends on the facts of the specific case (at para. 91). The Judge was entitled to give the existence of third-party marks less weight on the basis that no evidence of actual use in the relevant market was put forward (Judge's decision at paras. 95-96). Indeed, such gaps in evidence are detrimental to Puma's burden of proof (see for example, *McDowell v. Laverana GmbH & Co. KG*, 2017 FC 327, 154 C.P.R. (4th) 128 at paras. 42-46; *Hawke & Company Outfitters LLC v. Retail Royalty Company*, 2012 FC 1539, 108 C.P.R. (4th) 358 at paras. 40-46).

[49] Puma nonetheless contends that the Judge should have drawn an inference against Caterpillar based on the lack of evidence of actual confusion. Puma's reliance on this gap is misplaced. Subsection 6(5) of the Act addresses the likelihood of confusion, not the existence of actual confusion. While evidence of actual confusion may be persuasive, the lack of such evidence can be found to be irrelevant where—such as in the present case—there is no evidence that the registered third-party marks have been used contemporaneously with the opponent's mark. The burden was on Puma to demonstrate that the existence of third-party marks supported the inference it sought: that “cat” is a commonly used term in association with footwear and

headgear. Given Puma's failure to show actual use, Caterpillar understandably declined to attempt to show actual confusion.

[50] Secondly, with respect to Puma's family of cat-nominative trademarks, Puma acknowledges that the Judge considered its family of trademarks at paragraphs 86 to 89 of her reasons. However, Puma contends that the Judge erred in failing to see its evidence of sale quantities and screenshots of Puma's online retail store as demonstrating that cat-nominative marks, whether registered or established at common law through use, are associated with Puma. Puma submits that this evidence clearly illustrates that Puma's cat-nominative marks are recognized by consumers and that the registration of another cat-nominative mark, namely procat, would not introduce any likelihood of confusion as to source.

[51] As emphasized by Caterpillar, the Judge carefully considered the evidence of Puma's family of marks in her consideration of the surrounding circumstances (Caterpillar's Public Memorandum of Fact and Law at para. 60). The Judge noted that the display of word marks in catalogues is insufficient to establish use (Judge's decision at para. 87) and that the sales figures associated with the cat-nominative word marks did not indicate the extent to which consumers would recognize a cat-nominate product name without Puma's jumping cat design (Judge's decision at para. 89).

[52] As indicated above, although the Judge did not expressly mention the exhibits presenting images of Puma's online retail store, as the trier of fact, she is presumed to have considered all the evidence before her (*Housen* at para. 46; *Mahjoub* at para. 67). Indeed, a fair reading of her

analysis clearly reveals that the Judge did not fail to consider the evidence presented by Puma.

Rather, she merely found that it was insufficient to draw the conclusions sought by Puma:

Regarding the photos, attached as an exhibit to such affidavit, of a sample shoebox label and t-shirt hang tag displaying the product names Future Cat and Paint Cat Tree respectively, the exhibit provides “blown up” reproductions of same because of the small size of print in which these names are displayed on the label and hang tag. Similarly, no information was provided regarding the quantities or extent of distribution of such material to consumers, or the extent to which consumers would recognize or be familiar with the limited Cat-formative sub-brands or product names for which use was shown on the label and the hang tag because of the very small print size of the names, especially in the context of the hurried consumer.

[Judge’s decision at para. 88]

[53] Puma asks this Court to conclude that the Judge was “fixated” on the fact that the images provided of Puma’s products were “blown up”, so much so that she disregarded the evidence before her. Yet, the Judge was merely considering how Puma’s goods would appear to a hurried casual consumer, with an imperfect recollection, coming across Puma’s goods in real life.

[54] Puma further contends that the Judge failed to give its evidence of extensive sales due weight. While evidence going to sales figures, packaging, or advertising has been found to demonstrate use (Gill, *Fox on Trade-marks*, at s. 8:38; *Everex Systems Inc. v. Everdata Computer Inc.*, [1992] F.C.J. No. 701, 44 C.P.R. (3d) 175 (Fed. T.D.) at paras. 28-30), the Judge’s reasons again do not suggest she disregarded this evidence. It is expressly discussed at paragraph 89 of her reasons and she agreed with the Board that it was the jumping cat design that links products to Puma in the consumer’s mind, not the word “cat” in Puma’s cat-nominative product lines (Judge’s decision at paras. 86, 89-90). It was open to the Judge to find that the evidence produced by Puma was insufficient to demonstrate that this link would exist for the

mark procat without the incorporation of the jumping cat design. As such, it was similarly open to the Judge to find that the evidence that Puma uses other cat-nominative marks had little bearing on the likelihood of confusion between procat and Caterpillar's CAT & Triangle Design mark.

[55] I can discern no palpable and overriding error. I would accordingly also reject this ground of appeal.

VIII. Conclusion

[56] For all of these reasons, I would dismiss the appeal with costs, fixed in the all-inclusive amount of \$20,000 payable by Puma to Caterpillar.

"Richard Boivin"

J.A.

"I agree.
Yves de Montigny J.A."

"I agree.
Judith Woods J.A."

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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