

Federal Court



Cour fédérale

Date: 20091123

Docket: T-1570-07

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Citation: 2009 FC 1200

Ottawa, Ontario, November 23, 2009

PRESENT: The Honourable Madam Justice Snider

BETWEEN:

SIMPSON STRONG-TIE COMPANY, INC.

Applicant

and

PEAK INNOVATIONS INC.

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

I. Introduction

[1] Peak Innovations Inc. (Peak) is a company that manufactures and sells various wood to wood, concrete and masonry connectors, some of which are used in deck building. In 2003 and 2004, Peak filed 31 applications to register trade-marks for various of their products. Simpson Strong-Tie Company, Inc. (Strong-Tie), a company who makes products with similar uses, filed statements of opposition in respect of each. The oppositions were heard and dealt with by the

Trade-Marks Opposition Board (the Opposition Board or Board) and, in all cases, rejected. Of particular relevance to this Court file, in a decision dated June 21, 2007, the Opposition Board rejected Strong-Tie's opposition to two applications.

[2] The two Peak applications at issue are: 1,187,491 (the '491 application), filed August 25, 2003, and 1,205,529 (the '529 application), filed February 6, 2004. The marks relate to "fastener brackets for attaching deck boards" based on use in Canada since June 1, 2003 for the colour green (the '491 application), and greyish-green (PANTONE 5635C) (the '529 application).

[3] The '491 mark was advertised as follows (drawing omitted):

The mark consists of the colour green as applied to the whole of the visible surface of the particular object shown in the drawing. The drawing is lined for the colour green.

[4] The '529 mark was advertised as follows (drawing omitted):

The mark consists of the colour greyish green (PANTONE 5635C) as applied to the whole of the visible surface of the particular object shown in the drawing. The drawing is lined for the colour greyish green. *Pantone is a registered trade-mark.*

II. The Opposition Board Decision

[5] At the Opposition Board, Strong-Tie opposed the '491 and '539 marks on 8 grounds. A summary of the grounds and the Opposition Board's response to each is set out as follows (the two marks are referred to in the singular form):

1. The applied for trade-mark is not registerable pursuant to s. 12(1)(d) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the *Act*) because it is confusing with three registered trade-marks. The Opposition Board rejected this ground on the basis that two of the registrations had already been expunged and the third registration was found not to be confusing with the applied-for marks.
2. Peak is not the person entitled to registration pursuant to Sections 16(1)(a) and 16(1)(b) of the *Act* because, as of Peak's claimed date of first use, the applied for trade-mark was confusing with an unspecified trade-mark previously used in Canada by Strong-Tie and unidentified third parties and with another trade-mark application which had previously been filed in Canada. The Opposition Board rejected this ground on the basis that Strong-Tie failed to raise a proper ground of opposition; the trade-mark application relied upon by Strong-Tie was filed after the claimed first date of use for the Peak colour marks.
3. Peak's application does not conform to the requirements of s. 30(i) of the *Act* because Peak was aware or ought to have been aware of Strong-Tie's use and the use by others of a similar product. The Opposition Board found that this ground failed to raise a proper ground of opposition.
4. The applied for trade-mark is not distinctive in view of the facts alleged in support of the first two grounds. This was rejected because the Opposition Board determined

that Strong-Tie failed to adduce any evidence of use or reputation for those alleged trade-marks.

5. The applied for mark is not the proper subject matter for a trade-mark within the meaning of the *Act*, contrary to ss. 30(b), 2 and 4. The mark, as described and shown in the application, is not capable of being a trade-mark as defined in s. 2 of the *Act*, nor is it capable of being distinctive of Peak. As well, the mark has not been used by Peak as a trade-mark within the meaning of s. 4 of the *Act*. Further, the colour and shaping of the offending mark is functional and utilitarian, thus, the granting of a registration would unreasonably limit the development of the industry of the applicant and opponent contrary to s. 13 of the *Act*. This was rejected on the ground that Strong-Tie failed to adduce any evidence of the supposedly functional or utilitarian nature of the Peak colour marks.
6. The applied for trade-mark is not registrable pursuant to ss. 10 and 12(1)(e) of the *Act* because it is a mark which had, by ordinary and “*bona fide*” commercial usage, become recognized in Canada as designating the kind and quality of the applied for wares. The Opposition Board rejected this ground of opposition on the basis that Strong-Tie again failed to adduce any evidence.
7. The applied for trade-mark is not registrable pursuant to s. 12(1)(b) of the *Act* because, being purely or primarily functional, it is clearly descriptive of the character

or quality of the applied for wares. This was rejected for essentially the same reasons as the fifth ground.

8. Peak's application does not conform to the requirements of s. 30(b) of the *Act* because Peak did not use the applied-for trade-mark in Canada since the date claimed. This ground was rejected as the Opposition Board held that Strong-Tie had not satisfied its evidential burden.

[6] At the oral hearing before the Board, Strong-Tie raised an additional ground. It claimed that the object shown in the drawings for the applications did not indicate the size or physical dimensions of the objects, contrary to s. 30(h) of the *Act*. The Board held that it was precluded from considering this ground because it was not raised in the statements of opposition.

III. Issues

[7] Strong-Tie questions most of the Board's findings, adding what it describes as "new evidence" on a number of the findings. As I understand this appeal, the issues are as follows:

1. Are the alleged Peak colour marks at issue distinctive of Peak, and used by Peak since the date of first use or before, so as to distinguish the mark to the public from those of others?
2. Are the alleged Peak marks purely functional, utilitarian or clearly descriptive of a quality or characteristic of a colour coating?

3. In the alternative to #2, are the Peak colour marks more properly the subject matter of an application for a distinguishing guise?
4. Has Peak used the alleged colour marks as trade-marks since the date first alleged in the applications?
5. Are the alleged colour marks sufficiently described in the application?
6. What is the effect of any third party licence?

IV. Evidence

[8] As discussed below, this Court may review new evidence in assessing the merits of the appeal.

[9] At the hearing before the Opposition Board, Strong-Tie filed the affidavits of Ms. Elentia Anastacio, purporting to exhibit particulars of various trade-marks found via searches in the CD Namesearch Canadian trademarks database and the internet. No evidence was filed by Peak. On appeal to this Court both parties filed evidence not before the Opposition Board.

[10] Strong-Tie's evidence was as follows:

- Ms. Marlye Monsfiston: Ms. Monsfiston is a trade-mark agent at Sim & McBurney, trade-mark agent for Strong-Tie. She filed the results of a search of alleged archived versions of Peak's website.
- Ms. Lorraine Fleck: Ms. Fleck is also a trade-mark agent at Sim & McBurney. She provided an affidavit that contains photographs of various products of Peak and another company. Some of the actual products were produced during the hearing.
- Mr. Armen Jeknovarian (2 affidavits filed): Mr. Jeknovarian is a plant manager at Strong-Tie. In his affidavit, he set out information regarding Strong-Tie's various products and their sales and promotion. He was cross-examined on his affidavits.

[11] Peak's evidence was as follows:

- Ms. Kimberley La (3 affidavits filed): Ms. La is Associate Counsel, Intellectual Property and Litigation, at Peak. In her first affidavit, she reported the results of her internet search for deck fasteners. In her second affidavit, she provided a sample of the Peak fastener (shown to the Court at the hearing) and photographs related to the product, its use and store displays of the Peak fastener. In her third affidavit, Ms. La provided evidence of the current Peak website and of the current and archived websites of Strong-Tie. Ms. La was cross-examined.

- Mr. Thomas Ciz: Mr. Ciz is General Counsel (Tax and Corporate Affairs) and Vice-President Finance at Peak and has been at Peak since 2003. His affidavit dealt with sales in Canada of Peak's greenish-grey deck board fasteners since 2003. Mr. Ciz was cross-examined.

V. Analysis

A. *What is the applicable standard of review?*

[12] Under subsection 56(1) of the *Act*, an appeal lies to the Federal Court of any decision of the Registrar.

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

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

[13] Where the Court has the benefit of considering new evidence of significance, its discretion is unfettered by the previous decision of the Registrar and the Trial Judge should come to her own conclusion as to the correctness of the Registrar's decision (*Shell Canada Limited v. P.T. Sari Incofood Corporation*, 2008 FCA 279, 68 C.P.R. (4th) 390).

[14] However, where the evidence filed on appeal does not add anything of significance, the applicable standard of review is reasonableness (*Community Credit Union Ltd. v. Registrar of Trade-marks*, 2006 FC 1119, 53 C.P.R. (4th) 296). This standard was recently reinforced by the Supreme Court of Canada in *Mattel Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772 at paras 40-41. In *Mattel*, Justice Binnie referred to, with approval, Justice Rothstein's decision in *Molson Breweries v. John Labatt*, [2000] 3 F.C. 145, 252 N.R. 91 (F.C.A.), which focused on the impact of new evidence on appeal:

I think the approach in *Benson & Hedges v. St. Regis* and in *McDonald v. Silcorp* are consistent with the modern approach to standard of review. Even though there is an express appeal provision in the *Trade-marks Act* to the Federal Court, expertise on the part of the Registrar has been recognized as requiring some deference. Having regard to the Registrar's expertise, in the absence of additional evidence adduced in the Trial Division, I am of the opinion that decisions of the Registrar, whether of fact, law or discretion, within his area of expertise, are to be reviewed on a standard of reasonableness *simpliciter*. However, where additional evidence is adduced in the Trial Division that would have materially affected the Registrar's findings of fact or the exercise of his discretion, the Trial Division judge must come to his or her own conclusion as to the correctness of the Registrar's decision.

[15] In this appeal, both parties have provided affidavit evidence that consists of the products of both companies, sales records, and advertising on the internet and in stores. This was new evidence that deals specifically with the findings of the Board. As taught by the jurisprudence, my task is to assess whether this new evidence would have materially affected the Opposition Board's findings of fact or the exercise of its discretion. If it would, I will come to my own conclusion on the applicable question.

- B. *Are the alleged Peak colour marks at issue distinctive of Peak and used by Peak since the date of first use or before so as to distinguish the mark to the public from those of others, in that they are confusing with other registered trade-marks?*

[16] Strong-Tie's first, second and fourth grounds of opposition all related to the issues of distinctiveness and confusion. Its first ground of opposition was that the applied-for marks were confusing with three registered marks. In its second ground of opposition, Strong-Tie alleged that the applied-for marks were contrary to s. 16(1)(a) and (b) of the *Act*, in that they could be confused with similarly shaped and coloured construction products which were promoted and sold in the same channels of trade as those of Peak. Finally, Strong-Tie set out its fourth ground of opposition as follows:

In view of the facts set out in 1 (a) and (b) above, Applicant's Offending Mark is not distinctive of it, nor is it capable of becoming distinctive of it.

[17] A trade-mark is defined in the *Act* as follows (s. 2):

<p>"trade-mark" means</p> <p>(a) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others,</p> <p>(b) a certification mark,</p> <p>(c) a distinguishing guise, or</p> <p>(d) a proposed trade-mark;</p>	<p>« marque de commerce » Selon le cas :</p> <p>a) marque employée par une personne pour distinguer, ou de façon à distinguer, les marchandises fabriquées, vendues, données à bail ou louées ou les services loués ou exécutés, par elle, des marchandises fabriquées, vendues, données à bail ou louées ou des services loués ou exécutés, par d'autres;</p> <p>b) marque de certification;</p>
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- c) signe distinctif;
- d) marque de commerce projetée.

[18] Distinctive is a defined term in s. 2 of the *Act*:

<p>"distinctive", in relation to a trade-mark, means a trade-mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares or services of others or is adapted so to distinguish them;</p>	<p>« distinctive » Relativement à une marque de commerce, celle qui distingue véritablement les marchandises ou services en liaison avec lesquels elle est employée par son propriétaire, des marchandises ou services d'autres propriétaires, ou qui est adaptée à les distinguer ainsi.</p>
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[19] Further, pursuant to s. 12(d) of the *Act*, a trade-mark is not registrable if it is "confusing with a registered trade-mark". Obviously, if a mark is confusing with another registered mark, it is not distinctive.

[20] Finally, s. 16(1) sets out that an applicant is entitled to register a trade-mark unless, at the date on which he first used the mark, it was confusing:

<p>16. (1) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that he or his predecessor in title has used in Canada or made known in Canada in association with wares or services is entitled, subject to section 38, to secure its registration in respect of those wares or services, unless at the date on which he or his predecessor in title first so used it or made it known it was confusing with</p>	<p>16. (1) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce qui est enregistrable et que le requérant ou son prédécesseur en titre a employée ou fait connaître au Canada en liaison avec des marchandises ou services, a droit, sous réserve de l'article 38, d'en obtenir l'enregistrement à l'égard de ces marchandises ou services, à moins que, à la date où le requérant ou son prédécesseur en titre l'a en premier lieu ainsi employée ou révélée, elle n'ait créé de la confusion :</p>
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| <p>(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;</p> | <p>a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;</p> |
| <p>(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or</p> | <p>b) soit avec une marque de commerce à l'égard de laquelle une demande d'enregistrement avait été antérieurement produite au Canada par une autre personne;</p> |
| <p>(c) a trade-name that had been previously used in Canada by any other person.</p> | <p>c) soit avec un nom commercial qui avait été antérieurement employé au Canada par une autre personne.</p> |

[21] The relevant date for assessing distinctiveness and confusion is the date of the filing of the opposition (*Andres Wines Ltd. v. E. & J. Gallo Winery*, [1976] 2 F.C. 3 (F.C.A.) at para. 8). In this case, the relevant date is October 26, 2004.

[22] In considering the opposition by Strong-Tie, the Opposition Board reviewed three different registered trade-marks put forward by Strong-Tie. Two had been expunged and were not considered further. The third mark was the mark for PFC & Design, comprised of initials and a representation of one of the wares. The Board concluded that “in view of the inherent weakness of the marks, the absence of any acquired reputation for the registered mark and the limited degree of resemblance” neither of Peak’s two marks is confusing with the registered PFC & Design. On this basis, the first ground of opposition was held to be unsuccessful.

[23] On the second ground of opposition, the Board considered another mark put forward by Strong-Tie (Application No. 1,218,092) and other alleged third party uses. The Opposition Board concluded that:

The second ground in each case fails to raise a proper ground of opposition. The opponent is precluded from relying on third party uses of allegedly confusing marks and it has failed to identify any of its own marks that it has previously used in Canada. As for application No. 1,218,092, it cannot form the basis of a ground of opposition pursuant to section 16 (1) (b) of the *Act* because it was not filed prior to the applicant's claimed date of first use. Thus the second ground of opposition is also unsuccessful.

[24] The most general description of opposition is contained in Strong-Tie's fourth ground of objection. In response, the Board stated as follows:

As for the fourth ground of opposition in each proceeding, the onus or legal burden is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares and services from those of others throughout Canada: see Muffin Houses Incorporated v. The Muffin House Bakery Ltd. (1985, 4 C.P.R. (3d) 272 (T.M.O.B.). Furthermore, the material time for considering the circumstances respecting this issue is as of the filing of the opposition (i.e. - October 26, 2004): see Re Andres Wines Ltd. and E. & J. Gallo Winery (1975), 25 C.P.R. (2d) 126 at 130 (F.C.A.) and Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. (1991), 37 C.P.R. (3d) 412 at 424 (F.C.A.). Finally, there is an evidential burden on the opponent to prove the allegations of fact in support of its ground of non-distinctiveness.

The opponent's fourth ground in each case is essentially based on allegations of confusion with the registered mark PFC & Design and the applied for mark TECHNO METAL POST & Design. However, there is no evidence of any use or reputation for either of these two marks. Thus, the fourth ground of opposition is also unsuccessful.

[25] In this appeal, Strong-Tie takes the position that its new evidence establishes that third parties in the Canadian marketplace, including itself, have used the colour grey or khaki or green for items that are used for purposes that include deck building. These products, in Strong-Tie's view,

could readily be confusing with the green and greyish green deck fasteners of Peak. One such item is a fence post holder called the “Duraspikē”, which is coated in the colour green. Strong-tie argues that the new evidence establishes that there is, before me, evidence of actual trade in such items.

[26] I have difficulties with the Duraspikē product. First, the Duraspikē product was purchased on November 27, 2004, after the relevant date of October 26, 2004. No evidence of use or reputation of the product prior to the relevant date was provided. There is no evidence that the product would have been in the channels of trade at the relevant time. Second, the Duraspikē product, on which Strong-Tie relied, is very different from a fastener bracket for attaching deck boards.

[27] Having reviewed the evidence submitted, I am satisfied that different manufacturers use different colours for a variety of hardware products, including fastener brackets for attaching deck boards and that there are many competing products that use other colours. More importantly, there is no evidence that any other party uses green or greyish-green in association with fastener brackets for attaching deck boards. As the only party to pair these colours in association with this product, Peak has distinguished its product from those of others.

[28] Accordingly, I am not persuaded that the new evidence would have materially affected the Board’s finding of fact or the exercise of its discretion. In other words, Strong-Tie has not presented any new evidence that would have caused the Board to conclude that there could be confusion between the applied-for marks and any other products or wares.

[29] There is no dispute that there is an initial evidentiary burden on the opponent to adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exists. If the opponent meets this onus, then the burden shifts to the applicant to show entitlement to registration (*Matol Biotech Laboratories Ltd. v. Jurak Holdings Ltd.*, 2008 FC 1082, 335 F.T.R. 171 at paras. 74-78; *John Labatt Ltd. v. Molson Co.* (1990), 36 F.T.R. 70, 30 C.P.R. (3d) 293 at para. 11 (T.D.) (*John Labatt Ltd.*)). In this case, Strong-Tie has failed to adduce sufficient evidence to support its first, second and fourth grounds of opposition.

[30] This should be the end of the appeal on these three grounds. However, in this appeal, Strong-Tie appears to amplify its grounds significantly. Whereas the initial grounds of opposition dealt exclusively with the possible confusion between the Peak marks and those of Strong-Tie and others, Strong-Tie now asserts that the inherent nature of the mark is not distinctive. In doing so, Strong-Tie argues that Peak bears the burden of demonstrating that its mark is distinctive.

[31] The allegation of non-distinctiveness was not raised in Strong-Tie's statements of opposition. In my view, Strong-Tie is precluded from raising this ground on appeal. The law is clear on issues that were not raised before the Registrar or Opposition Board. While a party is open to raise new evidence on appeal, it cannot raise new issues (see *McDonald's Corp. v. Coffee Hut Stores Ltd.* [1994] F.C.J. No. 638 at para. 17 (F.C.T.D.), *aff'd* [1996] F.C.J. No. 774; *S.C. Johnson & Son, Inc. v. Esprit De Corp. et al.* (1986), 8 F.T.R. 81 (F.C.T.D.)).

C. *Are the alleged Peak marks purely functional, utilitarian or clearly descriptive of a quality or characteristic of a colour coating?*

[32] With respect to Strong-Tie's fifth ground of opposition, the Opposition Board concluded as follows:

[...] [I]t appears that the fifth ground of opposition in each case is that the applied for mark is not a proper trade-mark since it is merely functional and utilitarian. However, color applied to the whole of the visible surface of an object can function as a trademark: see Smith, Kline and French v. Registrar of Trade Marks [1987] 2 F.C. 633 (F.C.T.D.). At the oral hearing, the opponent's agent submitted that the applied for color comprises a coat of paint which may function as a rust protector. However, there is no evidence of record to support that speculation. Since the opponent has failed to submit any evidence establishing the solely or primarily functional nature of the applicant's mark, the fifth ground of opposition is also unsuccessful.

[33] Related to the fifth ground of opposition is the seventh ground. In this ground of opposition, Strong tie asserted that "the shape and color of the Offending Mark are purely or primarily functional".

[34] With respect to the seventh ground of opposition, the Board concluded as follows:

In support of this ground, the opponent has alleged that the applied for mark consists of the shape and color of the applied for wares and is therefore purely or primarily functional. However, as previously noted, there is no evidence of record establishing the purely or primarily functional nature of the applied for color in the context of the applied for wares. Furthermore, in view of the Smith, Kline & French decision, it is apparent that color applied to the entire visible surface of an object does qualify as an ordinary trademark. Thus, the seventh ground is also unsuccessful.

[35] For the purposes of this appeal, Strong-Tie has submitted new evidence that, in its view, establishes the functional nature of Peak's proposed mark. In particular, Strong-Tie relies on Mr. Ciz's responses to certain questions in cross-examination. Mr. Ciz was asked about a reference in Peak's catalogue to the deck fastener being available in two finishes: "galvanized and coated khaki green". Mr. Ciz responded that (Applicant's Record [A.R.], vol 3, p. 989, lines 4-7):

Powder coating refers to a covering on the product that is intended to enhance the longevity of the product by resisting rust. Khaki green is a reference to, presumably, the colour of the product.

[36] A further exchange on this topic consisted of the following exchange (A.R., vol. 3, p. 995)

Q170 Just to clarify on the record, sir, the powder coated khaki green, the reference to powder coated is the reference to the green colour that's applied to the surface?

A The reference to powder coating is a reference to the application of a coating on the product to enhance its durability. You can have a powder coated product in different colours.

[37] Based on these responses, Strong-Tie asserts that the green colour of the deck fastener has more to do with rust protection and durability than with distinguishing Peak's product from others on the market.

[38] We know that colour to the whole of the visible surface of an object can function as a trade-mark, where it is claimed as a "feature" of a trade-mark (*Smith Kline & French Canada Ltd. v. Canada (Register of Trade Marks)*, [1987] 2 F.C. 633, [1987] F.C.J. No. 242 at para. 6 (F.C.T.D.) (*Smith Kline & French*)). In *Smith Kline & French* the trademark applied for was colour applied to a tablet. It was described as (above, at para. 2):

...the colour green applied to the whole of the visible surface of the tablet, as shown in the specimen tablet affixed to the form of the

application, the precise shade of green being shown in the attached colour patch.

[39] The Court's decision in *Smith Kline & French* has been consistently applied by the Registrar of Patents. Indeed, s. 28 (1) of the *Trade-marks Regulations*, SOR/96-195 sets out certain filing requirements where an applicant claims a colour as a feature of a trade-mark.

[40] However, there is a line to be drawn between a colour that is a valid, distinctive trade-mark and one that is primarily functional. Pursuant to s. 12(1)(b) of the *Act*, a trade-mark is not registerable if is "clearly descriptive . . . of the character or quality of the wares". Pursuant to this provision of the *Act*, a proposed trade-mark that is primarily functional will not be registerable as a trade-mark. If, for example, the chemical that made the green coating on the tablet in *Smith Kline & French*, above, was added primarily to enhance the efficacy of the drug and was only available in green, it is arguable that the trade-mark may not have been registered. In the appeal before me, if the green or greyish-green coating is added for the primary purpose of reducing the possibility of corrosion, it may not be registerable.

[41] The evidence – mostly through the cross-examination of Mr. Ciz – is new and relates to a function of the Peak coating. However, it does not deal directly with the colour green. As noted by Mr. Ciz, powder coating that retards corrosion can be produced in many colours. I have no evidence that a green coating offers more protection than a blue or pink coating. Thus, in spite of the "new" evidence before me, I am not persuaded that Strong-Tie has demonstrated, on a balance of probabilities, that Peak's marks are purely functional, utilitarian or clearly descriptive of a quality or characteristic of a colour coating. The Board's decision should stand.

D. *Are the Peak colour marks more properly the subject matter of an application for a distinguishing guise?*

[42] In the alternative to its argument that the alleged Peak marks are purely functional, Strong-Tie argues that the marks are in the nature of a “distinguishing guise” – the applied-for mark is no more than a “mode of wrapping or packaging wares”. The main advantage to Strong-Tie of such a determination by the Board appears to be that, pursuant to s. 32(2) of the *Act*, the registration would be restricted to “the defined territorial area in Canada in which the trade-mark is shown to have become distinctive”.

[43] Distinguishing guise is defined in s. 2 of the *Act* as follows:

"distinguishing guise" means	« signe distinctif » Selon le cas :
(a) a shaping of wares or their containers, or	a) façonnement de marchandises ou de leurs contenants;
(b) a mode of wrapping or packaging wares	b) mode d'envelopper ou emballer des marchandises,
the appearance of which is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others;	dont la présentation est employée par une personne afin de distinguer, ou de façon à distinguer, les marchandises fabriquées, vendues, données à bail ou louées ou les services loués ou exécutés, par elle, des marchandises fabriquées, vendues, données à bail ou louées ou des services loués ou exécutés, par d'autres.
...	
13. (1) A distinguishing guise is registerable only if	13. (1) Un signe distinctif n'est enregistrable que si, à la fois :
(a) it has been so used in	a) le signe a été employé

Canada by the applicant or his predecessor in title as to have become distinctive at the date of filing an application for its registration; and

(b) the exclusive use by the applicant of the distinguishing guise in association with the wares or services with which it has been used is not likely unreasonably to limit the development of any art or industry.

au Canada par le requérant ou son prédécesseur en titre de façon à être devenu distinctif à la date de la production d'une demande d'enregistrement le concernant;

b) l'emploi exclusif, par le requérant, de ce signe distinctif en liaison avec les marchandises ou services avec lesquels il a été employé n'a pas vraisemblablement pour effet de restreindre de façon déraisonnable le développement d'un art ou d'une industrie.

[44] The relevant date when assessing the registerability of a trade-mark under s. 13 is the date of the Application. In this case the relevant dates are August 23, 2003 (the '491 application) and February 6, 2004 (the '529 application).

[45] In considering this part of the sixth ground of opposition, the Board concluded that:

The opponent has failed to provide any evidence to support its contention that the applied for mark has become recognized in Canada as designating the kind and quality of the applied for wares.

[46] Before me, Strong-Tie presents the evidence gained in cross-examination of Mr. Ciz. In particular, Strong-Tie points to the following (A.R., vol. 3, p. 989, lines 16-18):

148 Q So the powder coated khaki green is the coating that
sort of wraps it from the elements?

A Yes

[47] This leading question from counsel for Strong-Tie does little, in my view, to change the character of the mark from a registrable trade-mark to a “distinguishing guise”. Mr. Ciz is not a trade-mark or intellectual property lawyer and not familiar with the complex definition of a “distinguishing guise”. Mr. Ciz’s agreement that “the powder coated khaki green is the coating that sort of wraps it” was a simple agreement that the powder coating could provide the deck fastener with some protection from the elements. It is not, as Strong-Tie suggests, an admission that the applied-for mark (that is, the green or greyish-green deck fastener) is nothing more than a distinguishing guise.

[48] Moreover, Strong-Tie’s reliance on various dictionary definitions of the words “wrap” and “wrapping” provide little assistance to the Court. Similarly, they would not have materially affected the Board’s findings of fact or the exercise of its discretion.

[49] Even if this “new” evidence is considered, I am satisfied that: (a) Peak’s applied-for trade-mark is not a distinguishing guise and therefore the application should not be evaluated on that basis; and, (b) the powder coating that is applied to surface of the deck fastener is not the applied-for trade-mark; rather, the colour is the applied for mark. The Board’s decision should stand.

E. *Has Peak used the alleged colour marks as trade-marks since the date first alleged in the applications?*

[50] Strong-Tie's eighth ground of opposition was that Peak's mark had not been used by Peak since the date of alleged first use.

[51] Pursuant to s. 30(b) of the *Act*, an application for the registration of a trade-mark must set out "the date from which the applicant . . . [has] so used the trade-mark in association with each of the general classes of wares or services described in the application".

[52] Peak's trade-mark applications claim the use date of the colours green or greyish-green as applied to the surface of the deck fasteners since as early as June 1, 2003. It is Peak's burden to establish this date. However, insofar as the Opponent (Strong-Tie) relies on allegations of fact in support of its ground of opposition, there is an evidential burden upon Strong-Tie to prove those allegations (*John Labatt Ltd*, above, at para. 8).

[53] Strong-Tie argues that Peak had not used the trade-marks since the relevant date. The Opposition Board rejected this ground on the basis that the evidence submitted by Strong-Tie was insufficient to satisfy Strong-Tie's burden. At the Opposition Hearing, Strong-Tie relied on the affidavit evidence of Ms. Anastacio's internet searches for Peak's. The Board stated that Ms. Anastacio provided no details about the parameters of her search.

[54] In its decision, I note that the Board did not address the issue of the evidence of use tendered by Peak. Peak's evidence of use prior to the relevant date is an invoice dated April 24, 2003, which

refers to three products, one of which is a “powder coat hidden deck fastener” listed as item number 2501 (or SKU 2501). According to the affidavit of Mr. Ciz in this appeal, the colour greyish green is applied to the entire surface of SKU 2501. Thus, Peak asserts, it has established the date of first use from at least April 24, 2003. I agree.

[55] Even though the invoice does not refer to the colour green, greyish green or khaki, the evidence of Mr. Ciz substantiates that this was, indeed, an invoice for deck fasteners with the applied-for mark. I am satisfied that Peak has met its burden to show that Peak colour marks have been used in association with the wares since at least as early as June 1, 2003.

[56] In this appeal, Strong-Tie has provided affidavit evidence from Ms. Monfiston which outlines her internet archive search of Peak’s websites and states that the relevant product is not found on those sites. I agree with Peak that these searches do not add anything of significance to the issues of compliance with s. 30(b), and that its absence on the website is not conclusive of non-use as of June 1, 2003. This new evidence would not have materially affected the Board’s findings of fact or the exercise of its discretion.

[57] The Board’s decision should stand.

F. *Are the alleged colour marks sufficiently described in the application?*

[58] In its Statements of Opposition, Strong-Tie raised s. 30 as a whole. At the oral hearing, Strong-Tie refined this argument to a plea that the trade-mark filings by Peak were contrary to

s. 30(h). Under s. 30(h), an application is required to contain “a drawing of the trade-mark and such number of accurate representations of the trade-mark as may be prescribed”.

[59] The Opposition Board refused to consider a ground of opposition under s. 30(h) as it had not been specifically raised in the Statement of Opposition. However, the Board continued by stating that:

In any event, there is no requirement for the applicant to restrict the mark claimed to a specific size. So long as the wares are adequately described and defined, color alone can function as a trade-mark as in the case, for example, of a single color for a sheet of fiber glass insulation.

[60] Before this Court, Strong-Tie has raised s. 30(h) on the basis that, by the time the Board’s decision was appealed, Peak must have been aware of this ground and had the opportunity to file evidence in this regard. I observe that Strong-Tie has expanded this argument beyond what was apparently raised at the Opposition Board hearing. Strong-Tie now asserts that the drawings are inadequate because the rear view of the asymmetrical deck fasteners cannot be seen on the drawings.

[61] The threshold question before me is whether Strong-Tie, not having properly raised this ground at the hearing of the Opposition Board, should be able to raise it before me. In my view, there are two components to this question. The first relates to the argument that 30(h) was not observed because the dimensions of the wares were not disclosed. Since the Opposition Board hearing, Peak has been aware that this was an issue. Accordingly, it appears to me that the better view is that this specific issue, for which Peak has had adequate notice, is properly before me (see *Novopharm Ltd. v. AstraZeneca AB*, 2001 FCA 296, [2002] 2 F.C. 148 at para. 43).

[62] Strong-Tie argues that the alleged Peak colour marks applied to a non-specific object are not the proper subject matter for trade-marks as they are not sufficiently defined as to the shape and dimension. Strong-Tie states that there is no consistency as to the colour; Mr. Ciz and Ms. La admitted that the materials distributed by Peak referred to the same colour as green, greyish green and khaki and in some cases appeared greyish depending on the lighting.

[63] Peak submits that the applications conform to s. 30(h) and that the scope of protection in the applications is clear if one views the applications as a whole. Peak points out that s. 30(h) provides that the application shall contain "...unless the application is for the registration only of a word or words not depicted in a special form, a drawing of the trade-mark and such number of accurate representations of the trade-mark as may be prescribed." They also highlight the fact that s. 28(1) of the *Trade-marks Regulations*, SOR/96-195 and the Practice Notes of the Trade-Marks Office reinforce s. 30(h) of the *Act*.

[64] In this case, the applications include a dotted outline of the object. I note that two Practice Notices from the Trade-Marks Office require that marks for colour include a drawing showing the visible features of the object in a dotted outline (December 6, 2000). If the drawing is not so depicted, then the application will be examined as a distinguishing guise (December 3, 1990).

[65] With respect to the first component of the s. 30(h) argument, I can see no requirement that the dimensions of the objects must be set out in the drawings or elsewhere. Colour alone can constitute a trade-mark.

[66] The second component of Strong-Tie's argument is that the drawings do not feature the back view of the deck fasteners. Strong-Tie quoted paragraph 50 from Justice Evans' decision in *Novopharm Ltd. v. Bayer Inc.*, [2000] 2 F.C 553, [1999] F.C.J. No. 1661 (F.C.T.D.) which stated that, when granting a monopoly, the competitor and the public at large are entitled to insist on strict compliance with the terms of the legislation. In that case, the issue facing Justice Evans was that the diagram provided was inaccurate and contradicted the verbal description. The description was for the colour pink, while the drawing had hatch marks for the colour blue. This is a very different situation than that before me.

[67] However, the more serious problem with this allegation is that it was not raised at the Opposition Board – either in the Statement of Opposition or orally. Accordingly (and consistent with other findings in these Reasons), Strong-Tie is precluded from now raising the argument at the appeal stage. Once again, while a party is open to raise new evidence on appeal, it cannot raise new issues.

[68] In sum, while I agree that Strong-Tie may raise s. 30(h) as a ground of opposition on appeal to the extent that it was presented orally at the Opposition Board, I find that: (a) the argument that the object dimensions must be identified fails; and (b) Strong-Tie cannot, on appeal, raise the issue of the accuracy of the drawings.

G. *What is the effect of any third party licence?*

[69] In its Memorandum of Fact and Law, Strong-Tie raises the issue of non-distinctiveness of the colour marks on the basis that the marks are used by Peak's subsidiaries or affiliates. This issue was not raised before the Opposition Board and Peak objects to its consideration on that basis.

[70] In response, Strong-Tie argues that it could not have raised this ground earlier. It submits that it first became aware of the issue when Mr. Ciz raised it in his affidavit by stating at paragraph 2:

Peak and/or Peak's licensee, Peak Products Manufacturing Inc. (hereinafter "PPM") sells a deck board fastener under the Peck stock keeping unit 2501...

[71] On the basis of this evidence, Strong-Tie asserts that Peak is in breach of s. 50 of the *Act* which provides that:

50. (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

50. (1) Pour l'application de la présente loi, si une licence d'emploi d'une marque de commerce est octroyée, pour un pays, à une entité par le propriétaire de la marque, ou avec son autorisation, et que celui-ci, aux termes de la licence, contrôle, directement ou indirectement, les caractéristiques ou la qualité des marchandises et services, l'emploi, la publicité ou l'exposition de la marque, dans ce pays, par cette entité comme marque de commerce, nom commercial — ou partie de ceux-ci — ou autrement ont le même effet et sont réputés

Idem	avoir toujours eu le même effet que s'il s'agissait de ceux du propriétaire.
(2) For the purposes of this Act, to the extent that public notice is given of the fact that the use of a trade-mark is a licensed use and of the identity of the owner, it shall be presumed, unless the contrary is proven, that the use is licensed by the owner of the trade-mark and the character or quality of the wares or services is under the control of the owner.	Licence d'emploi d'une marque de commerce (2) Pour l'application de la présente loi, dans la mesure où un avis public a été donné quant à l'identité du propriétaire et au fait que l'emploi d'une marque de commerce fait l'objet d'une licence, cet emploi est réputé, sauf preuve contraire, avoir fait l'objet d'une licence du propriétaire, et le contrôle des caractéristiques ou de la qualité des marchandises et services est réputé, sauf preuve contraire, être celui du propriétaire.

[72] On cross-examination both Mr. Ciz and Ms. La refused to confirm, produce, or provide the terms of any licence. Strong-Tie requests that the Court take an adverse inference that no proper licence existed and that any use by the entities has negatively affected the distinctness of the marks.

[73] If the issue is to be considered, then Peak argues that the relevant date for assessing distinctiveness is the filing of the opposition, October 26, 2004. Peak describes its corporate structure at the relevant time as follows:

As explained by Mr. Ciz in his cross-examination, Peak Innovation Inc. (the Respondent in the present appeals) was previously Peak Products Manufacturing Inc. until it changed its name in 2003. In late 2003, a new Peak Products Manufacturing Inc. was then incorporated, which is the entity currently selling the product at issue in these appeals (i.e. SKU 2501).

[74] The evidence is that only Peak and Peak Products Manufacturing Inc. have sold the product with the alleged trade-marks, and that both companies have the same controlling mind and that Peak Products Manufacturing is a licensee of Peak. Therefore, Peak contends, there is no evidence that at the relevant date there was any loss of distinctiveness of the Peak Colour Mark based on use by related entities.

[75] I agree with Peak that the issue is one that cannot be raised at this stage. Once again, while a party is open to raise new evidence on appeal, it cannot raise new issues.

[76] However, even if I were to consider the issue, I could not conclude that there has been any breach of s. 50. The evidence of the interrelationship between Peak and its affiliate means that a licence may be implied between Peak and its affiliate (see *Jay-Lor International Inc. v. Penta Farm Systems Ltd.*, 2007 FC 358, 59 C.P.R. (4th) 228 at para. 28).

VI. Conclusion

[77] In conclusion, for the reasons above, I would dismiss the appeal by Strong-Tie.

[78] At the hearing of this matter, the parties made submissions on costs. Peak asks the Court to award costs at a higher scale due to the fact that this appeal was a “test case” for a number of other appeals that are waiting for the results of this appeal. Strong-Tie submitted that costs should be awarded at the usual scale of the middle of Column III of Tariff B. Strong-Tie specifically mentioned that its travel costs should be taken into consideration.

[79] In my view, the complexity of this matter does not warrant an award at anything other than normal scale – that is, the middle of Column III of Tariff B. The existence of other possible cases, for which costs can be awarded in due course, is not sufficient reason to deviate from the usual tariff.

JUDGMENT

THIS COURT ORDERS AND ADJUDGES that

1. the appeal is dismissed; and
2. costs are awarded to Peak, to be assessed in accordance with the middle of Column III of Tariff B.

“Judith A. Snider”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1570-07; T-1571-07

STYLE OF CAUSE: SIMPSON STRONG-TIE COMPANY, INC.

v.

PEAK INNOVATIONS INC.

PLACE OF HEARING: Vancouver, BC

DATE OF HEARING: October 29, 2009

**REASONS FOR ORDER
AND ORDER:** SNIDER J.

DATED: November 23, 2009

APPEARANCES:

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