

Federal Court



Cour fédérale

**Date: 20101108**

**Docket: T-523-10**

**Citation: 2010 FC 1098**

**Ottawa, Ontario, November 8, 2010**

**PRESENT: The Honourable Mr. Justice Boivin**

**BETWEEN:**

**HANSEN BEVERAGE COMPANY**

**Applicant**

**and**

**RAINBOW S.P.A**

**Respondent**

**REASONS FOR JUDGMENT AND JUDGMENT**

[1] This is an appeal by Hansen Beverage Company (hereinafter Hansen Beverage) pursuant to section 56(1) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act), from a decision of the Registrar of Trade-marks Opposition Board dated February 2, 2010 dismissing Hansen Beverage's opposition to the registration of the trade-mark, MONSTER ALLERGY, registration number 1,289,511 held by Rainbow S.P.A. (hereinafter Rainbow).

[2] On April 7, 2010, Hansen Beverage appealed the Registrar's decision by filing a Notice of Application before the Federal Court. Hansen Beverage asks that this Court set aside the Registrar's decision, allow Hansen Beverage's opposition and refuse the registration of Rainbow's mark.

[3] Rainbow did not file a Notice of Appearance and did not participate in the present appeal.

#### Relevant Facts

[4] On February 10, 2006, Rainbow filed an application, No. 1,289,511 for the registration of the trade-mark MONSTER ALLERGY on the basis of proposed use in Canada in association with the following wares: "calendars, books in the field of novels for children and fairy tales, exercise-books, plastic materials for modelling, stationery, namely, sketch-books, diaries, pens, pencils, drawing rulers, drafting rulers, ungraduated rulers, felt pens, pencil cases, document holders, art paper, writing paper, copy paper, greeting cards, adhesive tapes for stationery purposes; jackets, trousers, jeans, gloves, socks, sweaters, cardigans, belts, tracksuits, sport shirts, polo shirts, T-shirts, blouses, overcoats, rain coats, suits, skirts, pullovers, underwear, pyjamas, drawers, knickers, brassieres, petticoats, vests, bikinis and beachwear, hats and caps; shoes, boots, slippers and sandals; candy, candy bars, chewing gum, chocolate, chocolate bars, chocolate syrup, chocolate eggs, cocoa, cocoa beverage with milk, coffee, cones for ice cream, ice cream, cookies, corn flakes, crackers, chips, edible cake decorations, nougat, pancakes, pasties, pies, pizza, sandwiches, tea, tea-based beverages with fruit flavouring, toffees, lollipops".

[5] The application was advertised for opposition purposes in the *Trade-marks Journal* of September 27, 2006.

[6] On February 27, 2007, Hansen Beverage filed a statement of opposition against the trade-mark application for registration based on paragraphs 38(2)(a), 38(2)(c) and 38(2)(d) of the *Trade-marks Act*. The three grounds of opposition are summarized as follows:

1. Paragraph 38(2)(a)

a. The application does not comply with the requirements of paragraph 30(e) of the Act as the Respondent (Rainbow) did not intend to use the MONSTER ALLERGY Trade-mark in Canada as of the filing date of the application or did not intend to use the MONSTER ALLERGY Trade mark as a trade-mark.

b. The application does not comply with the requirements of paragraph 30(i) of the Act as the Respondent was, at the time of the application, aware of the prior use and prior pending application for registration of MONSTER ENERGY application No. 1,203,689 (now registered under registration No. 690,588) of the Applicant (Hansen Beverage) and could not, considering the likelihood of confusion between the marks at issue, have been satisfied as to its entitlement to use MONSTER ALLERGY Trade-mark.

2. Paragraph 38(2)(c)

The Respondent is not the person entitled to registration of the MONSTER ALLERGY Trade-mark by virtue of paragraphs 16(3)(a) and (b) of the Act. The MONSTER ALLERGY Trade-mark was, at the date the application was filed, confusing with the Applicant's MONSTER ENERGY trade-mark which has been used extensively in Canada by the Applicant and in respect of which the Applicant had previously filed an application for registration.

3. Paragraph 38(2)(d)

The MONSTER ALLERGY Trade-mark is not, and cannot be, distinctive of the wares of the Respondent considering that, as of the date of the Statement of opposition, the MONSTER ENERGY trade-mark had been extensively used in Canada in association with beverages and that the trade-mark of the Applicant and the trade-mark of the Respondent are confusing. As a result,

the MONSTER ALLERGY Trade-mark is not adapted to and does not distinguish the wares of the Respondent from those of the Applicant.

[7] By counter-statement dated June 13, 2007, Rainbow denied each and every one of the allegations made in the statement of opposition.

[8] In support of its statement of opposition filed April 7, 2008, Hansen Beverage also filed an affidavit of Rodney Sacks, Chairman and Chief Executive Officer of Hansen Natural Corporation and its subsidiaries including Hansen Beverage Company and a certified copy of Canadian registration No TMA690,588 for the trade-mark MONSTER ENERGY.

[9] Rainbow filed affidavits of Jane Buckingham, a trade-mark searcher, and Susan Burkhardt, a law clerk. None of the affiants were cross-examined. Only Hansen Beverage filed a written argument. An oral hearing was not requested.

#### The Decision of the Opposition Board

[10] On February 2, 2010, the Registrar of the Trade-marks Opposition Board rejected Hansen Beverage's opposition pursuant to subsection 38(8) of the Act. This decision was communicated to the parties on February 8, 2010. Given that the grounds of opposition pleaded by Hansen Beverage turned around the issue of the likelihood of confusion between its trade-mark and that of Rainbow, the Registrar considered Hansen Beverage's grounds in light of paragraphs 12(1)(d) and 38(2)(b) of the Act.

[11] In considering the first ground of opposition based on paragraph 12(1)(d) of the Act, the Registrar reviewed the registrations of Hansen Beverage's mark, and as it was compliant, she concluded that Hansen Beverage had met its initial burden. The onus was then on Rainbow to establish on a balance of probabilities that there was no reasonable likelihood of confusion between its mark and Hansen Beverage's mark.

[12] The Registrar then applied subsection 6(5) of the Act, which states that the Registrar must have regard to all the surrounding circumstances in determining whether trade-marks are confusing: (a) the inherent distinctiveness of the trade-marks and the extent to which they have become known; (b) the length of time the trade-marks have been in use; (c) the nature of the wares, services or business; (d) the nature of the trade; and (e) the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them.

[13] In applying this test, the Registrar rejected the first ground of opposition for the following reasons:

*(a) the inherent distinctiveness of the trade-marks and the extent to which they have become known*

[14] In her decision, the Registrar mentioned that the word "MONSTER" can mean "huge" and that MONSTER ENERGY is suggestive of beverages that will provide the user a lot of energy. The Registrar concluded that MONSTER ALLERGY is inherently more distinctive than MONSTER ENERGY, given that the meaning behind MONSTER ALLERGY is obscure. According to the Registrar's appreciation of Hansen Beverage's evidence, the MONSTER

ENERGY trade-mark has acquired a significant reputation but it is difficult to assess the amount of reputation acquired in Canada as of the material date of February 10, 2006, because Hansen Beverage did not provide figures concerning its Canadian sales. However, the Registrar concluded that the extent to which each mark has become known favoured Hansen Beverage because there was no evidence that MONSTER ALLERGY's mark had acquired any reputation.

*(b) the length of time the trade-marks have been in use*

[15] The Registrar concluded that this fact favoured Hansen Beverage.

*(c) the nature of the wares, services or business; and (d) the nature of the trade*

[16] In her reasons, the Registrar analyzed the third and fourth factors together. The Registrar compared Rainbow's statement of wares with that of Hansen Beverage, noting that the parties' channels of trade could be assumed to overlap. However, the Registrar noted that there are various non-beverage wares covered by Rainbow's application that would not travel in the same channels of trade as Hansen Beverage. The Registrar further found that there is no evidence that they would be sold in the same areas of those stores where beverages are sold. The Registrar recognized that although Hansen Beverage's mark is widely promoted through sponsorship and has been associated with an additional category of wares that is covered by Rainbow's wares, namely clothing, this display appears to function primarily as a promotion for its beverages and not to indicate the source of the clothing. This factor favoured Rainbow.

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

[17] With respect to the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them, the Registrar held that, “Although marks are to be considered in their entirety, the first component of a mark is often considered more important for the purpose of distinction. However, when the first component is a common, descriptive or suggestive word, the significance of the first component decreases (see *Conde Nast Publications Inc. v. Union des Editions Modernes* (1979), 46 C.P.R. (2d) 183 (F.C.T.D.); *Park Avenue Furniture Corp. v. Wickes/Simmons Bedding Ltd.*, [1991], 37 C.P.R. (3d) 413 (F.C.A.); *Phantom Industries Inc. v. Sara Lee Corp.* (2000), 8 C.P.R. (4<sup>th</sup>) 109 (T.M.O.B.)”. Although the Registrar recognized that there is a fair degree of resemblance between the parties’ marks in appearance and sound, she concluded that there is clearly a significant difference in the ideas suggested by the two marks, thus favouring Rainbow.

[18] As to the additional surrounding circumstances, the Registrar rejected Hansen Beverage’s evidence with regards to the state of the marketplace as this evidence postdated the material date of February 10, 2006 and was not relevant with respect to section 16 grounds of opposition. As for the evidence of the state of the register introduced by the affidavit of Jane Buckingham, the Registrar did not give any significant weight to the state of the register search results for the following reasons: the search was not limited to any particular wares or services and many of the marks located were for wares that were completely unrelated to those of the applicant; none of the marks located were as similar phonetically and visually as Rainbow’s MONSTER

ALLERGY and Hansen Beverage's MONSTER ENERGY mark; the only marks that incorporate the word MONSTER and the remaining letters \_ERGY were the parties' marks.

[19] Having considered the above mentioned surrounding circumstances, the Registrar concluded that Rainbow had not met its burden to show that confusion between the marks at issue is not likely with respect to beverages.

[20] However, the Registrar held that the parties' remaining wares were sufficiently different, therefore making confusion unlikely in regard thereto. The Registrar concluded that the s. 16 grounds of opposition was to succeed only with respect to Rainbow's beverage wares namely, cocoa, cocoa beverage with milk, coffee, tea, tea-based beverages with fruit flavouring.

[21] The Registrar rejected Hansen Beverage's arguments in regards to the application not being in compliance with s. 30(e) of the Act because Hansen Beverage had not satisfied its initial burden by filing evidence directed to this ground of opposition. The Registrar dismissed this ground of opposition.

[22] As for the s. 30(i) ground of opposition, the Registrar referred to *Sapodilla Co. Ltd. v. Bristol-Myers Co.* (1974), 15 C.P.R. (2d) 152 (T.M.O.B.), at para 155, and explained that where an applicant has provided a statement required by s. 30(i), this ground (s. 30(i)) should only succeed in exceptional cases such as where there is evidence of bad faith on the part of the

applicant. The Registrar dismissed this ground because Hansen Beverage had not provided evidence as to Rainbow's bad faith.

[23] On April 7, 2010, Hansen Beverage appealed the decision of the Registrar of the Trade-marks Opposition Board.

[24] No additional evidence was filed.

[25] As mentioned above, by letter dated April 15, 2010, Rainbow's counsel advised the Court that they would not file a Notice of Appearance and would not participate in the present appeal.

#### The Relevant Legislative Provisions

[26] Subsections 6(1), (2) and (5), 12(1), 30 (*e*) (*i*), 38(1) and (2) and 56(1) of the *Trade-marks Act* read as follows:

#### INTERPRETATION

##### When mark or name confusing

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

#### DÉFINITIONS ET INTERPRÉTATION

##### Quand une marque ou un nom crée de la confusion

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

section.

mentionnés cause de la confusion avec la marque de commerce ou le nom commercial en dernier lieu mentionnés, de la manière et dans les circonstances décrites au présent article.

Idem

Idem

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

(2) L'emploi d'une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l'emploi des deux marques de commerce dans la même région serait susceptible de faire conclure que les marchandises liées à ces marques de commerce sont fabriquées, vendues, données à bail ou louées, ou que les services liés à ces marques sont loués ou exécutés, par la même personne, que ces marchandises ou ces services soient ou non de la même catégorie générale.

...

[...]

What to be considered

Éléments d'appréciation

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

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

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

a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans

	laquelle ils sont devenus connus;
(b) the length of time the trade-marks or trade-names have been in use;	b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;
(c) the nature of the wares, services or business;	c) le genre de marchandises, services ou entreprises;
(d) the nature of the trade; and	d) la nature du commerce;
(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.	e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

REGISTRABLE TRADE-MARKS

MARQUES DE COMMERCE ENREGISTRABLES

When trade-mark registrable

Marque de commerce enregistrable

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

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

...

[...]

(d) confusing with a registered trade-mark;

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

...

[...]

APPLICATIONS FOR REGISTRATION OF TRADE-MARKS

DEMANDES D'ENREGISTREMENT DE MARQUES DE COMMERCE

Contents of application

**30.** An applicant for the registration of a trade-mark shall file with the Registrar an application containing

...

(e) in the case of a proposed trade-mark, a statement that the applicant, by itself or through a licensee, or by itself and through a licensee, intends to use the trade-mark in Canada;

...

(i) a statement that the applicant is satisfied that he is entitled to use the trade-mark in Canada in association with the wares or services described in the application.

Statement of opposition

**38.** (1) Within two months after the advertisement of an application for the registration of a trade-mark, any person may, on payment of the prescribed fee, file a statement of opposition with the Registrar.

Grounds

(2) A statement of opposition may be based on any of the

Contenu d'une Demande

**30.** Quiconque sollicite l'enregistrement d'une marque de commerce produit au bureau du registraire une demande renfermant :

[...]

e) dans le cas d'une marque de commerce projetée, une déclaration portant que le requérant a l'intention de l'employer, au Canada, lui-même ou par l'entremise d'un licencié, ou lui-même et par l'entremise d'un licencié;

[...]

i) une déclaration portant que le requérant est convaincu qu'il a droit d'employer la marque de commerce au Canada en liaison avec les marchandises ou services décrits dans la demande.

Déclaration d'opposition

**38.** (1) Toute personne peut, dans le délai de deux mois à compter de l'annonce de la demande, et sur paiement du droit prescrit, produire au bureau du registraire une déclaration d'opposition.

Motifs

(2) Cette opposition peut être fondée sur l'un des motifs

following grounds:	suiuants :
(a) that the application does not conform to the requirements of section 30;	a) la demande ne satisfait pas aux exigences de l'article 30;
(b) that the trade-mark is not registrable;	b) la marque de commerce n'est pas enregistrable;
(c) that the applicant is not the person entitled to registration of the trade-mark; or	c) le requérant n'est pas la personne ayant droit à l'enregistrement;
(d) that the trade-mark is not distinctive.	d) la marque de commerce n'est pas distinctive.
...	[...]

## LEGAL PROCEEDINGS

PROCÉDURES  
JUDICIAIRESAppealAppel

**56.** (1) An appeal lies to the Federal Court from any decision of the Registrar under this Act within two months from the date on which notice of the decision was dispatched by the Registrar or within such further time as the Court may allow, either before or after the expiration of the two months.

**56.** (1) Appel de toute décision rendue par le registraire, sous le régime de la présente loi, peut être interjeté à la Cour fédérale dans les deux mois qui suivent la date où le registraire a expédié l'avis de la décision ou dans tel délai supplémentaire accordé par le tribunal, soit avant, soit après l'expiration des deux mois.

...

[...]

Issues

[27] The issues can be summarized as follows:

1. *Did the Registrar err by finding that MONSTER ENERGY is suggestive of beverages and less distinctive than MONSTER ALLERGY's trade-mark?*

2. *Did the Registrar err by finding that only a limited portion of the wares covered by application No. 1,289,511 namely the Beverage wares, overlap with Hansen Beverage's wares and by limiting its conclusion regarding the potential overlap and by limiting its conclusion regarding the potential overlap between the parties' channel of trade?*

### Standard of Review

[28] An appeal under section 56(1) of the Act is not a trial *de novo*. In the absence of additional evidence adduced, as in the case at bar, the expertise of the Registrar of the Trade-marks Opposition Board calls for deference on the part of the courts. Accordingly, the Registrar's decision must be reviewed on a standard of reasonableness (see *Molson Breweries v. John Labatt Ltd.*, [2000] 3 FC 145, 252 N.R. 91, at para 29; *Dunsmuir v. New-Brunswick*, 2008 SCC 9, [2008] 1 S.C.R. 190, at para 47).

[29] The Court therefore agrees with counsel for Hansen Beverage that the standard of review in this case is reasonableness.

### Analysis

1. *Did the Registrar err by finding that MONSTER ENERGY is suggestive of beverages and less distinctive than MONSTER ALLERGY's trade-mark?*

[30] Hansen Beverage submits that the Registrar was wrong in its interpretation of the mark MONSTER ENERGY as being suggestive of the wares in association with which it is used and registered, namely beverages, in that the mark suggests that the wares will give the user a lot of energy.

[31] According to Hansen Beverage, this first conclusion led the Registrar to conclude that there was a decrease in the significance of the first component of the marks at issue. In Hansen Beverage's view, the proper test to apply would have been the principle that the first word of a trade-mark is the most important for the purpose of distinguishing a mark (*Conde Nast Publications Inc.*, precited). The applicant refers to *TLV Co. v. Tyco Flow Control Inc.*, [2003] T.M.O.B. No 104, at para 17, in which the Registrar concluded that both TRAPMASTER and TRAP MAN Design have some degree of distinctiveness but both refer to their fields of interest, namely traps. The applicant alleges that the word MONSTER does not refer to a specific field of interest or any ware covered by the parties' trade-marks. Further, the applicant submits that the word MONSTER can mean "huge" but that it can also have several other meanings.

[32] Consequently, Hansen Beverage alleges that the Registrar erred in law when it considered the MONSTER ALLERGY trade-mark as being more distinctive than Hansen Beverage's MONSTER ENERGY trade-mark. Accordingly, Hansen Beverage claims that the Registrar should have concluded that both trade-marks possess a relatively similar inherent distinctive character to the extent that any idea the word MONSTER conveys to the consumer would be the same for both marks MONSTER ALLERGY and MONSTER ENERGY.

[33] The Court gives limited weight to Hansen Beverage's argument on this issue, because even if the Registrar's conclusions on this factor should have been that both trade-marks possess a relatively similar inherent distinctive character, it is just one factor that had to be considered together with others. More importantly, although it could be said that the word "MONSTER" can

have several meanings and suggest different ideas and images, the Court is of the view that the Registrar's finding that the word "MONSTER", as it relates to the beverage "MONSTER ENERGY", can mean "huge" and is somewhat indicative that these beverages will provide the user a lot of energy, is not unreasonable. The Registrar's decision on this point is therefore reasonable.

*2. Did the Registrar err by finding that only a limited portion of the wares covered by application No. 1,289,511 namely the Beverage wares, overlap with Hansen Beverage's wares and by limiting its conclusion regarding the potential overlap between the parties' channel of trade?*

[34] Hansen Beverage submits that the Registrar should have concluded that other non-beverage wares covered by application 1,289,511, such as food products, also overlap with Hansen Beverage's wares because they will often accompany a snack with a drink, especially energy or protein drinks.

[35] The Court cannot agree with Hansen Beverage because beverage wares and food wares belong to different categories although the channels of trade may overlap. Moreover, the Court is of the opinion that, in the case at bar, confusion is unlikely in this particular case because prospective customers cannot be confused if both trade-marks are related to different wares. The decisions referred to by Hansen Beverage cannot be of any assistance because the wares, contrary to the wares in this case, were not entirely dissimilar (*Kellogg Co. of Canada v. Cadbury Ltd.* (1978), 44 C.P.R. (2d) 80 (T.M.O.B.); *Anheuser-Busch Inc. v. Guangdong Cannery Guangzhon* (1996), 76 C.P.R. (3<sup>rd</sup>) 406 (T.M.O.B.)

[36] Moreover, given the evidence, it was not unreasonable for the Registrar to conclude that the potential overlap should be limited to beverages.

[37] The Registrar's decision thus falls within a range of possible, acceptable outcomes which are defensible in respect of the facts and the law (*Dunsmuir*).

[38] For the reasons above, this Court is of the view that the Registrar did not err in finding that there was no confusion between Hansen Beverage's MONSTER ENERGY mark and Rainbow's MONSTER ALLERGY trade-mark regarding the parties' wares other than those pertaining to beverages.

**JUDGMENT**

**THIS COURT ORDERS AND ADJUDGES that** the present appeal be dismissed with costs.

“Richard Boivin”

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Judge

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

**DOCKET:** T-523-10

**STYLE OF CAUSE:** HANSEN BEVERAGE COMPANY  
v. RAINBOW S.P.A.

**PLACE OF HEARING:** Montréal, Quebec

**DATE OF HEARING:** October 25, 2010

**REASONS FOR JUDGMENT:** BOIVIN J.

**DATED:** November 8, 2010

**APPEARANCE:**

Catherine Bergeron

FOR THE APPLICANT

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FOR THE APPLICANT