

Federal Court



Cour fédérale

Date: 20240422

Docket: T-2485-22

Citation: 2024 FC 605

Ottawa, Ontario, April 22, 2024

PRESENT: Madam Justice Pallotta

BETWEEN:

D.M.C. SRL

Applicant

and

ERMENGILDO GIUSTI

Respondent

JUDGMENT AND REASONS

I. Introduction

[1] This is a statutory appeal brought pursuant to section 56 of the *Trademarks Act*, RSC, 1985, c T-13 [*TMA*]. D.M.C. SRL (DMC) appeals the Trademarks Opposition Board's (TMOB) decision rejecting its opposition to Ermenegildo Giusti's trademark application no. 1,611,381 (381 Application) for the trademark GIUSTI PROSECCO. For the reasons below, the appeal is dismissed.

II. **Background**

[2] DMC is an Italian family business founded by Giuseppe De Giusti in 1975. DMC started out as an artisan coffee roaster. Now the company operates a chain of cafés in Italy and sells products such as coffee and tea. In 2008, DMC started selling sparkling wine from the province of Treviso, a renowned prosecco region. DMC sells its prosecco in Italy and other countries in association with various DE GIUSTI trademarks. It owns an Italian trademark registration for DE GIUSTI, registered in 2009, and filed Canadian trademark applications for DE GIUSTI design marks in 2020.

[3] Ermenegildo Giusti and his wife, Ms. Dal Col, operate a wine business through Società Agricola Giusti Dal Col SRL (Società Agricola), which they founded in 2007. Società Agricola operates as Giusti Wine and produces a variety of red and white wines from Italian vineyards, including prosecco from Treviso's Asolo region. The company sells prosecco in association with the GIUSTI PROSECCO trademark, used under license from Mr. Giusti.

[4] Mr. Giusti filed the 381 Application on January 25, 2013 based on use of the GIUSTI PROSECCO trademark in Canada since December 20, 2012. The 381 Application was advertised for opposition purposes on May 20, 2015. DMC commenced an opposition on October 20, 2015. Since the 381 Application was advertised before amendments to the *TMA* came into force on June 17, 2019, the opposition grounds were based on the provisions of the *TMA* as they read before that date.

[5] DMC's amended statement of opposition, filed August 6, 2018, pleaded the following grounds:

- **Sections 38(2)(a) and 30(b):** The 381 Application does not comply with subsection 30(b) of the *TMA* because GIUSTI PROSECCO was not used in Canada since the claimed first use date.
- **Sections 38(2)(b) and 12(1)(a):** GIUSTI PROSECCO is not registrable because it is primarily merely a surname.
- **Sections 38(2)(c) and 16(1)(a):** Mr. Giusti is not entitled to register GIUSTI PROSECCO because (i) at all material times the trademark was likely to be confused with a number of DMC's trademarks featuring DE GIUSTI, previously used or made known in Canada and elsewhere in association with goods including sparkling wine, and (ii) Mr. Giusti did not use the GIUSTI PROSECCO trademark in Canada because any use was by Società Agricola.
- **Section 38(2)(d):** GIUSTI PROSECCO was not adapted to distinguish and does not distinguish Mr. Giusti's goods from the goods, services, and businesses of others; for example, having regard to section 2 of the *TMA*, GIUSTI PROSECCO is likely to be confused with a number of DMC's trademarks featuring DE GIUSTI, previously used or made known in Canada and elsewhere since well before the filing date of the 381 Application.

[6] DMC sought leave to add a further ground of opposition that, contrary to subsection 30(i) of the *TMA*, Mr. Giusti could not have been satisfied he was entitled to use the GIUSTI

PROSECCO trademark in Canada because he was or should have been aware of the DE GIUSTI trademarks since at least as early as 2009. The TMOB refused leave, finding it would not be in the interests of justice to allow DMC to add the subsection 30(i) ground. The TMOB found that DMC's request came at a very late stage in the opposition, there was no satisfactory explanation for the delay, the ground had no chance of success, and the prejudice to Mr. Giusti outweighed any prejudice to DMC.

[7] In the opposition proceeding, DMC relied on an affidavit of its managing director, Cristina De Giusti, sworn April 4, 2017 (First De Giusti Affidavit). Mr. Giusti relied on his affidavit sworn December 20, 2017 (First Giusti Affidavit). The parties also filed transcripts of the cross-examinations together with answers to undertakings arising from the cross-examinations.

[8] DMC sought leave to file a second affidavit from Ms. De Giusti, sworn June 4, 2019 (Second De Giusti Affidavit), as reply evidence. The Second De Giusti Affidavit included evidence on the surname significance of Giusti and, as evidence of a later first use date, attached two published articles profiling Giusti Wine, one stating that the company had been selling wine since August 2014. The TMOB refused leave to admit the Second De Giusti Affidavit on the basis that the evidence should have been adduced in chief and was not proper reply.

[9] The parties participated in an oral hearing on May 10, 2022 and the TMOB issued its decision on September 29, 2022.

[10] The TMOB dismissed each pleaded ground of opposition as follows:

- **Sections 38(2)(a) and 30(b):** The TMOB drew an adverse inference against Mr. Giusti for refusing to answer proper questions on cross-examination concerning the first use date and scope of use of the GIUSTI PROSECCO trademark, including questions about “contrary reports” that use had not commenced before 2014. Based on the adverse inference, the TMOB found that DMC had met its initial evidential burden with respect to this opposition ground. However, the TMOB found that Mr. Giusti had provided sufficient evidence to meet his legal onus to demonstrate, on a balance of probabilities, that GIUSTI PROSECCO had been used in Canada since the claimed first use date of December 20, 2012 and that such use enured to his benefit.
- **Sections 38(2)(b) and 12(1)(a):** The TMOB noted that GIUSTI PROSECCO consists of Mr. Giusti’s surname and a type of wine, and held that the trademark in its entirety is not primarily merely a surname so as to offend paragraph 12(1)(a): *Molson Companies Ltd v John Labatt Ltd*, 1981 CanLII 2786, 129 DLR (3d) 201 (FCTD) [*Molson*].
- **Sections 38(2)(c) and 16(1)(a):** The non-entitlement ground failed because DMC did not meet its evidential burden to establish that one or more of its DE GIUSTI trademarks had been used or made known in Canada prior to December 20, 2012. The TMOB addressed DMC’s allegation that Mr. Giusti did not use GIUSTI PROSECCO under the subsection 30(b) ground. As noted above, the TMOB found that Società Agricola’s use of the trademark enured to Mr. Giusti’s benefit.

- **Section 38(2)(d)**: The non-distinctiveness ground failed because DMC did not meet its evidential burden to establish that any of its DE GIUSTI trademarks had a sufficient reputation among Canadians to negate the distinctiveness of GIUSTI PROSECCO. There was no evidence that DMC sold wines or other alcoholic beverages in Canada with DE GIUSTI on the label and no evidence of Canadians' familiarity with DE GIUSTI trademarks used in other countries. The TMOB relied on *Bojangles' International LLC v Bojangles Café Ltd*, 2006 FC 657 at paragraph 33 [*Bojangles'*] for the principle that an opponent cannot simply assert that their trademark is known in Canada; they must present clear evidence to that effect.

[11] DMC alleges the TMOB made errors in rejecting each ground of opposition. DMC also alleges the TMOB erred by refusing leave to add the subsection 30(i) ground of opposition and refusing to admit the Second De Giusti Affidavit as reply evidence.

III. Evidence

[12] On this appeal, DMC's application record includes the evidence that was before the TMOB and new evidence filed pursuant to subsection 56(5) of the *TMA*.

[13] DMC's evidence includes:

- an affidavit of Cristina De Giusti sworn January 30, 2023 (Third De Giusti Affidavit), which includes evidence DMC had tried to introduce as reply evidence through the Second De Giusti Affidavit;

- the file history for the 381 Application, as certified on December 1, 2022 (381 File History);
- the file history for Mr. Giusti's Canadian trademark application no. 1,972,276 to register GIUSTI in association with wines, as certified on December 5, 2022 (GIUSTI File History); it includes a September 1, 2022 report from a trademark examiner who considered GIUSTI to be primarily merely a surname and therefore unregistrable pursuant to paragraph 12(1)(a) of the *TMA*; and
- the file history for Canadian application no. 1,662,300 requesting protection of PROSECCO as a geographical indication, certified on December 6, 2022 (PROSECCO File History); it includes a notice that PROSECCO was entered on the list of geographical indications on December 2, 2015.

[14] Mr. Giusti filed an affidavit sworn March 13, 2023 (Second Giusti Affidavit) as subsection 56(5) evidence in this proceeding.

[15] Ms. De Giusti was not cross-examined on the Third De Giusti Affidavit. Mr. Giusti was cross-examined on the Second Giusti Affidavit and the record in this proceeding includes the cross-examination transcript and answers to undertakings.

IV. Issues and Standard of Review

[16] The issues on appeal are whether the TMOB erred in refusing leave to add a subsection 30(i) ground of opposition, refusing leave to file reply evidence, and/or refusing any ground of opposition.

[17] The applicable standard of review depends on the nature of the additional evidence DMC has filed in this proceeding. The Court conducts a correctness review, in the nature of a *de novo* appeal, with respect to issues for which there is new evidence that would have affected the TMOB's decision materially: *Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 at para 47 [*Hilton Worldwide*]; *Clorox Company of Canada, Ltd v Clorotec SEC*, 2020 FCA 76 at para 21 [*Clorox*]; see also *Sea Tow Services International, Inc v Trademark Factory International Inc*, 2021 FC 550 at paras 15, 17 [*Sea Tow Services*]. Otherwise, the Court reviews the TMOB's decision according to the appellate standards of review set out in *Housen v Nikolaisen*, 2002 SCC 33: *Clorox* at paras 22-23; *Sea Tow Services* at para 18.

[18] In assessing whether new evidence would have materially affected the TMOB's decision, the Court considers whether the evidence is "sufficiently substantial and significant" and of probative value: *Clorox* at para 21, citing *Vivat Holdings Ltd v Levi Strauss & Co*, 2005 FC 707 at para 27 and *Tradition Fine Foods Ltd v Group Tradition'l Inc*, 2006 FC 858 at para 58. New evidence may be material if it fills gaps or remedies a deficiency identified by the TMOB: *IPack BV v McInnes Cooper*, 2023 FC 243 at para 9. If new evidence merely supplements or confirms the findings of the TMOB, then it is not considered material: *Seara Alimentos Ltda v Amira Enterprises Inc*, 2019 FCA 63 at para 24.

[19] As noted above, in this proceeding DMC filed the 381 File History, the GIUSTI File History, and the PROSECCO File History. DMC also filed the Third De Giusti Affidavit that includes evidence relating to DMC's business, DE GIUSTI prosecco sales in various countries, registrations and applications in various countries for trademarks that have a DE GIUSTI element, DMC's marketing and advertising activities (including online activities), European trademark proceedings by DMC to contest applications filed by Mr. Giusti's companies, the surname significance of "Giusti" and "De Giusti", and alleged deficiencies with Mr. Giusti's evidence regarding use of the GIUSTI PROSECCO trademark in Canada. The Third De Giusti Affidavit provides:

- evidence that DMC tried to introduce in the opposition proceeding through the Second De Giusti Affidavit, including:
 - the two articles profiling Giusti Wine;
 - canada411.ca directory search results showing 51 individuals with the surname Giusti in Canada; and
 - a European Union Intellectual Property Office (EU IPO) appeal board decision denying registration of GIUSTI WINE;
- certain website analytics for DMC's degiusti.eu and manuel.it websites, to support DMC's position that Canadians visited the websites;
- EU IPO appeal board decisions denying registration of ERMENEGILDO GIUSTI and GIUSTI DAL COL;

- a September 1, 2022 report from a Canadian trademark examiner who considered GIUSTI to be primarily merely a surname and therefore unregistrable pursuant to paragraph 12(1)(a) of the *TMA*;
- a Wikipedia webpage for Giusti (surname);
- an extract from the Canadian Trademark Examination Manual (TM Manual) on inherent distinctiveness of trademarks under paragraph 32(1)(b) of the current *TMA*; and
- a customs declaration form, as an example of the kind of evidence DMC states Mr. Giusti should have provided to demonstrate that GIUSTI PROSECCO wine had been shipped to Canada in December 2012.

[20] DMC asserts that the evidence filed in this proceeding would have materially affected the TMOB's findings and the Court should reassess each opposition ground *de novo*. Even if its new evidence is not material, DMC submits this Court is entitled to consider the evidence in reviewing the TMOB's decision according to appellate standards of review.

[21] DMC has not adequately explained how its subsection 56(5) evidence would have materially affected the TMOB's findings and I agree with Mr. Giusti that the evidence is not sufficiently substantial, significant, and probative to warrant a *de novo* review of any opposition ground. Some of DMC's evidence repeats evidence that was before the TMOB. To the extent the evidence adds to the record that was before the TMOB, DMC does not explain how it fills in

gaps or remedies an evidentiary deficiency for any opposition ground. I provide further reasons on the materiality of the evidence in the sections addressing each opposition ground, below.

[22] DMC cites no authority for its position that the Court should take account of non-material new evidence when reviewing the TMOB's decision according to appellate standards of review, and DMC could not explain how the Court would assess whether the TMOB committed palpable and overriding errors of fact or mixed fact and law based on evidence that was not part of the record in the opposition. In my view, DMC's subsection 56(5) evidence does not meet the test for triggering a *de novo* review, appellate standards of review apply, and such review should be based on the evidence the TMOB had before it.

V. **Analysis**

A. *Did the TMOB err in refusing leave to further amend DMC's statement of opposition?*

[23] DMC submits the TMOB should have permitted it to amend its statement of opposition by adding a subsection 30(i) ground. DMC submits Mr. Giusti could not have been satisfied that he was entitled to use the GIUSTI PROSECCO trademark because he should have been aware of DMC's business (which operates in the same region in Italy as Mr. Giusti's vineyards), he admitted that he did not conduct trademark clearance searches before filing the 381 Application, DMC successfully opposed some of Mr. Giusti's trademark applications outside of Canada, and Mr. Giusti acquired a trademark registration for GIUSTI DI CAPETTA in the European Union in order to obtain priority over DMC's trademark rights. According to DMC, the TMOB was wrong that a subsection 30(i) ground of opposition would not have succeeded, as the jurisprudence does not require evidence of bad faith and, in any event, the evidence supported an

inference that Mr. Giusti had acted in bad faith. DMC submits the TMOB also erred by finding there would be limited prejudice to DMC if the amendment were denied. DMC states it was prejudiced because a subsection 30(i) ground does not require the opponent to show prior use or making known in Canada.

[24] Mr. Giusti submits there was no error in refusing leave to add a subsection 30(i) ground of opposition when DMC's request should have been made much earlier and the ground had no reasonable likelihood of success. Mr. Giusti states the subsection 30(i) ground was based on bald assertions that he was aware of DMC's marks or had adopted the GIUSTI PROSECCO trademark in bad faith, but there was no evidence that any of the DE GIUSTI marks had been used or made known in Canada to any extent, no DMC trademark applications would have shown up on a Canadian clearance search, and he filed the 381 Application before the earliest trademark opposition proceedings in Europe had commenced. Mr. Giusti states he would have been prejudiced by an amendment because there was no chance to respond.

[25] I agree with Mr. Giusti. DMC's written argument in the opposition proceeding stated that DMC intended to amend its statement of opposition, yet it waited more than a year—until after the oral hearing—to file a formal request for leave with submissions on the 30(i) ground. DMC provided no explanation for the delay, the request was made very late in the opposition proceeding, and granting the request would have prejudiced Mr. Giusti. DMC has not established that the TMOB erred by refusing leave to add a subsection 30(i) ground of opposition.

B. *Did the TMOB err in refusing to admit DMC's reply evidence?*

[26] DMC sought leave to file the Second De Giusti Affidavit as reply evidence in the opposition, which included evidence on the surname significance of Giusti and two articles indicating that Giusti Wine had only been selling its wine in Canada since 2014. The TMOB refused leave to admit the Second De Giusti Affidavit on the basis that the evidence should have been adduced in chief and was not proper reply.

[27] DMC submits the TMOB drew a negative inference against Mr. Giusti for refusing to answer cross-examination questions relating to the first use date and this should have led the TMOB to admit evidence from the Second De Giusti Affidavit that cast doubt on the first use date claimed in the 381 Application. Failing to admit the reply evidence allowed Mr. Giusti to flout the legal process and profit from refusing questions on cross-examination. DMC submits the reply evidence was material because it could have led the TMOB to reach an indeterminate conclusion on the first use date. The TMOB must decide a subsection 30(b) opposition ground against an applicant if it cannot reach a determinate conclusion on the first use date.

[28] Mr. Giusti submits the TMOB applied the proper principles to conclude that the evidence in the Second De Giusti Affidavit was available when DMC commenced the opposition proceeding and was not proper reply evidence.

[29] I am not persuaded the TMOB erred by refusing to admit the Second De Giusti Affidavit. The TMOB noted that reply evidence should directly respond to unanticipated points raised in a trademark applicant's evidence and should not include evidence that could have been filed as

part of an opponent's evidence in chief. The TMOB applied established principles to find that the evidence about the surname significance of "Giusti" and the two profile articles that had been marked for identification on cross-examination were not admissible as reply evidence. The proposed reply evidence in the Second De Giusti Affidavit was directed to matters raised for the first time in cross-examination and which ought to have been part of the case in chief: *Halford v Seed Hawk Inc*, 2003 FCT 141 at para 15 (FCTD).

[30] In this proceeding, DMC seeks to rely on the surname evidence and the two articles as subsection 56(5) evidence. I will return to the materiality of this evidence below.

C. *Sections 38(2)(a) and 30(b) - date of first use*

[31] As noted above, the TMOB drew a negative inference against Mr. Giusti for refusing to answer proper cross-examination questions about use of the GIUSTI PROSECCO trademark and "contrary reports" that use had not commenced before 2014. Based on the negative inference, the TMOB found that DMC met its initial burden on the subsection 30(b) opposition ground. However, the TMOB found that Mr. Giusti met his legal burden to establish that use had commenced by December 20, 2012 with evidence that included an invoice for the sale of 1577 cases (6 bottles each) of GIUSTI PROSECCO wine destined for the Alberta Gaming & Liquor Commission. While 30 cases were noted to be samples, the remaining cases (about 9000 bottles of prosecco) were sold to an importer, as agent along the chain of distribution, for more than €80,000. Delivery had been completed, which evidenced the transfer of property. While it was unclear whether the prosecco was shipped in October or December of 2012, the TMOB did not find this to be significant. The TMOB concluded that the sale of a considerable number of

bottles to an importer for subsequent sale by the liquor board was sufficient to meet Mr. Giusti's burden, despite the negative inference.

[32] DMC argues that the two articles the TMOB refused to admit have now been submitted under subsection 56(5) of the *TMA* and, contrary to the claimed first use date of December 20, 2012, the articles indicate that the first sales of GIUSTI PROSECCO wines in Canada occurred in August 2014. DMC contends that Mr. Giusti did not support the claimed first use date with substantial evidence and the unbiased, neutral evidence from articles that were published before the parties' dispute arose contradicts the date. According to DMC, the true first use date is significantly later than the date that was declared in the 381 Application.

[33] In my view, the articles are not material new evidence warranting a *de novo* review. DMC relies on the articles for statements, attributed to Mr. Giusti and a Giusti Wine employee, that the company's wines had only been sold in Canada since August 2014. While I recognize that the TMOB refused to admit the articles as reply evidence, it drew an adverse inference from Mr. Giusti's refusal to answer questions about "contrary reports" of a 2014 first use date. In my view, the TMOB accounted for the evidence when it found that DMC met its initial burden based on the negative inference and that Mr. Giusti adduced sufficient evidence to discharge his legal burden to prove use as of the claimed first use date despite the negative inference.

[34] DMC's subsection 56(5) evidence also includes a customs declaration form for what appears to be a DMC shipment of coffee from Italy to Albania. DMC states Mr. Giusti should

have adduced this kind of evidence to corroborate the December 2012 shipment of GIUSTI PROSECCO wine to Canada. I disagree. DMC's customs declaration form is irrelevant.

[35] As DMC has not established that its subsection 56(5) evidence would have materially affected the TMOB's findings on the subsection 30(b) opposition ground, appellate standards of review apply.

[36] DMC submits the TMOB erred in determining that Mr. Giusti adduced sufficient evidence to rebut the negative inference and prove that he used GIUSTI PROSECCO in Canada since December 20, 2012. DMC states it was Mr. Giusti's burden to establish that the 381 Application did not contravene subsection 30(b), and the TMOB should have decided the issue against him unless it could reach a determinate conclusion on the first use date based on the evidence: *John Labatt Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 at 297, 299-300, 36 FTR 70 (FCTD). DMC submits the TMOB was wrong to rely on a single invoice from Società Agricola for wine ordered to Canada, which was inadequate and did not conclusively demonstrate a sale in the normal course of trade according to section 4 of the *TMA*. DMC asserts the TMOB could not have reached a determinate conclusion on the date of first use based on Mr. Giusti's evidence.

[37] I find DMC has not established that the TMOB erred in rejecting the subsection 30(b) ground of opposition.

[38] DMC has not pointed to an extricable error of law. It does not challenge the principle that trademark use at a point along the chain of distribution can demonstrate use according to section 4 of the *TMA*.

[39] DMC disagrees with the TMOB's findings, but I am not persuaded the TMOB committed a palpable and overriding error of fact or mixed fact and law by concluding that GIUSTI PROSECCO had been used in Canada as of the claimed first use date. The TMOB held that the invoice evidenced a sale from Società Agricola to Rheingold Agents (Rheingold) along the chain of distribution, based on evidence that Rheingold was the importer and the Alberta liquor board sells to consumers. The TMOB noted that the invoice was for the sale of a considerable number of bottles of wine valued at more than €80,000 and inferred that these were not token sales. The TMOB found that the evidence established a transfer of property in Canada, as the goods were delivered to the importer. The First Giusti Affidavit attached a picture of bottles with GIUSTI PROSECCO on the label, consumed at a Christmas party in Calgary in December 2012, and the TMOB noted that Mr. Giusti testified on cross-examination that the labels had not changed since the product was launched.

[40] At the hearing of this matter, DMC argued that the statements reported in the articles show that Mr. Giusti did not consider pre-August 2014 sales of prosecco to be sales in the normal course of trade. DMC argued that this is a further reason for reviewing this ground of opposition *de novo*. I am not persuaded by this argument. For the reasons stated above, the TMOB considered the "contrary reports" in making its findings that DMC met its initial

evidential burden and Mr. Giusti met his legal burden. Had the articles themselves been admitted, they would not have materially affected the TMOB's findings.

[41] In any event, even if I accept that the articles warrant a *de novo* review, I would reach the same conclusion as the TMOB. I disagree with DMC's argument that a statement that "[t]he wines have only been for sale in Canada since August 2014, say Giusti and his team" is essentially an admission that pre-August 2014 sales of GIUSTI PROSECCO were not sales made in the normal course of trade. Mr. Giusti was asked about the articles on cross-examination. He explained that the statements were made from a businessman's perspective, not a legal perspective, and they were meant to convey slower sales in the early years of business.

[42] Moreover, the Second Giusti Affidavit adds corroborative documentation related to the first sale and shipment of GIUSTI PROSECCO wine in December 2012, as well as other evidence to support the claimed December 20, 2012 date of first use. For example, the Second Giusti Affidavit attaches an October 9, 2012 purchase order from Rheingold that corresponds to the October 16, 2012 invoice noted above, and it provides an estimated delivery date of December 17, 2012. The Second Giusti Affidavit also attaches a December 3, 2012 email between employees of Rheingold and Società Agricola about the delivery status of the December 2012 shipment to Canada. The email states the wine would be unloaded the next day and was expected to be released "two or three days after that". The Second Giusti Affidavit also attaches representative invoices for prosecco sold after the initial shipment and provides evidence that GIUSTI PROSECCO wine was being advertised and marketed in Canada, including through the website giustiwine.com and on social media.

[43] Considering the matter *de novo*, DMC meets its initial burden with the two articles; however, any doubt the articles may raise as to the accuracy of the claimed first use date is refuted by Mr. Giusti's evidence. Mr. Giusti has shown that GIUSTI PROSECCO wine was sold in Canada as of the December 20, 2012 claimed date of first use, in a manner that constituted use in the normal course of trade in accordance with section 4 of the *TMA*, and that such use enured to his benefit.

[44] For these reasons, DMC's appeal in respect of the subsection 30(b) ground of opposition fails.

D. *Sections 38(2)(b) and 12(1)(a) - primarily merely a surname*

[45] DMC submits the TMOB erred in deeming GIUSTI PROSECCO registrable despite acknowledging that "Giusti" is a surname and "prosecco" is descriptive. DMC states that the addition of the geographical indication "prosecco" does not make a surname registrable and GIUSTI PROSECCO is primarily merely a surname.

[46] DMC argues the TMOB committed an error of law by failing to give proper effect to the words "primarily merely" in paragraph 12(1)(a) of the *TMA*. The prohibition in paragraph 12(1)(a) mirrors the common law principle that a surname is not *prima facie* registrable because it lacks the requisite distinctiveness. DMC states that section 4.9.5.11 of the TM Manual makes it clear that a trademark consisting of two unregistrable words—for example, ALFREDSON'S CARROTS—is also unregistrable and the TMOB failed to apply this principle. DMC states that Mr. Giusti's Canadian trademark application for GIUSTI encountered a

paragraph 12(1)(a) objection, and Mr. Giusti's United States trademark application for GIUSTI PROSECCO encountered an objection that it is primarily merely a surname and "combining a surname with a generic name for the goods and/or services does not overcome a mark's surname significance". DMC submits the TMOB erred by failing to consider that GIUSTI PROSECCO lacks distinctiveness because it consists of a surname and a descriptive word and the TMOB failed to consider all the relevant surrounding circumstances, including that Giusti Wine's marketing materials emphasize Mr. Giusti's likeness and the wine labels emphasize GIUSTI.

[47] DMC argues that any use of GIUSTI PROSECCO as of the relevant date would have been limited, and insufficient for the trademark to acquire distinctiveness in Canada.

[48] Mr. Giusti submits that DMC conflates different grounds of opposition. Section 4.9.5.11 of the TM Manual addresses the broad category of objections to marks that are not inherently distinctive, whereas section 4.3.7 of the TM Manual specifically addresses paragraph 12(1)(a) of the *TMA* and states, "Words comprised of a name or surname followed by "& Sons", "Brothers", "Inc.", "Co.", etc., are not objectionable under paragraph 12(1)(a) as the additional matter takes away the "primarily merely" element." Mr. Giusti states GIUSTI PROSECCO is not a surname and there are no surname entries in canada411.ca for "Giusti Prosecco".

[49] Mr. Giusti submits DMC did not plead that GIUSTI PROSECCO is unregistrable because it consists of a combination of non-registrable elements. Where an opponent has pleaded that a trademark application fails to comply with a section of the *TMA* based on a particular set of circumstances, it is not permissible to refuse it on the basis that it does not

comply with that section of the *TMA* for reasons different than those pleaded: *Karma Candy Inc v Cadbury UK Limited*, 2013 TMOB 119 at paras 11-13 [*Karma Candy*].

[50] In any event, Mr. Giusti submits DMC's new argument that GIUSTI PROSECCO combines non-registrable elements should also fail. Mr. Giusti states his surname is rare in Canada (in 2022, there were 44 individuals with the surname Giusti) and the word, which means "righteous", "just", or "fair" in Italian, has no meaning in English or French. Canadians would primarily or equally perceive GIUSTI as an invented word and not primarily merely a name or surname: *Claisse c Corp scientifique Claisse Inc*, 81 CPR (4th) 133 at paras 37-39, 2009 CarswellNat 5212; *Camera Di Commercio Industria, Artigianato E Agricoltura Di Verona v Schenk Italia SpA*, 2022 TMOB 102 at para 28.

[51] I find that DMC's appeal of the paragraph 12(1)(a) opposition ground must fail.

[52] DMC states its subsection 56(5) evidence demonstrates that Giusti is a surname and prosecco is a non-distinctive word that refers to a specific type of wine from designated regions in Italy. However, the TMOB accepted that Giusti is a surname and prosecco is a type of wine. DMC's new evidence would not have materially affected the TMOB's decision on the section 12(1)(a) ground and the appellate standards of review apply.

[53] DMC has not established that the TMOB committed a reviewable error in rejecting the paragraph 12(1)(a) ground of opposition. The TMOB relied on *Molson* to find that GIUSTI PROSECCO as a whole is not primarily merely a surname. DMC has not pointed to any Canadian jurisprudence that stands for a contrary principle and it has not established that the

TMOB committed an error of law or a palpable and overriding error of fact or mixed fact and law in rejecting the paragraph 12(1)(a) ground of opposition based on *Molson*.

[54] I agree with Mr. Giusti that DMC conflates different grounds of opposition. DMC relies on the TM Manual for the principle that a trademark combining a surname with a descriptive word lacks distinctiveness, but the statement of opposition did not plead that GIUSTI PROSECCO is unregistrable for this reason.

[55] DMC argues that its statement of opposition pleaded non-distinctiveness broadly. The allegation that GIUSTI PROSECCO is not distinctive because it would be confused with certain DE GIUSTI trademarks was only an example and the statement of opposition does not preclude arguments that GIUSTI PROSECCO lacks distinctiveness for other reasons. In addition, DMC contends that its confusion allegation captures non-distinctiveness generally, because inherent distinctiveness is one of the factors that is considered in assessing whether trademarks are confusing.

[56] I am not persuaded by DMC's arguments. Statements of opposition must set out the grounds of opposition in sufficient detail to enable the trademark applicant to reply: *TMA*, s 38(3)(a). DMC's statement of opposition did not allege that GIUSTI PROSECCO lacks distinctiveness because it combines a surname with a descriptive word. There is no merit to DMC's arguments that such a ground was somehow implicit because inherent distinctiveness is a factor in assessing likelihood of confusion.

E. *Sections 38(2)(c) and 16(1)(a) – non-entitlement*

[57] With respect to the non-entitlement ground of opposition, the TMOB found that DMC failed to meet its evidentiary burden to establish that one or more of its DE GIUSTI trademarks had been used or made known in Canada prior to December 20, 2012. There was no evidence of use in accordance with section 4 of the *TMA*, and the TMOB found that online advertising cannot satisfy the requirements for making known under section 5 of the *TMA*: *HomeAway.com, Inc v Hrdlicka*, 2012 FC 1467 at para 30. In any event, the TMOB found there was no evidence that any DE GIUSTI trademarks were well known in Canada as a result of online advertising.

[58] DMC submits its subsection 56(5) evidence shows that Canadians had accessed its websites by the December 20, 2012 first use date. DMC argues that its new evidence suggests that DMC's products labelled with "De Giusti" and "prosecco" have been available to the Canadian market, which challenges Mr. Giusti's entitlement to register GIUSTI PROSECCO and raises questions about its distinctiveness.

[59] Mr. Giusti submits that DMC's evidence before the TMOB did not establish that any of its trademarks were previously used or made known in Canada, and despite the opportunity to file new evidence on appeal, DMC still has not proven that any of its trademarks were previously used or made known in Canada.

[60] In my view, DMC's new evidence in this proceeding is not material and does not warrant a *de novo* review of the non-entitlement ground of opposition. The evidence does not remedy a

deficiency in the evidentiary record that was before the TMOB and it would not have materially affected the TMOB's finding that DMC failed to meet its initial evidential burden.

[61] DMC's assertion that its prosecco has been "made available to the Canadian market" is not supported by any evidence of prosecco sales or evidence demonstrating that DMC's prosecco was offered for sale or distributed in Canada. DMC has not established that its marketing materials were circulated in Canada or seen by Canadians.

[62] The Third De Giusti Affidavit characterizes the website analytics as evidence showing that "Internet users from Canada accessed DMC's *degiusti.eu* and *manuel.it* websites since at least as early as 2014 and 2009, respectively". However, I agree with Mr. Giusti that the website analytics evidence provides *pagine*, *accessi*, and *banda usata* numbers for DMC's websites without explaining the context or what the numbers mean. Furthermore, the website analytics for the *degiusti.eu* website are irrelevant because they post-date December 2012.

[63] Even if I were to accept that the website analytics for the *manuel.it* website establish that Canadians accessed that website prior to December 2012, there is no evidence establishing what they accessed or what they would have seen. The evidence does not establish that Canadians would have viewed the few pages showing prosecco and the DE GIUSTI trademarks on a website that generally relates to coffee products marketed in association with other trademarks.

[64] DMC's new evidence does not establish that Canadians were exposed to DE GIUSTI trademarks. Had it been part of the record in the opposition proceeding, the evidence would not

have materially affected the TMOB's finding that DMC failed to meet its initial evidential burden. Appellate standards of review apply to this ground of opposition.

[65] DMC submits the TMOB erred in law by relying on an outdated interpretation of "made known in Canada" and by failing to adequately consider DMC's online advertising of its DE GIUSTI marks through social media and websites. DMC submits the interpretation of "made known in Canada" should evolve, just as the Federal Court of Appeal has stated that the requirements for use must adapt to accord with current practices: *Hilton Worldwide* at para 142.

[66] Mr. Giusti counters that *Hilton Worldwide* dealt with whether services had been used in Canada, not whether goods had been made known in Canada. He notes that the section 5 criteria for "making known" were not revised when the *TMA* was amended in 2019.

[67] DMC has not established that the TMOB committed an error of law in interpreting subsection 5(b) of the *TMA*. The TMOB found that, while DMC had an online presence including Facebook, YouTube, and websites, there was no evidence that any Canadians had viewed the sites. Without evidence that Canadians had been exposed to advertising through social media and websites, it was impossible for DMC's evidence to demonstrate that its trademarks had become well known in Canada according to subsection 5(b) of the *TMA*.

[68] As DMC has not established an error of law or a palpable and overriding error of fact or mixed fact and law in the TMOB's assessment of this non-entitlement ground of opposition, the appeal of this ground fails.

F. *Section 38(2)(d) – non-distinctiveness*

[69] Like non-entitlement, the TMOB rejected the non-distinctiveness ground of opposition because DMC did not meet its initial evidential burden. Relying on *Bojangles'* for the principle that an opponent must present clear evidence that their trademark is known in Canada, the TMOB found that DMC had not established that any of its DE GIUSTI trademarks had a sufficient reputation among Canadians to negate the distinctiveness of GIUSTI PROSECCO. There was no evidence that DMC sold wines or other alcoholic beverages in Canada with DE GIUSTI on the label and no evidence that Canadians were familiar with DE GIUSTI trademarks used outside of Canada. The TMOB stated that DMC had not substantiated Ms. De Giusti's claims that Canadians who travelled to Europe or the United States to consume wines from Italy would be aware of the DE GIUSTI trademark.

[70] DMC submits it was wrong for the TMOB to focus on whether DMC's trademarks had a sufficient reputation among Canadians. Relying on *E & J Gallo Winery v Andres Wines Ltd*, [1976] 2 FC 3 at 7, 25 CPR (2d) 126 (FCA) [*Gallo*], DMC argues the TMOB should have focussed on whether GIUSTI PROSECCO was "adapted to distinguish" Mr. Giusti's wines and whether it had inherent distinctiveness. DMC submits the TMOB erred by relying on *Bojangles'*, which is distinguishable because the opposed trademark in that case was a coined word with no connection to the services in question and the Court was considering whether the opponent's trademark was known "to some extent at least to negate the established distinctiveness of a coined word": *Bojangles'* at paras 6, 34. In this case, GIUSTI PROSECCO consists of a surname and descriptive word and as such, it has no distinctiveness.

[71] Furthermore, DMC submits the TMOB failed to consider relevant surrounding circumstances that extended beyond the Canadian context. Prosecco is an Italian appellation, which invites the consumer to travel to Italy and necessitates a consideration of international factors, including DMC's success in establishing priority of its trademarks in the European Union. DMC argues that even in the absence of evidence that DMC sold DE GIUSTI wine in Canada, there can be protectable goodwill through advertising that reached Canadians:

Enterprise Rent-A-Car Co v Singer (TD), [1996] 2 FC 694 at 27-28, 31, 1996 CarswellNat 2506 [Enterprise]; *Orkin Exterminating Co v Pesto Co of Canada*, 1984 CarswellOnt 1259 at para 24, 11 DLR (4th) 84 (ON HCJ) [Orkin].

[72] DMC submits GIUSTI PROSECCO is likely to cause confusion with its DE GIUSTI trademarks and the TMOB erred in law by failing to engage in a confusion analysis. Even if the TMOB did not err, an opponent's appeal is not restricted to the arguments it advanced before the TMOB and DMC states it should not be precluded from arguing that GIUSTI PROSECCO is not distinctive in a more effective manner.

[73] Mr. Giusti submits the non-distinctiveness ground of opposition that is at issue on appeal is DMC's pleaded allegation that GIUSTI PROSECCO is likely to be confused with specific DMC trademarks listed in the statement of opposition. The TMOB did not err in rejecting the non-distinctiveness ground of opposition on the basis that DMC had not presented evidence showing that its mark had acquired any reputation in Canada that would affect the distinctiveness of GIUSTI PROSECCO. Mr. Giusti submits that permitting DMC to argue a new non-

distinctiveness ground of opposition in this proceeding would be akin to allowing it to amend the statement of opposition on appeal.

[74] I agree with Mr. Giusti.

[75] DMC's non-distinctiveness ground was based on an allegation that GIUSTI PROSECCO would be confused with DMC's DE GIUSTI trademarks, which DMC alleged had been "extensively and continuously used or made known in Canada since well before the January 25, 2013 filing date" of the 381 Application. The TMOB did not err in rejecting this ground of opposition on the basis that DMC provided no evidence that any of its trademarks had acquired a reputation in Canada that would affect the distinctiveness of GIUSTI PROSECCO. Foreign decisions about the parties' trademark rights in other markets are not relevant. The relevant market is the Canadian market and decisions of foreign tribunals or courts have no legal effect in Canadian trademark proceedings: *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2019 FCA 10 at para 9.

[76] The TMOB did not err by failing to consider whether GIUSTI PROSECCO lacked inherent distinctiveness as this was not a pleaded ground of opposition, nor was it argued before the TMOB. As noted above, an opposition is assessed in view of the pleaded grounds: *Karma Candy* at paras 11-13.

[77] *Gallo*, *Enterprise*, and *Orkin* do not assist DMC. The cases do not suggest that an opponent may rely on a ground of opposition that was not pleaded. Furthermore, DMC did not

establish that its trademarks had become known to any extent, or had acquired any reputation in Canada. In the absence of evidence establishing that DMC's trademarks were previously used in Canada, made known in Canada, or that they had gained any reputation or goodwill in Canada, it was unnecessary for the TMOB to undertake a confusion analysis. The TMOB did not err in concluding that DMC had not met its initial evidentiary burden to prove the allegations of fact supporting the ground of non-distinctiveness that DMC raised.

[78] The above analysis is based on my finding that the evidence DMC filed in this appeal would not have materially affected the TMOB's findings and does not warrant a *de novo* review of this ground of opposition. For reasons similar to those provided in respect of the non-entitlement ground, DMC's new evidence does not remedy a deficiency in the evidentiary record that was before the TMOB and it would not have affected the TMOB's finding that DMC failed to meet its initial evidential burden in respect of the non-distinctiveness ground of opposition. There is no evidence that Canadians are familiar with DMC's trademarks.

[79] However, had I found otherwise, I would have reached the same result as the TMOB on a *de novo* consideration of the non-distinctiveness ground of opposition. DMC has not met its initial evidential burden to show that any of the DE GIUSTI trademarks were used, made known, or had acquired any reputation or goodwill in Canada. The website analytics evidence that DMC filed on this appeal does not discharge DMC's evidential burden because it does not establish that any Canadians accessed and viewed any webpages displaying prosecco and a DE GIUSTI trademark prior to the material time. Since DMC has not met its initial evidential burden, a confusion analysis is unnecessary.

[80] In conclusion, DMC has not shown that its appeal should succeed on the non-distinctiveness ground of opposition.

VI. **Conclusion**

[81] For the foregoing reasons, this appeal is dismissed. DMC has not established that the TMOB erred by refusing leave to add the subsection 30(i) ground of opposition or by refusing to admit the Second De Giusti Affidavit as reply evidence. DMC's new evidence filed pursuant to subsection 56(5) of the *TMA* does not warrant a *de novo* review of any ground of opposition and DMC has not established that the TMOB committed a reviewable error, based on appellate standards of review, in rejecting any ground of opposition.

[82] With respect to costs, DMC submits the Court should award a lump sum of \$2,500 to \$5,000 to the successful party. Mr. Giusti argues that such an award would be inadequate in view of the fees and disbursements incurred in this matter. He asks that costs be assessed in accordance with Column III of Tariff B of the *Federal Courts Rules*, SOR/98-106 (Tariff).

[83] As the successful party, I find that Mr. Giusti is entitled to an award of costs. I do not agree with DMC that a lump sum award of \$2,500 to \$5,000 would be appropriate in this case. Mr. Giusti requests costs in accordance with Column III of the Tariff, which is intended to reflect an appropriate cost award for matters of medium complexity. In my view, an award of costs calculated in accordance with the upper end of Column III of the Tariff would be reasonable and appropriate in this case. If the parties cannot agree on the calculation of Mr. Giusti's fees and/or disbursements, they shall be assessed by an assessment officer.

JUDGMENT IN T-2485-22

THIS COURT'S JUDGMENT is that:

1. The appeal is dismissed.
2. The respondent, Mr. Giusti, is entitled to costs calculated in accordance with the upper end of Column III of the Tariff.
3. In the event the parties are unable to reach an agreement on the calculation of fees and/or disbursements, they shall be assessed by an assessment officer.

"Christine M. Pallotta"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-2485-22

STYLE OF CAUSE: D.M.C. SRL v ERMENGILDO GIUSTI

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: NOVEMBER 23, 2023

JUDGMENT AND REASONS: PALLOTTA J.

DATED: APRIL 22, 2024

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