

Federal Court



Cour fédérale

Date: 20100218

**Docket: T-19-08
T-20-08
T-21-08**

Citation: 2010 FC 180

Ottawa, Ontario, February 18, 2010

PRESENT: The Honourable Mr. Justice Mandamin

BETWEEN:

THE FRIENDLY STRANGER CORPORATION

Applicant

and

AVALON SUNSPLASH LTD.

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] The Friendly Stranger Corporation appeals a decision by Myer Herzig acting for the Registrar pursuant to delegated authority as a member of the Trade-marks Opposition Board (the Registrar) made November 8, 2007 refusing the Appellant's applications for trade-marks for:

- a. No. 1157428: FRIENDLY STRANGER CANNABIS CULTURE SHOP & Design filed October 30, 2002
- b. No. 1171482: CANNABIS CULTURE SHOP & Design filed March 17, 2003
- c. No. 1171481: CANNABIS CULTURE SHOP filed March 17, 2003

[2] The Friendly Stranger sells products related to hemp and marijuana, including rolling papers, pipes, books, t-shirts and other wares and it operates The Friendly Stranger Cannabis Culture Shop in Toronto, Ontario. It also maintains a website at domain: www.friendlystranger.com.

[3] Avalon Sunsplash Ltd. (the Opponent) filed oppositions to the Appellant's three applications on April 16, 2004 after the applications were advertised for opposition purposes in the *Trade-marks Journal* on February 18, 2004. The Opponent publishes a bimonthly magazine initially called *Cannabis Canada* but rebranded as *Cannabis Culture* in 1998. The Opponent operates a store in Vancouver, British Columbia and maintains a website at the domain: www.cannibisculture.com.

[4] The Registrar refused applications No. 1171481 and no. 1171482 finding that, on the balance of probabilities, "the distinctiveness of the Opponent's mark was sufficient to negate the distinctiveness of the applied for mark." The Registrar also refused application No. 1157428 finding the mark FRIENDLY STRANGER CANNABIS CULTURE SHOP & design resembled the Opponent's mark to a lesser degree, however both parties targeted the same market and the

balance of probabilities was evenly balanced between finding for the Opponent and the Applicant.

[5] The Appellant appeals the Registrar's decision pursuant to section 56 of the *Trade-marks Act*, R.S.C., 1985, c. T-13 (the Act). The Applicant has filed further evidence in support of its appeal. The Opponent did not participate in the Appeal.

DECISION UNDER APPEAL

[6] The Registrar noted the application is based on the Applicant's use of the marks over a range of dates:

July 7, 1994	Earliest claimed use of services: store sales
September 7, 1994	Incorporation of The Friendly Stranger Corporation
January, 1995	Earliest use of mark in wares: matches
September, 1997	Earliest claim for internet sales
July, 2002	Latest use of mark in wares: collector tubes

[7] The Registrar found the use of the mark CANNABIS CULTURE SHOP & Design was equivalent to the use of the mark CANNABIS CULTURE SHOP. The Registrar also found the evidence showed the Applicant primarily uses the mark FRIENDLY STRANGER CANNABIS CULTURE SHOP & Design. Although the 'Friendly Stranger' was noticeably different in appearance and spacing from the accompanying words "Cannabis Culture Shop", the Registrar

decided the mark also qualifies as a use of CANNABIS CULTURE SHOP & Design and CANNABIS CULTURE SHOP.

[8] The Registrar noted the opposition, aside from denying use of the marks in Canada, contended the Applicant's mark was not distinctive and has not distinguished the wares and services of the Applicant from those of the Opponent and others.

[9] The Registrar found the Opponent sells and distributes magazines, books, clothing, posters, cigarette rolling papers which bear the trade-marks CANNABIS CULTURE or CANNABIS CULTURE & Design. The Opponent's magazine was available through retail outlets across Canada and its website operated since May 1998.

[10] The Registrar found the Opponent distributed its CANNABIS CULTURE magazine through the Applicant's online store since October 1997 while the Applicant advertised in the Opponent's magazine since 1998 but stopped when the opposition was filed.

[11] The Registrar noted the Applicant's admission that it could not claim use of the mark CANNABIS CULTURE SHOP before July 4, 1994. Further, the Registrar found the Applicant had provided little quantitative evidence to indicate the use of the subject mark in association with its wares.

[12] The Registrar noted the Applicant had the onus of showing its mark CANNABIS CULTURE SHOP distinguished its wares and services from those of the Opponent. The Registrar determined the material time for this issue is the date the opposition was filed; April 16, 2004. The Registrar wrote “I am unable to conclude that the applicant had established a significant reputation for its mark at the material date.”

[13] The Registrar drew the same conclusion for the Opponent’s mark. The Registrar decided, considering the contemporaneous use of both parties’ marks in the same consumer market, that the Applicant had not met the onus of proof to establish its mark CANNABIS CULTURE SHOP distinguishes the Applicant’s wares and services from the wares and services of the Opponent.

[14] The Registrar found application No. 1171482 CANNABIS CULTURE SHOP & Design to give rise to the same issues and outcome as No. 1171481 CANNABIS CULTURE SHOP. The Registrar dismissed both applications.

[15] Finally, the Registrar decided there was less resemblance between the Opponent’s mark and application No. 1157428 FRIENDLY STRANGER CANNABIS CULTURE SHOP & Design, the parties nevertheless targeted the same market. The Registrar found the reputation of the Opponent’s mark was at least equal to, if not greater than the Applicant’s mark. The Applicant did not meet its onus and application No. 1157428 FRIENDLY STRANGER CANNABIS CULTURE SHOP & Design was also refused.

LEGISLATION

[16] The relevant legislative provisions are:

Trade-marks Act, R.S.C, 1985, c. T-13

2. In this Act,

“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;

...

6. (1) For the purposes of this Act, a trade-mark or trade-name is confusing with another trade-mark or trade-name if the use of the first mentioned trade-mark or trade-name would cause confusion with the last mentioned trade-mark or trade-name in the manner and circumstances described in this section.

(2) The use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services

2. Les définitions qui suivent s’appliquent à la présente loi.

« 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.

...

6. (1) Pour l’application de la présente loi, une marque de commerce ou un nom commercial crée de la confusion avec une autre marque de commerce ou un autre nom commercial si l’emploi de la marque de commerce ou du nom commercial en premier lieu mentionnés cause de la confusion avec la marque de commerce ou le nom commercial en dernier lieu mentionnés, de la manière et dans les circonstances décrites au présent article.

(2) L’emploi d’une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l’emploi des deux marques de commerce dans la même région serait susceptible de faire conclure que les marchandises liées à ces

are of the same general class.

...

(5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including

(a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;

(b) the length of time the trade-marks or trade-names have been in use;

(c) the nature of the wares, services or business;

(d) the nature of the trade; and

(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.

...

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

marques de commerce sont fabriquées, vendues, données à bail ou louées, ou que les services liés à ces marques sont loués ou exécutés, par la même personne, que ces marchandises ou ces services soient ou non de la même catégorie générale.

...

(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris :

a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;

b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;

c) le genre de marchandises, services ou entreprises;

d) la nature du commerce;

e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux dans la présentation ou le son, ou dans les idées qu'ils suggèrent.

...

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

before or after the expiration of the two months.

(5) On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar.

expédié l'avis de la décision ou dans tel délai supplémentaire accordé par le tribunal, soit avant, soit après l'expiration des deux mois.

(5) Lors de l'appel, il peut être apporté une preuve en plus de celle qui a été fournie devant le registraire, et le tribunal peut exercer toute discrétion dont le registraire est investi.

STANDARD OF REVIEW

[17] In this appeal, the Applicant has submitted new evidence as permitted by s. 56(5) of the *Act*. In *Molson Breweries v. John Labatt Ltd.*, [2000] 3 FC 145 (C.A.) at 51, Justice Rothstein wrote:

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 the area of his 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.

[18] I am of the view the same applies in the case at hand.

THE ISSUE

[19] The issues that are determinative of this appeal are as follows:

- a. Would the new evidence submitted by the Applicant on this appeal have materially affected the outcome of the opposition decision?

- b. Does the new evidence tip the balance of probabilities in favour of the Applicant with respect to the distinctiveness of its mark?

ANALYSIS

[20] The Registrar found the Applicant established some reputation for its mark CANNABIS CULTURE SHOP by the material date, April 16, 2004 but arrived at the same conclusion for the Opposition mark CANNABIS CULTURE. The onus of proving that there is no confusion remains on the Applicant on appeal.

[21] Subsection 6(5) lists factors to consider in assessing confusion between marks: inherent distinctiveness, the length of time in use, the nature of the wares, services or business, the nature of the trade and the degree of resemblance. The only difference between Applicant's mark, CANNABIS CULTURE SHOP, and the Opponent's mark CANNABIS CULTURE is the use of the word 'shop' which is not in itself inherently distinctive. Given the resemblance of the marks and the similarity of the wares and services, the Applicant's additional evidence does not assist with applications No. 1171481 CANNABIS CULTURE SHOP & Design and No. 1171482 CANNABIS CULTURE SHOP since the words themselves do not give rise to any notable distinctiveness as compared to the Opposition's mark CANNABIS CULTURE.

[22] The Registrar's findings of fact are reasonable and the Applicant's additional evidence would not have materially affected the Registrar's finding with respect to applications No. 1171481 and No. 1171482.

[23] The Applicant's additional evidence is of material significance with respect to application No. 1157428. It provides quantitative evidence that indicates the Applicant is a business on the rise known under the name the 'Friendly Stranger Cannabis Culture Shop'. The evidence shifts the emphasis to the words 'Friendly Stanger' from 'Cannabis Culture Shop'. It demonstrates the effect of the large and unique font that promotes the words 'Friendly Stranger' over the smaller and more conventional font used for the words 'Cannabis Culture Shop'.

[24] The new evidence assumes additional significance when subsection 6(2) is considered. This section provides that a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would lead to the inference that the wares or services associated with those trade-marks were marketed by the same person.

[25] In the *United Artists Corp v. Pink Panther Beauty Corp.*, [1998] F.C.J. No. 441, Justice Linden wrote:

The question posed by [subsection 6(2)] does not concern the confusion of marks, but confusion of goods or services from one source as being from another source.

[26] Although the wares of both parties are similar, the marketplaces are very different. The principal marketplace for the Friendly Stranger Cannabis Culture Shop is Toronto where it has a strong presence. The marketplace for the Opponent is Vancouver. Internet sales represent a small fraction of total sales compared to what is sold in the stores. Finally, the domain names used by

the parties are very different; www.friendlystranger.com and www.cannabisculture.com are clearly distinct and lead to different Internet addresses.

CONCLUSION

[27] I conclude the Applicant's new evidence would have materially affected the outcome of the Registrar's decision with respect to Application No. 1157428 FRIENDLY STRANGER CANABIS CULTURE SHOP & Design. The Court is permitted to take a fresh view of matters where significant new evidence is submitted on appeal. *AstraZeneca AB. V. Novopharm Ltd.*, [2002] 2 F.C. 148 (C.A.) pat paras. 25 to 28.

[28] The new evidence tips the balance of probabilities in favour of the Applicant with respect to the distinctiveness of its trade-mark, FRIENDLY STRANGER CANNABIS CULTURE SHOP & Design.

[29] The appeal of the opposition to application No. 1157428 is granted.

[30] Given the Applicant's divided success, I make no order for costs.

JUDGMENT

THIS COURT ORDERS that

1. The appeal on application No. 1157428 is allowed.
2. The Registrar's decisions with respect to trademark applications No. 1171481 and No. 1171482 stand.
3. There are no costs to any party.

"Leonard S. Mandamin"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-19-08
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STYLE OF CAUSE: THE FRIENDLY STRANGER CORPORATION and
AVALON SUNSPASH LTD.

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**REASONS FOR JUDGMENT
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DATED: FEBRUARY 18, 2010

APPEARANCES:

Michael Adams FOR THE APPLICANT

N/A FOR THE RESPONDENT

SOLICITORS OF RECORD:

Riches, McKenzie & Herbert LLP
Toronto, ON FOR THE APPLICANT

Tousaw Law
Vancouver, BC FOR THE RESPONDENT