

Federal Court



Cour fédérale

Date: 20170329

Docket: T-911-15

Citation: 2017 FC 327

Ottawa, Ontario, March 29, 2017

PRESENT: The Honourable Madam Justice Mactavish

BETWEEN:

HEATHER RUTH MCDOWELL

Applicant

and

LAVERANA GmbH & Co. KG

Respondent

JUDGMENT AND REASONS

[1] Heather Ruth McDowell appeals from a decision of the Registrar of Trade-marks sitting as the Trade-marks Opposition Board, rejecting her opposition to the registration of the “HONEY MOMENTS” trade-mark by the respondent, Laverana GmbH & Co KG [Laverana] for use in relation to a number of personal care, pharmaceutical and cosmetic products.

[2] Ms. McDowell asserts that the Board erred in finding that the HONEY MOMENTS mark would be confusing with her own “HONEY” trade-marks, and she has provided substantial new

evidence to support her claim of confusion. Although counsel appeared for Laverana in this appeal, it has chosen not to participate in the proceeding and it did not appear at the hearing.

[3] For the reasons that follow, I have concluded that the appeal should be allowed.

I. Background

[4] Ms. McDowell is the registered owner of the “HONEY” word mark and the design mark depicted below:



[5] Ms. McDowell’s two trade-marks (the HONEY marks) are licenced to corporations that operate HONEY branded retail outlets through which she sells HONEY brand clothing, footwear, jewellery, fashion accessories, watches, hair accessories and cosmetics bearing the HONEY marks.

[6] On April 26, 2010, Laverana (a German cosmetics manufacturer) applied to register the trade-mark “HONEY MOMENTS”. The application was filed based on proposed use in Canada in connection with a variety of goods and services, including perfumery goods, essential oils, cosmetics, sun care preparations, foot care preparations, foot creams and lotions, exfoliants, body care products, hair care products, baby and infant care products, grooming products for men,

deodorants and antiperspirants, and products for oral hygiene (not for medical purposes).

Laverana also proposed to use the HONEY MOMENTS mark in Canada in connection with retail store services.

[7] Ms. McDowell opposed the registration of the HONEY MOMENTS mark on a number of bases. She submitted that:

- (a) the HONEY MOMENTS mark is likely to result in confusion with her trade-marks HONEY and HONEY & Design (section 16 of the *Trade-marks Act*, R.S.C, 1985, c. T-13);
- (b) the HONEY MOMENTS mark is not registrable pursuant to subsection 12(1)(d) of the Act because it is confusing with Ms. McDowell's registered trade-marks;
- (c) the HONEY MOMENTS mark is not distinctive and is incapable of being distinctive;
- (d) Laverana could not have been satisfied under section 30(i) of the Act of its entitlement to use the HONEY MOMENTS mark because a search of the Register or a common law search would have located Ms. McDowell's HONEY and HONEY and Design marks; and
- (e) Laverana has not used the HONEY MOMENTS mark in Germany as alleged, or if the mark was or is in use in Germany, such use was by a third party and does not comply with the requirements of section 50 of the Act.

II. The Board's Decision

[8] The Board rejected Ms. McDowell's opposition. It summarily dismissed her opposition based on section 30 of the Act, as there was no allegation or evidence of bad faith on the part of Laverana, and the goods filed for on the basis of prior use in Germany had since been deleted from the Canadian application. The Board also summarily rejected Ms. McDowell's opposition based on sections 16 and 2 of the Act on the basis that she had not met her initial evidentiary burden of demonstrating that her HONEY marks had been used or made known in Canada as of the applicable material dates.

[9] Ms. McDowell had also asserted that Laverana's HONEY MOMENTS mark was not registerable in Canada because it was confusing with her registered HONEY marks, contrary to paragraph 12(1)(d) of the Act. In determining that Ms. McDowell had not established on a balance of probabilities that there was a likelihood of confusion between Laverana's HONEY MOMENTS mark and her HONEY marks, the Board had regard to the test for confusion set out in subsection 6(2) of the Act. That is, the question is whether the use of a trade-mark will cause 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 goods or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class".

[10] Insofar as the inherent distinctiveness of the marks was concerned, the Board noted that both parties had argued that their marks were inherently distinctive as there was no evidence that honey was an ingredient in the goods of either party. The Board nevertheless found that neither the HONEY nor HONEY MOMENTS trade-marks have a high degree of inherent

distinctiveness since the word “honey” has a laudatory connotation as a term of endearment, or as indicating something sweet or sweetness, and that trade-marks with laudatory connotations are typically considered to be weak trade-marks.

[11] In considering the degree of resemblance between the marks, the Board accepted that the first portion of a trade-mark is usually considered to be important in assessing the likelihood of confusion, but that the preferable approach is to determine whether an aspect of a trade-mark is particularly striking or unique. The Board found that neither of the components HONEY or MOMENTS was particularly striking as they are ordinary English words, and that the striking and unique aspect of the HONEY MOMENTS mark is that it is comprised of two components that do not typically appear together.

[12] The Board also found that when the HONEY MOMENTS mark was considered as a whole, the suffix MOMENTS diminished the degree of resemblance in sound and appearance between the parties’ marks. In the Board’s view, the trade-marks were also distinguishable in terms of the ideas that they suggested. It found that HONEY MOMENTS is suggestive of “a sweet or delightful time” which is not an idea suggested by Ms. McDowell’s HONEY marks. In the absence of evidence as to the use of her HONEY marks, the Board did not accept Ms. McDowell’s submission that consumers would understand that the use of the word “MOMENT” would suggest the time when, or after, one uses HONEY brand products.

[13] Insofar as the extent to which the marks had been in use and had become known was concerned, the Board found that these factors did not favour one side over the other as no evidence had been provided with respect to the use of either party’s trade-marks beyond the

declaration of use filed by Ms. McDowell in relation to her opposition. According to the Board, this only supported a conclusion that there was *de minimis* use.

[14] The Board did find that the nature of the goods associated with the marks in issue favoured Ms. McDowell, as many of the goods identified in Laverana's trade-mark application appeared to target similar consumers as those targeted by Ms. McDowell's products. It was, moreover, reasonable to infer that the channels of trade for the two sets of products would be identical or very similar.

[15] The Board accepted Ms. McDowell's assertion that word marks are entitled to a broad scope of protection and that there is no inherent restriction on how a mark may appear once it has been registered. However, the Board found that this principle did not automatically result in there being a likelihood of confusion. The Board noted that there are seven owners who had 10 registered trade-marks that included HONEY as a dominant component for use in cosmetics, personal care products, hair care products, and other similar products. While agreeing with Ms. McDowell that the state of the Register evidence was insufficient to find that HONEY-prefixed marks had become commonly adopted, the Board nevertheless inferred that she did not have a monopoly over the use of the word HONEY in the personal and hair care products sector. This factor was thus found to slightly favour Laverana.

[16] Having considered all the relevant surrounding circumstances, the Board concluded that Laverana had discharged its burden to prove, on a balance of probabilities, that there was no likelihood of confusion between its HONEY MOMENTS mark and Ms. McDowell's HONEY marks. While the parties' goods may overlap and their channels of trade may be the same, the Board nevertheless concluded that the limited ambit of protection afforded to Ms. McDowell's

laudatory mark, coupled with the state of the Register evidence, the lack of evidence regarding Ms. McDowell's use of the HONEY marks and the difference in the appearance, sound and idea suggested by the marks was sufficient to find in Laverana's favour. Ms. McDowell's opposition was thus dismissed.

III. The Issues

[17] Ms. McDowell's appeal raises two issues. I must first determine the standard of review to be applied to the decision under appeal in light of the new evidence that has been adduced by Ms. McDowell. I must then determine whether the evidence establishes that there is a reasonable likelihood of confusion between Ms. McDowell's HONEY marks and Laverana's HONEY MOMENTS mark.

[18] Ms. McDowell does not take issue with any of the material dates that were identified by the Board as being applicable to her grounds of opposition.

IV. The Standard of Review

[19] The standard of review identified in *John Labatt Limited v. Molson Companies Limited* (1990), 30 C.P.R. (3d) 293, 36 F.T.R. 70 (F.C.T.D.), aff'd 42 CPR (3d) 495 (FCA), [1992] F.C.J. No. 525 and *Molson Breweries, a Partnership v. John Labatt Ltd.* (2000), 5 C.P.R. (4th) 180 at 196, [2000] 3 F.C. 145 applies to appeals under section 56 of the *Trade-marks Act* from decisions of the Registrar of Trade-marks sitting as the Trade-marks Opposition Board.

[20] That is, where no new evidence is filed on the appeal, or where the new evidence would not have materially affected the Board's findings of fact, or the exercise of discretion, the test is whether the Board was clearly wrong. However, where additional evidence is filed on the appeal

that would have materially affected the Board's findings of fact or law, or the exercise of discretion, the test is one of correctness. Although not an entirely apt description, some cases refer to this as a hearing *de novo*. In such cases, the Court is entitled to substitute its opinion for that of the Board.

[21] That said, while new evidence can “undermine the factual substratum of the Board’s decision and thus rob the decision of the value of the Board’s expertise”, this does not “eliminate the Board’s expertise as a relevant consideration”: *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22 at para. 37, [2006] S.C.J. No. 23.

[22] In deciding whether the impact of this new evidence is sufficient to warrant a review on the standard of correctness, I am guided by the comments in *Garbo Group Inc. v. Harriet Brown & Co.*, (1990), 3 C.P.R. (4th) 224, [1999] F.C.J. No. 1763. There, Justice Evans noted that in assessing the impact that additional evidence will have for the standard of review, the question is the extent to which the additional evidence has a probative significance that extends beyond the material that was before the Board. If the new evidence adds nothing of significance, but is merely repetitive of existing evidence without enhancing its cogency, the test will be whether the Board was clearly wrong. However, if the new evidence would have materially affected the Board’s findings of fact or law, the Board’s decision must be reviewed in light of all the evidence - both new and old, and the Court must come to its own conclusion: *Laverana GmbH & Co. KG v. McDowell*, 2016 FC 1276 at para. 13, [2016] F.C.J. No. 1287, *Shell Canada Ltd v P.T. Sari Incofood Corp.*, 2008 FCA 279 at para 22, [2008] F.C.J. No. 1320.

[23] Ms. McDowell has filed a substantial amount of new evidence that primarily addresses the extent to which she has used her HONEY marks in Canada. Keeping in mind that the Board

noted in several instances that the lack of evidence regarding the use of Ms. McDowell's HONEY marks played a material role in its findings, and having carefully reviewed her new evidence relating to the issue of use, I am satisfied that this new evidence would have materially affected the Board's findings of fact. Consequently I am prepared to consider the matter *de novo*, while still taking the Board's decision into account as a relevant consideration.

V. The New Evidence

[24] Ms. McDowell has provided a 243-page affidavit in support of her appeal in which she sought to remedy the gaps in the evidence that were identified by the Board. In it, she provides substantial evidence regarding the use of the HONEY marks that speaks to the extent of the reputation and goodwill associated with the HONEY marks in Canada.

[25] Ms. McDowell asserts that her HONEY marks have been in continuous use since 2003, when she opened her first retail outlet in North Toronto. She currently operates five retail locations selling clothing, footwear, jewellery, fashion accessories, watches, hair accessories and cosmetics bearing the HONEY marks.

[26] Ms. McDowell states that she is the principal buyer for her stores. She describes the care that she takes in purchasing goods to be sold in her stores, explaining that she carefully examines samples of the goods that she is considering purchasing for sale under her HONEY marks in order to ensure that they meet her quality standards. Ms. McDowell further describes the steps that she takes to ensure that the retail services provided in her stores are of a high quality.

[27] According to Ms. McDowell's affidavit, in addition to being affixed to the goods in her stores, the HONEY marks are prominently displayed on in-store and outdoor signage and the

marks are also used in advertising and promotion, as well as on stickers, business cards, postcards, gift certificates and cards, shopping bags and boxes and garment bags. Photographs are included as exhibits to her affidavit, including photographs of storefronts with the design mark prominently displayed; photographs of articles of clothing and accessories affixed with tags bearing the design mark; receipts bearing the design mark; and photographs of logos and promotional materials bearing the design mark, including advertisements, loyalty cards and sales bags, boxes and garment bags.

[28] While asserting that her sales figures are highly confidential, Ms. McDowell deposes that the average sales of goods bearing the HONEY marks have exceeded \$100,000 over each of the last 10 years. She further deposes that she has spent well in excess of \$75,000 on advertising and promotion in each year since 2003.

[29] As noted above, the new evidence offered by Ms. McDowell is clearly material to the appeal and addresses the gaps in the evidence that had been identified by the Board.

VI. Is there a Reasonable Likelihood of Confusion between the Marks?

[30] This takes me then to the question of whether there is a reasonable likelihood of confusion between Ms. McDowell's HONEY marks and Laverana's HONEY MOMENTS mark.

[31] In considering whether a mark is confusing with another mark, the question is whether, as a matter of first impression in the mind of a casual consumer somewhat in a hurry, having an imperfect recollection of Ms. McDowell's HONEY marks, upon seeing Laverana's HONEY MOMENTS mark, the casual consumer would believe the goods were authorized, licenced, manufactured or sold by the same person: *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*,

2006 SCC 23 at para. 20, [2006] S.C.J. No. 22, *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27 at para. 83, [2011] S.C.J. No. 27.

[32] In applying the test for confusion, regard must be had to all of the surrounding circumstances, including those specifically enumerated in subsection 6(5) of the Act. Each of these factors will be addressed below.

A. *The Nature of the Goods and Services and the Nature of the Trade: Paragraph 6(5)(c) and (d) of the Act*

[33] As was noted earlier, the Board found that many of the goods identified in Laverana's trade-mark application appear to target similar consumers to those targeted by Ms. McDowell's products, and that the channels of trade for the two sets of products are likely identical or very similar. Where the marks at issue are identical or very similar, the degree of overlap between the goods and services becomes a significant factor in determining whether confusion is likely to result: *Masterpiece*, above at para. 49. However, because no evidence had been provided with respect to the use of either party's trade-marks (other than the declaration of use filed by Ms. McDowell in relation to her opposition), the Board assumed that there had been *de minimis* use of Ms. McDowell's HONEY marks.

[34] Ms. McDowell's affidavit clearly addresses the issue of use, demonstrating continuous use of her HONEY marks in Canada since 2003. These two factors thus weigh heavily in Ms. McDowell's favour.

B. *The Inherent Distinctiveness of the Trade-marks and the Extent to Which They have become Known: Paragraph 6(5)(a) of the Act*

[35] Insofar as the inherent distinctiveness of the trade-marks is concerned, distinctiveness has to be assessed in the context of the goods and services in question. In this case, both parties argued that their marks were inherently distinctive, as honey is not an ingredient found in the goods of either party. Nor was there any evidence that “honey” had any inherently descriptive or suggestive connotations in the context of the goods or services at issue in this case. The Board nevertheless found that the marks were not inherently distinctive, in light of the laudatory meaning of the word “honey”, which weakened the strength of the marks.

[36] While the Board is entitled to take judicial notice of dictionary definitions of words found in trade-marks, it is not entitled to take judicial notice of a single meaning without evidence: *Chamberlain Group, Inc. v. Lynx Industries Inc.*, 2010 FC 1287 at paras. 11, 12, and 42, [2010] F.C.J. No. 1595. In the absence of evidence that “honey” is descriptive of the goods and services at issue, or that it was an ingredient found in the goods of either party, or evidence to support the conclusion that “honey” has an inherently laudatory connotation, I am satisfied that Ms. McDowell’s HONEY marks possess at least some level of distinctiveness.

[37] Moreover, in considering the issue of inherent distinctiveness, the Board was also required to have regard to the extent to which the marks at issue had become known. It will be recalled that Laverana’s trade-mark application was based upon proposed use in Canada, and there was thus no evidence that its HONEY MOMENTS mark had become known in this country. In contrast, Ms. McDowell’s affidavit demonstrates that her HONEY mark would be known to a certain extent, at least in the Toronto area. This factor thus also favours Ms. McDowell.

C. *The Length of Time the Trade-marks Have been in Use: Paragraph 6(5)(b) of the Act*

[38] With respect to the extent to which the marks had been in use and had become known, the Board found that these factors did not favour one side over the other as no evidence had been provided with respect to the use of either party's trade-marks beyond the declaration of use filed by Ms. McDowell in relation to her opposition. Once again, Ms. McDowell's affidavit demonstrates the continuous use of her HONEY marks in Canada since 2003, with the result that this factor also supports a finding of confusion.

D. *The Degree of Resemblance Between the Marks: Paragraph 6(5)(e) of the Act*

[39] Insofar as the degree of resemblance between the marks in appearance or sound or in the ideas suggested by them is concerned, the Board accepted that the first portion of a trade-mark is usually considered to be more important in assessing the likelihood of confusion. That said, it also noted that the preferable approach is to determine whether an aspect of a trade-mark is particularly striking or unique. The Board further found that neither of the components "HONEY" or "MOMENTS" was particularly striking, and that the striking and unique aspect of the HONEY MOMENTS mark is that it is comprised of two components that do not typically appear together.

[40] It will, however, be recalled that the Board rejected Ms. McDowell's contention that consumers would understand that the use of the word "MOMENT" in conjunction with the word "HONEY" to suggest the time when, or after, one uses HONEY brand product. The Board's reason for rejecting this argument was the absence of evidence as to the use of Ms. McDowell's HONEY marks. Once again, the new evidence adduced by Ms. McDowell addresses this concern.

E. *The State of the Register*

[41] The Board also had regard to the state of the Register as one of the surrounding circumstances informing its confusion analysis. It found that the existence of 10 trade-mark registrations that contained the word “honey” owned by seven third parties supported the inference that Ms. McDowell does not have a monopoly over the use of “honey” in the personal care products sector. Ms. McDowell submits that the Board was not entitled to draw this inference without supporting evidence regarding the use of the word “honey” in the Canadian marketplace, and without evidence of a significant number of relevant third party registrations on the Register and in use.

[42] State of the Register evidence is relevant insofar as one can draw inferences from it regarding the state of the marketplace. However, such inferences may only be drawn when there are a large number of relevant registrations. The theory is that the presence of a common element in marks causes purchasers to pay more attention to the other features of the marks, and to distinguish between them by those other features: *Kellogg Salada Canada Inc. v. Canada (Registrar of Trade Marks)*, [1992] 3 F.C. 442, , [1992] F.C.J. No. 562.

[43] In *Kellogg*, there were at least 47 trade mark registrations and 43 trade names, plus a further 18 trademark registrations after the filing date that contained the word “Nutri” as part of the mark. In these circumstances, the Federal Court of Appeal concluded that it could be inferred that consumers of the products in question “are accustomed to making fine distinctions between the various “Nutri” trade marks in the marketplace, by paying more attention to any small differences between marks”: at para. 15.

[44] However, evidence of third party trade-mark registrations with a common element is only significant where the registered marks are commonly used in the market in question: *Cie Gervais Danone v. Astro Dairy Products Ltd.*, 160 F.T.R. 27 at para. 17, [1999] F.C.J. No. 408 (F.C.T.D.). For an inference to be drawn that a word or element is common to the trade, there must therefore be evidence of common use in the marketplace by third parties: *Cie Gervais*, above at paras. 17-18; *Kellogg*, above at para. 14.

[45] The evidence before the Board was that seven third parties had registered trade-marks that contained the word “honey” in association with personal care products. The Board correctly noted that this was not a large number of relevant registrations, but went on to find that the existence of these registrations supported the inference that Ms. McDowell did not have a monopoly over the use of the word “honey” in the personal care products sector.

[46] However, as Justice de Montigny noted in *Hawke & Company Outfitters LLC v. Retail Royalty Co.*, 2012 FC 1539 at para. 40, [2012] F.C.J. No. 1622, the fact that a mark appears on the Register does not establish that it is currently in use, or that it was in use as at the relevant material dates. Nor does it establish that the mark is used in relation to wares or services that are similar to those of the parties, or the extent of any such use. In the absence of any such evidence, the Board thus erred in drawing a negative inference from the state of the Register.

F. *Word Marks are Entitled to a Broad Scope of Protection*

[47] Finally, the Courts have held that word marks are entitled to a broad scope of protection: *Masterpiece*, above at paras. 55-59. Ms. McDowell points out that the granting of registration to Laverana for the HONEY MOMENTS word mark would provide that company with a similarly

broad scope of protection. This would allow Laverana to use its mark in a confusing form: for example, by placing significance on the word “honey”.

[48] Given that the Board found this consideration to favour Ms. McDowell, albeit only slightly, I do not need to address this issue further.

VII. Conclusion

[49] Balancing all of the relevant factors and surrounding circumstances, I am satisfied that Ms. McDowell has established on a balance of probabilities that there is a real likelihood of confusion between her HONEY marks and Laverana’s HONEY MOMENTS mark.

Consequently, the appeal is allowed and the Board’s decision refusing Ms. McDowell’s opposition to Canadian Trade-mark Application No. 1,478,507 for HONEY MOMENTS is set aside. Ms. McDowell’s Opposition is granted, and the Registrar of Trade-marks is directed to refuse the registration of Laverana’s HONEY MOMENTS trade-mark application.

VIII. Costs

[50] In light of her success in this matter, Ms. McDowell is entitled to her costs. That said, given the fact that the appeal was unopposed, those costs shall be fixed in the amount of \$2,500.

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. This appeal is allowed and the Board's decision refusing Ms. McDowell's opposition to Canadian Trade-mark Application No. 1,478,507 for HONEY MOMENTS is set aside;
2. Ms. McDowell's Opposition is granted, and the Registrar of Trade-marks is directed to refuse Canadian Trade-mark Application No. 1,478,507 for HONEY MOMENTS; and
3. Ms. McDowell shall have her costs of this appeal, fixed in the amount of \$2,500.

"Anne L. Mactavish"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

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PLACE OF HEARING: TORONTO, ONTARIO

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DATED: MARCH 29, 2017

APPEARANCES:

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