

Federal Court



Cour fédérale

Date: 20220607

Docket: T-1581-21

Citation: 2022 FC 842

Ottawa, Ontario, June 7, 2022

PRESENT: Madam Justice Walker

BETWEEN:

ANHEUSER BUSCH, LLC

Applicant

and

H.O.W. MEDICAL SOLUTIONS LTD.

Respondent

JUDGMENT AND REASONS

[1] On August 20, 2021, the Trademarks Opposition Board (the Board), on behalf of the Registrar, rejected a request by Anheuser-Busch, LLC (Anheuser-Busch) for leave to file an amended statement of opposition pursuant to section 48 of the *Trademarks Regulations*, SOR/2018-227 (the Regulations). The request was made in respect of Anheuser-Busch's opposition to an application by H.O.W. Medical Solutions Ltd. (H.O.W. Medical) to register the trademark HELPING PEOPLE FEEL BETTER ONE BUD AT A TIME (the Mark) in association with a broad range of cannabis products.

[2] Anheuser-Busch now appeals the Board's decision (the Decision) pursuant to section 56 of the *Trademarks Act*, RSC 1985, c T-13 (the Act).

[3] H.O.W. Medical was duly served with the Notice of Application commencing this appeal. Shortly thereafter, H.O.W. Medical informed the Court that they do not take a position in the appeal and requested that no costs be awarded. They also noted in their correspondence that Anheuser-Busch had been notified of their position.

[4] Anheuser-Busch presented its oral submissions in a hearing by videoconference on May 25, 2022.

[5] For the reasons set out in this judgment, the appeal is allowed.

I. Background

[6] Anheuser-Busch is a subsidiary of Anheuser-Busch InBev S.A., a multinational company engaged in the sale, production, distribution and promotion of alcoholic and non-alcoholic beverages. Anheuser-Busch has used in Canada the BUDWEISER trademark, including its variation BUD, and/or other trademarks composed of BUD since as early as 1903.

[7] H.O.W. Medical, a Canadian company operating in the health care industry, filed its application (no. 1,898,668) (the Application) to register the Mark on May 11, 2018 and, on June 10, 2020, the Application was advertised in the *Trademarks Journal* for opposition purposes.

[8] In the interim, Anheuser-Busch had filed applications to register the marks BUDWEISER, BUD LIGHT, and BUDWEISER in bow tie (2015 in colours) & Design in April and May 2019, all in association with cannabis products and services (the Budweiser Cannabis Marks). H.O.W. Medical did not oppose any of the three applications.

[9] Anheuser-Busch filed a Statement of Opposition on August 30, 2020, raising a number of grounds of opposition. Anheuser-Busch argued, in part, that the Mark is not registrable pursuant to paragraphs 12(1)(d) and 38(2)(b) of the Act because it is confusing with one or more registered trademarks and, more particularly, with one or more of its 80 registered trademarks described in Schedule A to the Statement of Opposition.

[10] The Budweiser Cannabis Marks matured to registration as follows: the marks BUDWEISER (TMA1099717) and BUD LIGHT (TMA1101995) on May 7, 2021; and the mark BUDWEISER in bow tie (2015 in colours) & Design (TMA1099715) on June 14, 2021.

[11] On July 15, 2021, Anheuser-Busch filed a request for leave to amend its Statement of Opposition and Schedule A to include references to the registered Budweiser Cannabis Marks. Anheuser-Busch submitted that the Registrar must grant the amendments under subsection 48(2) of the Regulations because it is in the interests of justice to do so. They argued that the opposition proceedings were at an early stage and that the amendments would cause H.O.W. Medical no prejudice. Anheuser-Busch also argued that the proposed amendments are important to its opposition in two respects. First, the amendments clarify the grounds of opposition based on paragraph 12(1)(d) of the Act to include references to Anheuser-Busch's registered rights in

the Budweiser Cannabis Marks. Further, because the registrations issued after the Statement of Opposition was filed on August 31, 2020, the amendments are necessary to permit Anheuser-Busch to rely on the Budweiser Cannabis Marks. Second, the three registrations inform and clarify the grounds of opposition asserted under paragraphs 38(2)(b), (c), (d) and (f) of the Act.

[12] H.O.W. Medical objected to Anheuser-Busch's request on June 30, 2021.

II. The Decision

[13] The Board refused Anheuser-Busch's request to amend its Statement of Opposition to include references to the Budweiser Cannabis Marks on August 20, 2021. The Board considered the following criteria set out in the *Practice Notice in Trademark Opposition Proceedings*, (the *CIPO Practice Notice*):

- A. The stage the opposition proceeding has reached;
- B. Why the amendment was not made or the evidence not filed earlier;
- C. The importance of the amendment or the evidence; and
- D. The prejudice which will be suffered by either party.

[14] The Board addressed the four criteria as follows:

1. At the date of the Decision, the proceeding had reached the stage for Anheuser-Busch to file reply evidence pursuant to section 54 of the Regulations and H.O.W. Medical had until November 21, 2021 to file and serve its reply evidence.
2. The Board noted that Anheuser-Busch filed its applications for the Budweiser Cannabis Marks on April 18, 2019 and May 16, 2019. As a result, the applications could not be alleged as a basis for a section 16(1)(b) non-entitlement ground of

opposition in the Statement of Opposition, nor could they be included in the original Schedule A. The Board concluded that Anheuser-Busch filed its request to amend the Statement of Opposition relatively promptly after the Budweiser Cannabis Marks matured to registration.

3. Anheuser-Busch listed 80 registered trademarks in Schedule A to the Statement of Opposition and alleged they are part of a BUD family of trademarks. In the Board's view, the large number of registered trademarks set out in Schedule A and the reliance by Anheuser-Busch on the wider scope of protection afforded to a family of trademarks diminished the importance of the amendments.
4. The Board noted H.O.W. Medical's submission that it would suffer prejudice if the amendments were made because none of the registrations listed in the original Schedule A included goods or services related to cannabis, in contrast to the Budweiser Cannabis Marks. Although the Board acknowledged that H.O.W. Medical had provided no details as to the nature of the prejudice they would suffer, the Board concluded that allowing the amendments would force H.O.W. Medical to reassess its case and, potentially, to file further evidence with leave from the Registrar.

[15] Accordingly, the Board concluded that it was not in the interests of justice to grant the request and permit the amendments. In its view, granting the request would result in greater prejudice for H.O.W. Medical than that suffered by Anheuser-Busch in the event of a refusal of the request.

III. Issues

[16] Anheuser-Busch raises two issues in this appeal:

1. Did the Board commit an error of law in refusing the request for leave to amend?
2. Did the Board err in its application of the criteria governing a request to amend a statement of opposition pursuant to section 48 of the Regulations?

IV. Standard of review

[17] When determining a statutory appeal pursuant to section 56 of the Act, the Court applies the appellate standards of review: (1) correctness for a question of law or an extricable legal principle; and (2) palpable and overriding error for a question of fact or question of mixed fact and law that does not engage an extricable question of law (*Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at paras 17, 36-37 (*Vavilov*), citing *Housen v Nikolaisen*, 2002 SCC 33; see also *The Clorox Company of Canada, Ltd v Chloretec SEC*, 2020 FCA 76 at paras 20-23 (*Clorox Company*); *Industria de Diseno Textil, S.A. v Zara Natural Stones Inc.*, 2021 FCA 231 at para 17 (*Industria de Diseno*)).

[18] I note that Anheuser-Busch submitted two affidavits in support of this application. However, the information contained in the affidavits is not “sufficiently substantial and significant” (*Vivat Holdings Ltd. v Levi Strauss & Co.*, 2005 FC 707 at para 27) such that the appeal takes the form of an appeal *de novo* and calls for the correctness standard (*Clorox Company* at para 21; *Obsidian Group Inc. v Canada (Attorney General)*, 2020 FC 586 at paras 26, 28).

V. Analysis

[19] The starting point for my analysis is section 48 of the Regulations:

Amendment

48 (1) No amendment to a statement of opposition or counter statement may be made except with leave of the Registrar on terms that the

Modification

48 (1) La modification d’une déclaration d’opposition ou d’une contre-déclaration n’est admise qu’avec la permission

Registrar considers to be appropriate.

du registraire aux conditions qu'il estime indiquées.

Interests of justice

Intérêt de la justice

(2) The Registrar must grant leave under subsection (1) if it is in the interests of justice to do so.

(2) Le registraire accorde la permission si cela est dans l'intérêt de la justice de le faire.

[20] As counsel for Anheuser-Busch emphasized during the hearing, section 48 requires the Registrar to grant leave to amend a statement of opposition if it is in the interests of justice to do so. The central question in this application is whether the Board's conclusion that it was not in the interests of justice to permit Anheuser-Busch to amend the Statement of Opposition was a palpable and determinative error.

1. Did the Board commit an error of law in refusing the request for leave to amend?

[21] Anheuser-Busch submits that the Board committed a pure error of law in refusing its request for leave to amend because the refusal will require the Registrar to determine the opposition on a stale-dated Register and will necessarily result in an incorrect application of paragraph 12(1)(d) of the Act. Specifically, Anheuser-Busch argues that, by refusing the inclusion of the Budweiser Cannabis Marks in the Statement of Opposition, the Board effectively changed the material date for the confusion analysis from the date of the opposition decision to the date of H.O.W. Medical's Application. Consequently, the Decision fails to safeguard the integrity of the Register and the protection afforded to the holder of a registered trademark pursuant to section 19 of the Act.

[22] I am not persuaded that the Decision contains an error of law.

[23] I agree with Anheuser-Busch that the material date for determining registrability under paragraphs 12(1)(d) and 38(2)(b) of the Act is the date of decision (*Schneider Electric Industries SAS v Spectrum Brands, Inc.*, 2021 FC 518 at paras 18, 29, 40 (*Schneider*); *Park Avenue Furniture Corp v Wickes/Simmons Bedding Ltd*, 1991 CanLII 11769, 37 CPR (3d) 413 (FCA) at p. 424 (*Park Avenue*)).

[24] However, neither Anheuser-Busch's opposition nor the ultimate question of registrability of the Mark and the confusion analysis under paragraph 12(1)(d) was before the Board for determination. The Board was focussed on an interim matter in the opposition: the request pursuant to section 48 of the Regulations to amend the Statement of Opposition to include the Budweiser Cannabis Marks. I acknowledge that the Board's disposition of the request will affect its analysis of the opposition and the paragraph 12(1)(d) ground of opposition but distinct considerations apply to the analysis of a section 48 request to amend.

[25] A statement of opposition must set out the "grounds of opposition in sufficient detail to enable the applicant to reply thereto" (paragraph 38(3)(a) of the Act) and the Board's assessment of the opposition is limited to the grounds raised in the statement of opposition. It is important to recall that a ground of opposition based on a prior trademark application differs from a ground of opposition based on a trademark registration. Accordingly, if a trademark application matures to registration after an opponent has filed a statement of opposition, the opponent must request an amendment to their statement of opposition in order to rely on the registration (*Schneider* at paras 27-30).

[26] Anheuser-Busch filed its applications for the Budweiser Cannabis Marks on April 19 and May 16, 2019, and filed its Statement of Opposition on August 31, 2020. Schedule A to the Statement of Opposition referred to 80 Budweiser registered trademarks and Anheuser-Busch pled paragraphs 12(1)(d) and 38(2)(b) of the Act as a ground of opposition. As only registered trademarks can form the basis of an allegation that a mark is not registrable pursuant to paragraph 12(1)(d), this ground of opposition did not extend to the pending applications for the Budweiser Cannabis Marks. Once the applications matured to registration, Anheuser-Busch was required to file a request for leave to amend the Statement of Opposition to have the registrations considered under the paragraph 12(1)(d) ground and they did so on June 15, 2021.

[27] The Board was required to determine whether it is in the interests of justice to grant Anheuser-Busch's request. The *CIPO Practice Notice* directs the Board to balance the interests of the applicant and opponent by assessing the timing and importance of the requested amendment in the opposition proceeding, and the prejudice that will be suffered by either party. I agree with Anheuser-Busch that the existence of an opponent's new registered trademarks and the rights they enjoy pursuant to section 19 of the Act are important factors in the assessment of an opposition and in the analysis of a Regulation 48 request to amend. However, the Board is not constrained to accept a request solely because it would otherwise make its decision on the opposition, specifically a paragraph 12(1)(d) ground of opposition, without consideration of all relevant registered trademarks on the date of decision.

[28] I find no pure or extricable error of law in the Decision. The Board did not change the material date for assessment of registrability pursuant to paragraphs 12(1)(d) and 38(2)(b) of the

Act by refusing to grant the request for leave to amend the Statement of Opposition.

Anheuser-Busch's submissions in this regard address the practical effect on the opposition of a denial of its request and are better regarded as challenges to the scope and substance of the Board's analysis that give rise to questions of mixed fact and law.

2. *Did the Board err in its application of the criteria governing a request for amendment of a statement of opposition pursuant to section 48 of the Regulations?*

[29] Anheuser-Busch submits and I agree that the Board's application of section 48 of the Regulations and the criteria governing the request to amend the Statement of Opposition are subject to review for palpable and overriding error (*Del Ridge Homes Inc. v Ledgemark Homes Inc.*, 2022 FC 566 at para 27). In order to intervene and set aside the Decision, I must be satisfied that the decision actually made contains one or more errors that are both obvious and that would affect the Board's refusal of the amendments (*Mahjoub v Canada (Citizenship and Immigration)*, 2017 FCA 157 at paras 62-64). My role in this appeal is not to conduct my own assessment of the request or to decide the matter myself (*Industria de Diseno* at para 20).

[30] The Board briefly addressed each of the criteria set out in the *CIPO Practice Notice* in the Decision but did not engage with important elements of the evidence and submissions before it. Most notably, the Board ignored the fact that the Budweiser Cannabis Marks are intended for use in association with cannabis products, the core component of the goods and services covered by the Application. This error is compounded by the Board's failure to address the prejudice alleged by Anheuser-Busch if the request is refused. For these principal reasons, I find that there

are palpable errors in the Decision which, considered collectively or individually, were determinative in the Board's refusal.

[31] First, I find that the Board erred in assessing the importance of the Budweiser Cannabis Marks to the opposition. The Board found that (1) the fact Anheuser-Busch had listed 80 registered trademarks in Schedule A to its Statement of Opposition; and (2) its reliance on the wide scope of protection afforded to a family of trademarks, diminished the importance of the amendments and the Budweiser Cannabis Marks. However, the Board failed to address the fact that none of the 80 trademark registrations in Schedule A included goods or services related to cannabis, in direct contrast to the goods and services associated with the Budweiser Cannabis Marks. The absence of any analysis of the scope of application of the Budweiser Cannabis Marks and their likely impact on the outcome of the opposition is a palpable and determinative error in the Decision.

[32] Second, and most critically, the Board failed to address the prejudice Anheuser-Busch will suffer if the amendments are refused. The Board limited its analysis to the prejudice alleged by H.O.W. Medical, reciting their submissions objecting to the amendments as follows:

Cannabis is the core component of the goods and services covered by the application that is the subject of the opposition under consideration. None of the Opponent's registrations mentioned in the original Statement of Opposition included goods or services related to cannabis. The goods in the New Registrations [for the Budweiser Cannabis Marks] do mention cannabis. As a result, it is possible that the Applicant will suffer significant prejudice if the Opponent is granted leave to file the Amended Statement of Opposition.

[33] Although H.O.W. Medical had not provided details on the nature of the prejudice it would suffer, the Board found it reasonable to conclude that allowing the amendments would force H.O.W. Medical to reassess its case and potentially file further evidence.

[34] There is no reference in the Decision to the prejudice Anheuser-Busch will suffer due to a refusal of the amendments and no assessment of the fact that it will be unable to rely on three registered trademarks that are directly associated with goods and services relating to cannabis.

[35] Subsection 48(2) of the Regulations requires the Board to grant leave to amend a statement of opposition if it is in the interests of justice to do so. Inherent in a determination of the interests of justice in an opposition is the interests of the two parties and the respective prejudice they will suffer should the Board's decision be adverse to them. Anheuser-Busch set out in its section 48 request the prejudice it will suffer if the Budweiser Cannabis Marks are excluded from consideration in the opposition. The failure by the Board to consider that prejudice fatally undermines its Decision.

[36] Anheuser-Busch contrasts the Board's Decision with the analysis of the Federal Court of Appeal in *McDowell v Automatic Princess Holdings, LLC*, 2017 FCA 126 (*McDowell*). In 2002 and 2003, Ms. McDowell and Automatic Princess each filed applications to register trademarks using the word HONEY. The application by Automatic Princess was advertised in the *Trade-marks Journal* in 2009 and Ms. McDowell filed a statement of opposition on May 3, 2010. On May 18, 2010, Ms. McDowell's applications for HONEY and HONEY & DESIGN matured to registration. In July 2014, Automatic Princess filed its written argument in the opposition and

requested an oral hearing. At this stage, Ms. McDowell realized that she had not pleaded the registration of her two trademarks or paragraph 12(1)(d) of the Act and requested leave to file an amended statement of opposition. The Board rejected her request. This Court confirmed the Board's decision but the Court of Appeal allowed Ms. McDowell's appeal and permitted the amendment. The Court of Appeal acknowledged that the amendment was sought late in the proceeding, a factor to be considered, but stated "where any prejudice caused by the delay can be remedied by allowing the other party additional time, it ought not to be a determinative factor" (*McDowell* at para 32). The Court of Appeal also stated that the purpose of the amendment was to permit the Board to consider all the issues and noted that Automatic Princess had been aware of Ms. McDowell's applications since 2010 (*McDowell* at para 33).

[37] Anheuser-Busch emphasizes the Court of Appeal's willingness to permit the amendment in *McDowell* despite the late stage of the opposition proceeding and the fact that Automatic Princess may have felt obligated to file additional evidence.

[38] Here, the opposition is at a much earlier stage and the Board acknowledged that Anheuser-Busch acted promptly in requesting the amendments after registration of the Budweiser Cannabis Marks. H.O.W. Medical was aware of the applications for registration of the Budweiser Cannabis Marks from January 2021 as they were listed in a *Canadian trademarks register* report it had obtained and were brought to the attention of one of its deponents in cross-examination on June 21, 2021. The Board's reliance on the prejudice that H.O.W. Medical may face in reassessing its case and filing further evidence without considering the stage of the

proceeding or its ability to allow H.O.W. Medical additional time compounds the Board's failure to consider and balance the prejudice alleged by Anheuser-Busch.

[39] There is reference in the Decision to the stage of the opposition proceedings but the Board limited its analysis to a factual recitation of the fact that the opposition had reached the stage for reply evidence from Anheuser-Busch and that H.O.W. Medical would have until November 21, 2021 to file and serve its reply evidence. As stated above, the Board undertook no analysis of the effect of permitting the amendments at this stage of the opposition.

VI. Conclusion

[40] The Board is tasked in each case with determining whether a request to amend is in the interests of justice, taking into account the criteria in the *CIPO Practice Notice*. Fundamentally, the Board is concerned with fairness to both parties and with ensuring that the opposition proceedings move forward with all information relevant to the grounds of opposition pleaded. In the present case, the Board's application of the criteria for the granting of leave to amend a statement of opposition contains palpable and overriding errors and must be set aside.

[41] The Board failed to consider the importance of the Budweiser Cannabis Marks to the opposition and the prejudice Anheuser-Busch would suffer by virtue of a refusal of the amendments. The result of this omission is a one-sided assessment of the prejudice alleged by the parties, a factor fundamental to the question of whether the amendments are in the interests of justice. The Board also failed to recognize the early stage of the proceedings and its ability to ensure H.O.W. Medical has sufficient time in which to formulate a reply to the amendments. The

Board's generalized conclusion that it is not in the best interests of justice to grant Anheuser-Busch's request is not reflective of the evidence before it and is not explained with intelligible reasons.

VII. Relief Sought

[42] Anheuser-Busch requests that the Decision be set aside and the request to amend their Statement of Opposition reconsidered by the Board. They also submit that it would be appropriate for the Court to direct the Board to allow the request on such terms as are necessary to be fair to both parties.

[43] In *Vavilov*, the Supreme Court recognized limited scenarios in which remitting a matter to the administrative decision maker would undermine the timely and effective resolution of the matter. Examples of such scenarios include matters where a particular outcome is inevitable or where there has been significant delay or there exists urgency in resolving the dispute (*Vavilov* at para 142).

[44] The appropriate course of action in this appeal is to return the amendments to the Board for a second and independent assessment, taking into account the four criteria in the *CIPO Practice Notice* and ensuring the prejudice alleged by both parties is fully considered and weighed. Neither the opposition nor the request to amend the Statement of Opposition has been subject to significant or repeated delay, nor will the time required for the Board to reconsider the request unduly delay the opposition proceedings. The circumstances of this matter do not warrant

a departure from the general rule that the Court should respect the intention of the legislature and return the matter to the decision maker.

VIII. Costs

[45] H.O.W. Medical notified Anheuser-Busch and the Court early in these proceedings that it does not take a position in this appeal and requested that no costs be awarded against it. At the hearing, Anheuser-Busch acknowledged H.O.W. Medical's cooperation and made no request for costs. I see no reason to depart from the parties' position in this regard and will make no award of costs.

JUDGMENT IN T-1581-21

THIS COURT'S JUDGMENT is that:

1. The application is allowed.
2. The decision of the Trademarks Opposition Board (the Board) dated August 20, 2021 is set aside and the request by Anheuser-Busch, LLC to amend its Statement of Opposition is returned to the Board for reconsideration. If the Board grants the request, it shall do so on such terms as are necessary to safeguard the parties' rights, including any adjustment to all applicable reply and filing periods.
3. No costs are awarded.

"Elizabeth Walker"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1581-21

STYLE OF CAUSE: ANHEUSER BUSCH, LLC v H.O.W. MEDICAL SOLUTIONS LTD.

PLACE OF HEARING: HEARD BY VIDEOCONFERENCE

DATE OF HEARING: MAY 25, 2022

JUDGMENT AND REASONS: WALKER J.

DATED: JUNE 7, 2022

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No Appearance FOR THE RESPONDENT

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