

Federal Court



Cour fédérale

Date: 20131030

Docket: T-1768-08

Citation: 2013 FC 1107

Ottawa, Ontario, October 30, 2013

PRESENT: The Honourable Madam Justice Tremblay-Lamer

BETWEEN:

CORTEFIEL, S.A.

Applicant

and

DORIS INC.

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] This is an application for judicial review of the decision of the Trade-marks Opposition Board, (the Board) dated September 10, 2008, wherein the Registrar refused the applicant's application for registration of the trade-mark WOMEN'S SECRET Design (the Mark) pursuant to s.38(8) of the *Trade-marks Act* (the Act) with respect to wares:

“(2) Clothing for women, namely, brassieres, body suits, teddies, corsets, bustiers (bodice), underwear combinations, underwear tops, undershirts, panties, tangas (g-string), panties (girdles), culottes, girdles, pyjamas, night-shirts (camisoles), dressing gowns, slippers, caps, bonnets, stockings (panties), mini stockings, socks, bikini, bathing suits, pareos (sarongs), shorts for swimming; footwear,

namely esparto shoes, sandals, bath slippers, beach shoes, boots for sports, slippers, gymnastic boots, sports shoes, espadrilles; headgear, namely, berets, caps, hats, bonnets, and bathing caps; (3) ... brassieres, body suits, teddies, corsets, bustiers (bodice), underwear combinations, underwear tops, undershirts, panties, tangas (g-string), panties (girdles), culottes, girdles, pyjamas, night-shirts (camisoles), dressing gowns, bathrobes, jackets, shirts, sweat shirts, trousers, leggings, shorts, overalls (dresses), skirts, slippers, caps, bonnets, stockings (panties), mini-stockings, socks, bikinis, bathing suits, pareos (saraongs), shorts for swimming.”

FACTS

[2] On November 15, 1999 Cortefiel, S.A. (the applicant) filed an application to register the trade-mark WOMEN'SSECRET, as illustrated:



women'ssecret

[3] The application was filed for a large number of wares including “(1) Bleaching preparations; scouring preparations; soaps ... (2) Clothing for women ... (3) Preparations for facial treatment ... brassieres, body suites, teddies, corsets ...”

[4] The bases of the application were for the registration and use of WOMEN'SSECRET in Spain for the wares marked (1) and (2) and the proposed use in Canada for the wares marked (3).

[5] The application was advertised in the *Trade-marks Journal* on March 26, 2003.

[6] On May 26, 2003, Doris Inc (the respondent) filed a Statement of Opposition with respect to the wares (2) and (3), known collectively as “clothing and intimate apparel”.

[7] The applicant filed a counter statement on January 22, 2004 in response.

[8] Both parties filed written arguments and were represented at an oral hearing before the Board.

THE IMPUGNED DECISION

[9] The Registrar refused the application with respect to the wares clothing and intimate apparel. She assessed six grounds of opposition:

- i. The Registrar rejected the ground that the application does not comply with the requirements of s. 30(e) of the Act in that the applicant did not intend to use WOMEN'S SECRET in Canada in association with the wares. The respondent did not discharge its evidentiary burden of showing that the applicant did not intend to use the Mark in Canada in association with the specific wares;
- ii. The Registrar rejected the respondent's argument that the application does not comply with the requirements of s.30(i) of the Act in that the applicant could not have been satisfied that it was entitled to use WOMEN'S SECRET in Canada in association with the wares in view of the prior use and registration of the respondent's trade-marks. The Registrar stated that this ground "should only succeed in exceptional cases such as where there is evidence of bad faith on the part of the applicant". However, the respondent did not allege that the applicant knew of the respondent's trade-marks or adopted WOMEN'S SECRET knowing that it was confusing with the respondent's trade-marks;

iii. The Registrar accepted that WOMEN'S SECRET was not registrable pursuant to s. 12(1)(d) of the Act because it was confusing with 53 registered trade-marks of the respondent, especially in relation to SECRET. The Registrar considered the test for confusion in light of s. 6(2) of the Act and took note of surrounding circumstances including those enumerated in s.6(5): "(a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known; (b) the length of time the trade-marks or trade-names 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 or trade-names in appearance or sound or in the ideas suggested by them". In particular, the Registrar found that the respondent's trade-mark was inherently distinctive; the applicant's wares were closely related to, "if not overlapping with," the respondent's wares (primarily hosiery); and the applicant's Mark was "in a fair degree of similarity ... in appearance, sound and idea suggested" to the respondent's trade-marks. The Registrar also held that the length of time the trade-marks have been in use under s.6(5)(b) favours the respondent when considering the registered wares corresponding to hosiery products and hosiery gloves, but that the respondent did not file any evidence of use with respect to other wares. The Registrar also considered additional circumstances in addressing s.12(1)(d): she found that the respondent established the existence of a family of trade-marks containing SECRET for women's intimate apparel and agreed that they had notoriety such that "consumers would probably believe that the identical or closely related wares associated with the Mark derive from the same source." Moreover, the Registrar rejected the applicant's argument that "secret" is such a

common trade-mark and trade-name in Canada in association with the wares that Canadians are used to distinguishing between different marks. The Registrar held that the evidence was insufficient to show that “secret” was commonly adopted by third parties in association with intimate apparel, and that even if it was sufficient the evidence was “outweighed by the existence of the SECRET Family of Trade-marks and the notoriety of [the] trade-mark SECRET in association with women’s intimate apparel.” The Registrar also found that the applicant failed to meet its onus of showing that WOMEN’S SECRET was not confusing in regards to other wares, such as swimwear, footwear and headwear;

- iv. The Registrar agreed with the respondent that the applicant was not entitled to registration of WOMEN’S SECRET pursuant to s.16(2)(a) and s.16(3)(a) of the Act because at the date of the filing the Mark was confusing with 41 trade-marks previously used in Canada by the respondent and/or its licensees. However, the Registrar found that the likelihood of confusion was only in respect of some wares, namely clothing and intimate apparel, and not footwear, headwear and swimwear/beachwear;
- v. Regarding the grounds of opposition made in relation to s.16(2)(b) and 16(3)(b), the Registrar dismissed the respondent’s claims for being improperly pleaded in that they misidentified the filing date; and
- vi. Finally, the Registrar accepted the respondent’s argument that WOMEN’S SECRET was non-distinctive only in relation to clothing and intimate apparel.

ISSUES

[10] The issues are as follows:

1. What is the standard of review?
2. Was the Registrar's decision reasonable?
 - (a) In particular, was it reasonable for the Registrar to find that there was a likelihood of confusion between WOMEN'S SECRET and the respondent's SECRET trade-marks within the scope of s.6 of the Act?
 - (b) Was it reasonable for the Registrar to find that WOMEN'S SECRET was not distinctive?

STANDARD OF REVIEW

[11] The applicant submits that the additional evidence and cross-examinations "significantly and substantially extends beyond the evidence that was before the Registrar." The applicant argues that the Court should thus proceed by way of a fresh hearing without deference to the Registrar's decision.

[12] The respondent takes the position that the additional evidence filed was not particularly new and would not have materially affected the Registrar's findings in any case.

[13] In addition, the respondent submits that even if the evidence is considered substantial, the Court must still defer to the Registrar (referring to *Mattel Inc v 3894207 Canada Inc*, 2006 SCC 22, [2006] 1 SCR 772 at paras 36-37, citing *Benson & Hedges (Canada) Ltd v St Regis Tobacco Corporation*, [1969] SCR 192 at 200).

[14] Subsection 56(5) of the Act provides that on appeal under s. 56(1) of the Act, additional evidence to that adduced before the Registrar may be filed and this Court may exercise any discretion vested in the Registrar.

[15] In *Molson Breweries, A Partnership v John Labatt Ltd*, [2000] 3 FC 145, 5 CPR (4th) 180 at para 51, the Federal Court of Appeal held that:

[h]aving 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.

(Emphasis added)

[16] The Federal Court has added that in determining whether new evidence would have materially affected the Registrar's findings of fact, the Court should ask "to what extent this evidence has a probative significance that extends beyond the material that was before the Registrar" (*Diamant Elinor Inc v 88766 Canada Inc*, 2010 FC 1184, [2010] FCJ No 1476 at para 43; *Spirits International BV v BCF s.e.n.c.r.l.*, 2011 FC 805, [2011] FCJ No 1008 at para 29).

[17] The Court emphasized that if the new evidence "adds nothing of significance, but is merely repetitive of existing evidence without enhancing its cogency, its presence should not affect the standard of review applied by the Court on the appeal" (*Garbo Group Inc v Harriet Brown & Co* (1999), 3 CPR (4th) 224, [1999] FCJ 1763 at para 37; *Spirits International*, above, at para 29).

[18] However, before the Court can decide whether it should review the whole matter anew or simply review the decision for reasonableness, the Court must first examine the new evidence that has been brought forward as part of the appeal (*Advance Magazine Publishers Inc v Farleyco Marketing Inc*, 2009 FC 153, [2009] FCJ No 198 at para 87).

[19] Pursuant to s. 56(5) of the Act, both the applicant and respondent filed new evidence. The applicant filed the affidavit of Michael Stephan, Senior Investigator at King Reed & Associates Inc; the affidavit of Hala Tabl, a summer student with the applicant's counsel; and the affidavit of Anthony Benevides, Law Clerk for the applicant's counsel which contains a copy of the file history of the Canadian trade-mark application no. 1,036,028 for WOMEN'S SECRET.

[20] The Stephan affidavit provides new evidence of third-party use of "secret(s)" from November 2008 to January 2009: the retail store in Toronto called Secret From Your Sister was selling women's lingerie, bras, panties, sleepwear, maternity wear and stockings, and allegedly affixing a label with the store's name to the products; Walmart in Mississauga was selling women's underclothing with the trade-mark HER SECRET affixed on the packaging; and Victoria's Secret was selling products through its website with four trade-marks containing "secret".

[21] In addition, the Stephan affidavit highlights numerous online retail stores selling lingerie to Canadian customers with products bearing trade-marks with "secret(s)", or with "secret(s)" in the name of the stores: for example, Fresh Pair sold lingerie with the trade-mark OLGA SECRET HUG; Bare Necessities sold lingerie with the trade-mark PLAYTEX SECRETS; Secret Lingerie

sold lingerie products through www.secretlingerie.org while the sites www.eBay.ca and www.secretlingerie.ca sold bras with the trade-mark SECRET TREASURES.

[22] The Stephan affidavit also contains excerpts from Victoria's Secret catalogues (1987; 1992-2009) and the 2008 catalogue from the Canadian women's lingerie retailer, La Senza, documenting the use of the trade-mark FLIRTY LITTLE SECRET.

[23] The Tabl affidavit also provides new evidence including the applicant's operation of websites, available to Canadians, using WOMEN'S SECRET to sell sleepwear, footwear, swimwear and intimate apparel; printouts of the applicant's corporate website which document news on its brands like WOMEN'S SECRET; printouts of www.womensecret.com which include examples of the use of the Mark in association with women's wear; and excerpts from catalogues of women's wear items displayed in association with WOMEN'S SECRET.

[24] The respondent also filed two additional affidavits of Michael Poirier, who was cross-examined on both.

[25] The first Poirier affidavit documents the licenses that Doris has granted to Doris Intimates Inc and Lingerie Féminine Doris Inc (Doris Intimates) for use of the SECRET family of trade-marks in Canada in association with intimate apparel. It specifies that pursuant to the licensing arrangement, Doris controls the character and quality of SECRET products bearing the licensed trade-marks in Canada and provides an example of the typical terms and conditions contained in license agreements. These include the requirement that products meet quality standards set by

Doris; that samples of products, packaging and promotional material be submitted; and that each product bearing SECRET trade-marks include a statement that the trade-mark is used under license. The Poirier Affidavit also provides the estimated retail sales of SECRET products sold in association with trade-marks in Canada (2004-2009) and a sample of invoices (2004-2010).

[26] The second Poirier affidavit states that Doris started using the trade-mark SECRET in association with women's hosiery in 1967; provides additional samples of packaging and financial information of sales including a breakdown according to types of hosiery; and gives further information about Doris' advertising and promotion of SECRET products in Canada. Moreover, it identifies the opposition and action that Doris has taken against third party usage of trade-marks containing "secret(s)" in the Federal Court and in opposition proceedings against registration applications.

[27] In addition, documents were produced as a result of the Poirier cross-examination. These included a license agreement between Doris and Doris Intimates, entered into on May 3, 2011, for use of a SECRET family of trade-marks in association with women's intimate apparel in Canada and agreements between Doris and third-parties regarding the word "secret(s)" in third-party marks.

[28] After careful review of the additional evidence, I am of the opinion that it would not have materially affected the Registrar's assessment of s.12(1)(d).

[29] First, the Tabl affidavit indicates that the applicant operated its website, www.womensecret.com, using WOMEN'S SECRET which was accessible from Canada in association with the wares.

[30] However, I agree with the respondent that there is no evidence as to the extent to which this website has been accessed by Canadian consumers. The website does not appear to target Canadian consumers: prices are quoted in Euros; there is no mention of Canada, Canadian franchises or shipping to Canada. Thus this new evidence is not compelling, and in my view would not have materially affected the Registrar's assessment.

[31] Second, according to the Stephan affidavit, numerous third-party uses of "secret(s)" indicate that the respondent lacked diligence in protecting its SECRET trade-marks. I disagree.

[32] To the contrary, the respondent's new evidence strengthens the respondent's claim that it protected its trade-marks: it identifies actions brought in the Federal Court against Secrets From Your Sister, V Secret Catalogue, Inc, Victoria's Secret Stores, Inc, and Victoria's Secret Catalogue, Inc; opposition proceedings against trade-mark applications including VICTORIA'S SECRET, VICTORIA'S SECRET & Design, ANGELS'S BY VICTORIA'S SECRET; the withdrawal of the trade-mark application by PLAYTEX SECRET; and the abandonment of OLGA SECRET HUG's application during opposition proceedings. In addition, the opposition and action were settled with an agreement between Doris and Victoria's Secret, dated March 2000, which reportedly restricted Victoria's Secret from selling through third-party outlets.

[33] Overall, in my opinion, the additional evidence is largely repetitive and does not enhance the cogency of the evidence.

[34] Since this is not a *de novo* hearing, the proper standard of review is reasonableness, as per *Dunsmuir v New Brunswick*, 2008 SCC 9, [2008] 1 SCR 190 at para 47.

2. Was the Registrar's decision reasonable?

[35] Prior to specifically discussing whether it was reasonable for the Registrar to find that there was a likelihood of confusion between WOMEN'S SECRET and the respondent's marks, and that WOMEN'S SECRET was not distinctive, I will discuss some "errors" allegedly made by the Registrar in refusing the application. At the outset of the hearing the applicant raised the alleged errors. As I explain below, I disagree with all of them.

[36] First, the applicant submits that the Registrar failed to take into consideration the initial approval of the application for publication in the *Trade-marks Journal for Opposition* as a potentially relevant surrounding circumstance. In his oral submissions, he cites *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27, [2011] 2 SCR 387 as authority for the proposition that the Registrar should have considered the initial impression of the Trade-marks Examiner, and the existence of other marks containing "secret" that were on registration at the same. In *Masterpiece*, a case involving an application to expunge a registration, Rothstein J, at paragraph 110, identified that "another potentially relevant surrounding circumstance" to the confusion analysis was the refusal of the Registrar.

[37] However, in my opinion, there is no obligation for the Registrar to expressly consider the initial approval, or disapproval, of the Examiner. *Masterpiece* is clearly distinguishable: Rothstein J's comments relate to the obligation of the trial judge to acknowledge the Registrar's finding, not the Examiner's finding.

[38] The Registrar, in an opposition proceeding before the Trade-marks Opposition Board, is not required to give consideration or deference to the Examiner because the onus and evidence before an Examiner differs from that in an opposition proceeding. As correctly stated by the Registrar in *Lutron Electronics Co v Lutron Distributors Ltd*, 2013 TMOB 129, 2013 COMC 129 at para 59:

a decision by the examination section of the Trade-marks Office is not binding on this Board and does not have precedential value for this Board given that the examination section does not have before it evidence that is filed by the parties in an opposition proceeding. Furthermore, the burden on an applicant differs whether the application is at the examination stage or at the opposition stage.

[39] The Board has consistently refused to accord weight to the decision of the Examiner in numerous other decisions, including *Effigi Inc v Major League Lacrosse LLC*, 2012 TMOB 134, 2012 COMC 134; and *Hot Stuff Foods LLC v Maple Leaf Foods Inc*, 2012 TMOB 30, 2012 CarswellNat 538.

[40] This difference is found in the Act which provides, for example, that the Registrar must give an applicant adequate opportunity to answer objections before refusal and application (s.37(2)); the opponent and applicant must be given an opportunity to submit evidence and make representations in an opposition proceeding (s.38(7)); and the Registrar must consider all the evidence and representations of the opponent and applicant in coming to his or her decision (s.38(8)).

[41] I also disagree with the applicant's submission that the Registrar erred in finding that websites, including Canada411.com and the official sites of Victoria's Secret and Secrets From Your Sister, were unreliable.

[42] In regard to the online telephone directory found at Canada411.com, the Registrar considered the evidence submitted by the applicant that the directory's list of 21 third parties use "secret(s)" in their names, but found it unreliable in the case at hand. She distinguished *Vision-Care Ltd v Hoya Corp*, 7 CPR (4th) 331, [2000] TMOB No 86, a decision from the Trade-marks Opposition Board, which neither the Registrar nor this Court are bound to follow.

[43] In addition, she rejected, as hearsay, the only evidence submitted to show that retailers named in the directory used a trade-mark with "secret(s)" in association with the wares. Similarly, I agree with the respondent's retort that the list is only a series of business names and the broad category "lingerie retail" which gives no information as to use and its specific link to wares.

[44] Regarding the other sites, the applicant points to my findings in *ITV Technologies, Inc v WIC Television Ltd*, 2003 FC 1056, [2003] FCJ No 1335 as authority for the reliability of websites in certain circumstances.

[45] While I agree with the applicant that the use of trade-marks containing "secret" by Victoria's Secret on its website could be reliable, as I caution in that decision, the evidence cannot be interpreted, on its own, as showing that the website was accessed or known by Canadians at the relevant time (*ITV Technologies*, above, at para 22). This is what the Registrar correctly cautioned

against: her finding that “the content of the website does not constitute reliable evidence of use of the trade-mark VICTORIA SECRET in Canada” is in response to the applicant’s claim that the brand is known in Canada in association with intimate apparel.

[46] Moreover, I also note that the Registrar stated that even if she was wrong to find that the evidence is insufficient to reach the conclusion that SECRET is frequently used as a part of a trade-mark or trade-name in Canada in association with the wares, it would still be “outweighed by the existence of the SECRET Family of Trade-marks and the notoriety of [the] trade-mark SECRET in association with women’s intimate apparel.” Thus the decision shows the bases of her decision and the strong weight given to notoriety of SECRET in relation to the other considerations.

[47] The applicant also submits that the Registrar erred in accepting that the respondent’s evidence establishes the existence of a family of trade-marks containing “secret” for women’s intimate apparel as additional circumstances under s.6. The applicant argues that the respondent submitted no evidence, other than examples of products’ packaging, to prove that other marks with “secret” were ever used. For example, the respondent’s financial data does not break sales down according to their mark.

[48] However, in my opinion, the Registrar was reasonable in weighing the respondent’s evidence and concluding that “the evidence before me suggests that consumers are sufficiently familiar with the [respondent’s] trade-mark SECRET and that consumers would probably believe that the identical or closely related wares associated with the mark derive from the same source.” The Registrar did not err in relying on the Hansen affidavit which described how the respondent has

adopted a series of trade-marks incorporating “secret” with other words and expanded its product line. She also refused to consider trade-marks registered after the filing of the Hansen affidavit as the part of the SECRET family of trade-marks.

[49] Finally, I reject the applicant’s submission that the Registrar made a reviewable error in law by “over-examining” the Mark WOMEN’SSECRET. The applicant argues that the Registrar failed to follow Rothstein J’s directions in *Masterpiece* where he stated, at paragraph 83, that a mark should be considered “as it is encountered by the — as a whole, and as a matter of first impression.” On the other hand, he emphasized that “[n]either an expert, nor a court, should tease out and analyze each portion of a mark alone.”

[50] It is clear from the decision that the Registrar analyzed the Mark as a whole in finding that the “ordinary consumers will react to the Mark by thinking of the ordinary words “women’s secret”. Therefore, the fact that the applicant has telescoped the two words is of little consequence”. The Registrar’s finding that WOMEN’SSECRET and SECRET are similar because the Mark includes the entirety of the registered trade-mark and because “secret” is the most distinctive feature of the Mark does not constitute a reviewable error. Rather, this provides a further explanation of her more general analysis of an ordinary consumer’s reaction to WOMEN’SSECRET as a whole.

[51] Moreover, her analysis is not unlike the more detailed examination undertaken by the Supreme Court of Canada, at paragraph 84 of *Masterpiece* in finding that the word “Masterpiece” was the distinctive component of the mark, as opposed to the word “Living”. Justice Rothstein confirmed that “considering a trade-mark as a whole does not mean that a dominant component in a

mark which would affect the overall impression of an average consumer should be ignored This is because, while the consumer looks at the mark as a whole, some aspect of the mark may be particularly striking”.

- (a) **Was it reasonable for the Registrar to find a reasonable likelihood of confusion between WOMEN’SSECRET and the respondent’s SECRET trade-marks within the scope of s.6 of the Act?**

Applicant’s arguments

[52] The applicant submits that WOMEN’SSECRET is not likely to be confused with the respondent’s trade-marks. “Secret(s)” is commonly adopted in Canada in association with intimate apparel and lingerie and the use of “secret(s)” is “a highly relevant factor in determining the likelihood of confusion” (citing *Boston Pizza v Boston Chicken Inc*, 2001 FCT 1024, [2001] FCJ No 1407 at paras 74).

[53] The applicant also submits that a trade-mark owner must aggressively protect its trade-mark rights or lose them. Thus, according to the applicant, the respondent acquiesced in the use of SECRET(S) by third-parties by knowingly allowing third-party marks to coexist on the market place with the Doris marks. The respondent also acquiesced by failing to properly monitor the quality and character of wares manufactured and sold in association with its SECRET trade-marks. This “resulted in Canadian consumers being conditioned to look for other elements of a mark such as design and words to distinguish WOMEN’SSECRET from other third-party SECRET(S) formative marks and trade-names including those of Doris.”

[54] In addition, the applicant submits that there have been no instances of actual confusion since the applicant has used WOMEN'S SECRET on its website in association with clothing and intimate apparel available to Canadian consumers since at least 2008 or May 2009.

Respondent's arguments

[55] The respondent submits that the applicant failed to establish that there was no reasonable likelihood of confusion with respect to the wares.

[56] With respect to the first factor set out in s. 6(5)(a) of the Act, the respondent submits that the SECRET trade-mark possesses a high degree of inherent distinctiveness. Furthermore, the applicant's Mark cannot be assessed for distinctiveness given the limited evidence of the matter in which the trade-mark would be used in Canada, including information such as the extent to which the applicant's website has been accessed by Canadian consumers or how it is targeted to Canadians.

[57] As to the second factor, length of time in use, the applicant failed to show any compelling use of WOMEN'S SECRET in Canada. In contrast, the respondent adopted its SECRET trade-mark over four decades ago and provided evidence of substantial advertising and promotional expenses as well as annual sales.

[58] With regard to the third factor, the respondent submits that the nature of the wares are identical in many respects.

[59] With respect to the fourth factor, there is no evidence to show that the nature and channels or the trade or the customers of the parties would be distinguishable. As the respondent argues, although the applicant did not file any evidence describing the channels of trade it uses or would use, “it is fairly likely that the wares that could be distributed through such channels of trade would be overlapping, if not identical, to [those] currently used by Doris Hosiery and its licensees.”

[60] Finally, as to the fifth criteria, the respondent submits that there is a high degree of resemblance between the marks. WOMEN’S SECRET includes the entirety of the respondent’s SECRET mark and all the marks included in the respondent’s SECRET family of trade-marks use the word “Secret”, sometimes in combination with other words.

Analysis

[61] In my opinion the applicant has not discharged its burden of proving that the Registrar was unreasonable in finding that WOMEN’S SECRET is confusing with the respondent’s SECRET trade-mark and family of trade-marks.

[62] As the Supreme Court of Canada stated in *Veuve Clicquot Ponsardin v Boutiques Cliquot*

Ltée, 2006 SCC 23, [2006] 1 SCR 824 at paras 18-20,

Confusion is to be understood ...in a special sense. Parliament states in s. 6(1) that confusion occurs

if the use of the [appellant’s] trade-mark or trade-name would cause confusion with the [respondents’] trade-mark or trade-name in the manner and circumstances described in this section.

Such confusion occurs, we learn in s. 6(2)

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.

The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry.

[63] The assessment should consider all the surrounding circumstances including, but not limited to, the five criteria enumerated in s.6(5) of the Act (*ibid* at para 21). The Supreme Court emphasized that “[t]he list of circumstances is not exhaustive and different circumstances will be given different weight in a context-specific assessment.” (*ibid*)

[64] As discussed in the analysis on the standard of review above, I do not believe that the additional evidence before the appeal would have materially changed the Registrar’s decision.

[65] In my opinion the Registrar assessed all the pertinent circumstances and her finding that WOMEN’S SECRET is confusing was reasonable.

[66] Case law establishes that considerable deference is owed to the Registrar in balancing the factors set out in s.6(5) of the Act. As the Federal Court held in *Classic Door & Millwork Ltd v Oakwood Lumber & Millwork Co*, “[e]ach of these criteria need not be given equal weight, as the significance of those factors may far outweigh that of the others” ((1995), 63 CPR (3d) 337, [1995] FCJ No 1099 at para 13).

[67] In particular, based on the overall similarities of the marks including the common element of “secret”; the insignificant novelty in the mark and its design, including its generic first word “women” and the little difference of telescoping “women” and “secret”; as well as the notoriety of the respondent’s marks, there is a significant likelihood that the average consumer, somewhat in a hurry, would think that the wares offered by the applicant in association with WOMEN’SSECRET are from the respondent.

[68] In considering additional circumstances under s.6 of the Act, there is no evidence that the Registrar weighed the notoriety of the respondent’s trade-marks and common use of “secret” unreasonably.

[69] Thus, the decision of the Registrar satisfied the *Dunsmuir* criteria of “justification, transparency and intelligibility” (at para 47).

(b) Was it reasonable for the Registrar to find WOMEN’SSECRET distinctive?

Applicant’s arguments

[70] The applicant submits that WOMEN’SSECRET is distinctive in respect to clothing and intimate apparel. In particular, the first part of the Mark is “women’s” and combined with “secret” to form a new single word.

[71] Furthermore, the respondent “knowingly undermined the distinctiveness of its SECRET Trade-marks”. In particular, the respondent failed to monitor or police the market as to third-party

use of SECRET(S) marks. The acquiescence and open use of “secret(s)” by numerous third-parties means that the marks will be distinguishable with even small difference.

[72] The applicant further submits that the respondent failed to comply with s.50 of the Act in not providing evidence of quality control. This undermines the respondent’s claim to the distinctiveness of SECRET trade-marks and family of trade-marks.

[73] The applicant argues that the respondent licensed other entities like S.O.X Manufacturing and Medifit Marketing Inc as well as the related companies like Doris Intimates to manufacture products bearing its mark but failed to exercise quality control over the character and quality of products as required by s.50 of the Act.

[74] Thus the Court should take an adverse inference of a breach of s. 50 in view of the respondent’s lack of evidence on quality control and hold that the use of the marks by the respondent’s related companies should not be attributed to the respondent.

[75] The applicant points to the respondent’s failure to provide any evidence regarding the quality standards and inspections of products bearing the Licensed SECRET marks, samples of products and product packaging, labelling and/or promotional materials. The use of the marks by entities like Doris Intimates therefore should be considered equal to third party use, thereby undermining the respondent’s distinctiveness.

Respondent's arguments

[76] The respondent submits that WOMEN'S SECRET is not distinct because it does not distinguish itself, nor is it adapted to distinguish the applicant's wares from the respondent's SECRET product and licensed SECRET products.

[77] Rather, the extensive use, advertisement and promotion of the respondent's trade-mark and family of trade-marks show that they are distinctive of the respondent (citing *Manufacturiers de bas de nylon Doris Lteé v Warnaco Inc*, 2004 FC 1781, [2004] FCJ No 2174).

[78] Moreover, the respondent contends that it has not lost the distinctiveness of SECRET trade-marks and family of trade-marks by the use of "secret" by third-parties. It has been extremely vigilant in protecting its SECRET trade-mark and SECRET family of trade-marks.

[79] Furthermore, the respondent submits that it meets the conditions of s.50. Thus the use of the licensed SECRET trade-marks by Doris Intimates should benefit the respondent.

[80] In particular, evidence shows that there is a close relationship between the respondent and Doris Intimates; the existence of an oral, and subsequently a written licensing agreement; the packaging of Doris Intimates says licensed SECRET products; and direct control of marketing of products.

Analysis

[81] In my opinion, the Registrar's decision was reasonable in finding that WOMEN'S SECRET is not distinct and that the respondent sufficiently protected its marks against intrusion of other marks using "secret(s)".

[82] For the distinctiveness ground of opposition to succeed, the respondent must show that as of the filing of the statement of opposition, its trade-mark had become sufficiently known to negate the distinctiveness of WOMEN'S SECRET.

[83] The Registrar found that the respondent met this initial burden by showing that its trade-mark SECRET had become known as of the material date in association with clothing and intimate apparel.

[84] The applicant has not provided new evidence showing that it used WOMEN'S SECRET in association with the applied-for-wares as of May 26, 2003.

[85] In regard to the respondent's protection of its trade-marks, the Registrar also rejected the applicant's submission that the respondent's marks lost their distinctiveness for failing to protect their trade-marks.

[86] The Registrar accepted the Poirier affidavit as evidence that the respondent "has been vigilant in its efforts to protect and enforce its rights." (Registrar's emphasis)

[87] Moreover, the Registrar rejected the applicant's submission that a negative inference regarding the distinctiveness of the SECRET trade-marks should be drawn from the respondent's behaviour, including Mr. Poirier's refusal to divulge why the Opponent withdrew its oppositions to Walmart Stores, Inc's and to V Secret Catalogue, Inc's applications. As stated above, the new evidence strengthens the respondent's claim that it protected its trade-marks. In particular, the second and third Poirier affidavits indicate that the respondent filed actions in the Federal Court against third-parties including Secrets From Your Sister, V Secret Catalogue, Inc, Victoria's Secret Stores, Inc, and Victoria's Secret Catalogue, LLC. The respondent also filed opposition proceedings against trade-mark applications.

[88] While I recognize that the respondent has not challenged all the third parties using "secret(s)," the Registrar was reasonable in finding that the evidence suggested reasonable diligence on the part of the respondent in protecting its marks so as to avoid undermining their distinctiveness. The new evidence does not alter this.

[89] In regard to the exercise of control over licensed entities pursuant to s.50, I believe that the respondent has also provided evidence of control over the character and quality of the wares.

[90] Pursuant to s.50 of the Act, a trade-mark license may be granted by the trade-mark owner. If an entity is licensed by the owner of the trade-mark to use the trade-mark and the owner has the direct or indirect control of the character or quality of the wares, the use of the trade-mark by that licensed entity is deemed to be used by the owner.

[91] Control in this context is important to prevent loss of distinctiveness of the mark (Martin P.J. Kratz, *Canada's Intellectual Property Law in a Nutshell*, Second Edition (Carswell: 2010) at 143).

[92] In my opinion, the respondent provided sufficient evidence that it has licensed its marks properly by monitoring the quality and character of the wares manufactured and sold in association with its SECRET trade-marks. For example, the cross-examination of Mr. Poirier, dated July 9 and 12, 2012, specifies that there is a quality control department which ensures quality standards.

[93] Moreover, the respondent states that the packaging of licensed SECRET products specify that Doris Intimates was using the licensed SECRET trade-mark under license from the respondent. The Federal Court has held that writing appearing on packaging which describes the identity of the owner of the mark and the fact the label is licensed constitutes public notice within the meaning of s.50(2) of the Act, thus triggering the presumption that the use is licensed by the owner of the trade-mark and the character or quality of the wares is under the control of the owner (*Culinar Inc v National Importers Inc* (2005) FC 1460, 2005 CarswellNat 3994 at paras 45-47).

[94] As the Supreme Court of Canada held in *Newfoundland and Labrador Nurses' Union v Newfoundland and Labrador (Treasury Board)*, courts owe deference to the decision-maker "in assessing whether the decision is reasonable in light of the outcome and the reasons" (2011 SCC 62, at para 15, [2011] 3 SCR 708). The reasons of the decision-maker, as well as the result under a reasonableness analysis, will still be valid even if they do not include everything that would have been preferably incorporated. Rather, Abella J. emphasized, at paragraph 16 of the judgment, that the *Dunsmuir* criteria are met "if the reasons allow the reviewing court to

understand why the tribunal made its decision and permit it to determine whether the conclusion is within the range of acceptable outcomes” (emphasis added).

[95] For these reasons, this application for judicial review is dismissed with costs.

JUDGMENT

THIS COURT'S JUDGMENT is that:

This application for judicial review is dismissed with costs.

"Danièle Tremblay-Lamer"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

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**REASONS FOR JUDGMENT
AND JUDGMENT:**

TREMBLAY-LAMER J.

DATED: OCTOBER 30, 2013

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