

Federal Court of Appeal



Cour d'appel fédérale

Date: 20161028

Docket: A-170-15

Citation: 2016 FCA 265

**CORAM: PELLETIER J.A.
GAUTHIER J.A.
SCOTT J.A.**

BETWEEN:

PIZZAIOLO RESTAURANTS INC.

Appellant

and

LES RESTAURANTS LA PIZZAIOLLE INC.

Respondent

Heard at Montréal, Quebec, on March 8, 2016.

Judgment delivered at Ottawa, Ontario, on October 28, 2016.

REASONS FOR JUDGMENT BY:

GAUTHIER J.A.

CONCURRED IN BY:

**PELLETIER J.A.
SCOTT J.A.**

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REASONS FOR JUDGMENT

GAUTHIER J.A.

[1] Pizzaiolo Restaurants Inc. (the appellant) appeals from a judgment of the Federal Court (2015 FC 240) allowing the appeal brought by Les Restaurants La Pizzaiolle Inc. (the respondent) from a decision of the Trade-marks Opposition Board (the Board). In its said decision (2013 TMOB 118), the Board allowed the respondent's opposition to the registration of the appellant's proposed trade-mark "Pizzaiolo" (the Word Mark) but rejected its opposition in respect of the appellant's proposed design trade-mark (the Design Mark). Only the decision in

respect of the Design Mark (application number 1,416,446) was at issue before the Federal Court.

[2] The Federal Court applied the reasonableness standard to determine if the Board had erred in reaching its conclusion that the opposition should be rejected as the appellant had established that there was no likelihood of confusion. I agree with the parties that since the new evidence filed by both parties would not have materially affected the Registrar's decision, the Federal Court correctly identified the standard of review applicable to the issues before it.

[3] Thus, the only question before us is whether the Federal Court properly applied the reasonableness standard: *Agraira v. Canada (Public Safety and Emergency Preparedness)*, 2013 SCC 36 at para. 35, [2013] 2 S.C.R. 559. In order to do so, rather than focusing on the reasons of the Federal Court, this Court's focus must be on the Board's decision, for it essentially steps into the shoes of the Federal Court.

[4] Although several more grounds of objection had been raised before the Board, the only two grounds that are relevant to this appeal are first, that the proposed Design Mark was not registerable because it would be confusing with the respondent's registered word mark "La Pizzaiolle": paragraph 12(1)(d) (non-registerability) of the *Trade-marks Act*, R.S.C., 1985, c. T-13 (the *Act*). Second, the proposed Design Mark was not registerable pursuant to paragraph 16(1)(a) of the *Act* (non-entitlement) because on the date of first use claimed by the appellant in its trade-mark application — November 13, 2000, the said Design Mark was confusing with trade-mark(s) that had been previously used or made known in Canada by the respondent.

[5] Both grounds (confusion with a registered mark and with a used mark) require essentially the same exercise to determine the likelihood of confusion. One must consider the criteria set out at section 6 of the *Act*, particularly those listed in subsection 6(5). However, the material dates at which the relevant surrounding circumstances are examined differ. Under paragraph 12(1)(d), the material date is the day the Board disposes of the opposition. Under paragraph 16(1)(a), the material date is the day the appellant first used the proposed mark. The difference in material dates can have a significant impact since the Board could consider all the evidence of the appellant, for example, with respect to the extent to which the marks have become known since 2001 under paragraph 12(1)(d), whereas it could not do so when examining the likelihood of confusion under paragraph 16(1)(a). Furthermore, the evidentiary burden on the respondent (the opponent before the Board) was slightly different: see paragraph 47 of the Board's reasons (Reasons) in respect of paragraph 16(1)(a) of the *Act* and paragraphs 88 and 89 of the Reasons with respect to the analysis under paragraph 12(1)(d) of the *Act*. Since the Board found that the respondent had met its initial burden, the burden of establishing that there was no likelihood of confusion lay on the appellant.

[6] In its decision, the Board first dealt with the potential confusion between the appellant's proposed Design Mark (reproduced below) with the marks used by the respondent since 1981, pursuant to paragraph 16(1)(a) of the *Act*.



[7] Apart from the word mark “La Pizzaiolle”, the Board identified the following designs used by the respondent at paragraph 51 of its Reasons:



[8] It noted that although “La Pizzaiolle” and its variant “Pizzaiolle” are coined words, they are highly suggestive of a pizzeria as are the marks of the appellant. This is especially so with respect to the Design Mark given the addition of the descriptive phrase “Gourmet Pizza” (Reasons, at paras. 60-62). In that respect, it appears that “Gourmet Pizza” is the only ware for which the application was ultimately accepted (Reasons, at para. 110).

[9] The Board also accepted that the word “pizza” has been commonly adopted in the pizzerias and related restaurant services trade given the large number of entries in the Registry (Reasons, at paras. 75-79).

[10] Thus, the Board found that each mark at issue had a low degree of inherent distinctiveness and that despite the fact that the respondent’s marks had acquired some distinctiveness, they remained relatively weak marks, given their highly suggestive connotation (paragraph 6(5)(a) of the *Act*). The Board also found that the length of use favoured the

respondent (paragraph 6(5)(1)(b) of the *Act*), while the nature of the wares and services, and the trade overlapped and were generally the same (paragraphs 6(5)(1)(c) and (d) of the *Act*).

[11] With respect to the degree of resemblance, the Board found that when considered in their totality, the sound and look of the marks were somewhat different. “Iolo” being three syllables when sounded, whereas “iolle” could be sounded in two syllables. Moreover, when considering the “La” in “La Pizzaiolle”, that mark sounded more feminine, whereas “Pizzaiolo” evokes a masculine noun (Reasons, at paras. 70-71)

[12] That said, I note that the Board found that the use of “Pizzaiolle” without the “La” is still use of the registered trade-mark (Reasons, at para. 72). It is thus unclear what weight, if any, could be attributed to the last distinction referred to above — feminine versus masculine.

[13] However, the Board found that in reality the respondent had not used the word “Pizzaiolle” in isolation, but rather always in the special graphic form described at paragraph 51 of its Reasons, which added to the distinction with the Design Mark (paragraph 6(5)(e) of the *Act*).

[14] None of the other circumstances raised by the parties and discussed by the Board are of significance here, so there is no need to discuss them. The Board concluded at paragraph 84 of its decision that because the registration of the Word Mark would enable the appellant to use it in a manner that could be confusing with the marks used by the respondent, there is a likelihood of confusion between the parties’ marks. This latter part is a straightforward and literal application

of the teaching in *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27, [2011] 2 S.C.R. 387 [*Masterpiece*], which also dealt with confusion between an applied for mark and a mark previously used by the other party.

[15] The key finding in respect of the Design Mark under paragraph 16(1)(a) of the *Act* is found at paragraph 85 of the Reasons. It reads as follows:

[85] However, I find that the Applicant has satisfied its legal onus with respect to the PIZZAIOLO & Design mark owing to the more pronounced differences existing between this design mark and the Opponent's LA PIZZAIOLLE word mark or its variant PIZZAIOLLE as depicted in the PIZZAIOLLE Design Nos. 1, 2 and 3. (my emphasis)

[16] Obviously, the registration of the Design Mark would provide some flexibility as to how the appellant could use it; however, the registration of a specific design limits the graphic variant that would constitute use by the appellant of its registered mark pursuant to section 4 of the *Act*. The deviations from the registered design must not change the distinctiveness of the mark; it must retain its dominant features (*Promafil Canada Ltée v. Munsingwear Inc.*, 142 N.R. 230 at paragraph 38, [1992] F.C.J. No. 611).

[17] I can detect no error that would justify our Court's intervention in respect of this analysis. The Board had to compare the proposed Design Mark with the marks actually used by the respondent. Although I do agree with the respondent that the microscopic analysis of the distinction between the words "Pizzaiolle" and "Pizzaiolo" is somewhat questionable (Reasons, at paras. 70-71), in my view, it had no real impact on the Board's conclusion found at paragraph 85.

[18] I am satisfied that having regard to all the relevant circumstances, especially the comparison (see below) between the Design Mark and the three designs used by the respondent (paragraph 6(5)(e) of the *Act*), the decision of the Board was within the range of acceptable and defensible outcomes. However, given my conclusion on registerability pursuant to section 12, the Board's conclusion on this ground does not assist the appellant.

[19] I now turn to the Board's analysis of the opposition based on paragraph 12(1)(d) of the *Act*. It is particularly brief. Indeed, the first three paragraphs (Reasons, at paras. 91-93) deal with the likelihood of confusion between the respondent's registered mark and the appellant's Word Mark. The Board disposes of this ground of opposition in respect of the Design Mark in a single paragraph (Reasons, at para. 94).

[20] It is this part of the analysis that the Federal Court found lacking when it held that the Board had failed to consider the full scope of the protection afforded by the registration of the respondent's mark. As will be explained, I agree with the Federal Court's conclusion in this respect.

[21] As mentioned at paragraph 5 above, at this stage of the analysis, the Board was entitled to consider all the evidence of the appellant, particularly with respect to the acquired distinctiveness of its proposed marks. It found that the appellant's sales and marketing expenses since 2001 were such that consideration of the inherent and acquired distinctiveness now favoured the appellant (para. 6(5)(a) of the *Act*), and that the length of use did not favour anyone given that "neither party is a recent startup" (para. 6(5)(b) of the *Act*).

[22] That said, the Board still concluded that the appellant had failed to meet its burden of establishing that there was no likelihood of confusion with respect to its Word Mark as the circumstances set out in subsection 6(5) of the Act were evenly balanced.

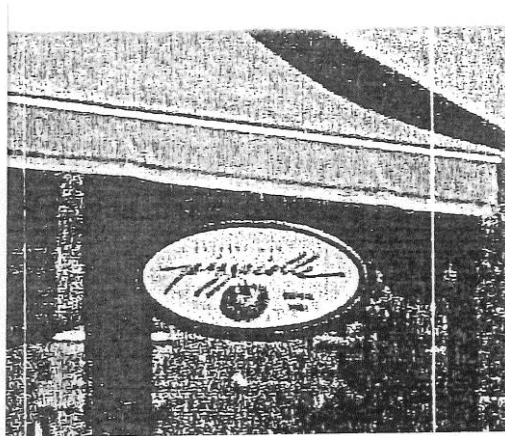
[23] Turning to the Design Mark, the Board simply stated that it remained of the view that the appellant met its burden “owing to the more pronounced differences existing between this design mark and the [respondent]’s trade-mark LA PIZZAIOLLE” (Reasons, at para. 94). This is essentially the same reason given for dismissing the opposition based on paragraph 16(1)(a) of the Act (see paragraph 15 above).

[24] Obviously, this means that the Board relied on its previous analysis of these differences. There is no indication whatsoever that the Board considered that the analysis was no longer restricted to the registered mark as it has been used since its registration in 1981 (designs 1, 2, and 3). Indeed, the registration of the respondent’s mark “LA PIZZAIOLLE” entitles it to use lettering and colours identical to the ones used by the appellant. Had the Board turned its mind to this fact, there is little doubt in my mind, that it would not have concluded as it did, based on “more pronounced differences”.

[25] Even if in *Masterpiece*, the Supreme Court of Canada was not dealing with the application of paragraph 12(1)(d) of the Act, its teaching that one should consider the full scope of rights afforded by the registration of a mark, applies equally here not only in respect of the proposed Design Mark, but also in assessing how the respondent who actually opposed the application could use its registered mark.

[26] As mentioned earlier, the Board acknowledged at paragraph 72 that the scope of protection of the registered mark included the use of the word “Pizzaiolle” alone. The Board also expressly stated that it was satisfied that the respondent’s use of the three designs reproduced in the Reasons (see paragraph 7 above) qualify as use of its registered mark. With this in mind, it is most likely that using the word “Pizzaiolle” in an oval or simply on an oval sign would also qualify as use of the registered mark. There is nothing inherently distinctive with this feature. The word “Pizzaiolo” remains the dominant feature of the Design Mark. (see Appeal Book, Volume II, at page 689, the Design Mark on the side of the picture)

[27] As a matter of fact, as shown on a picture reproduced in part below, the respondent has already been using its registered mark on an oval sign.



(Appeal Book, Volume 2, page 591)

[28] This means that once one considers the two marks in the same context, as is mandated by *Masterpiece*, (i.e. the words “Pizzaiolle” and “Pizzaiolo” in square lettering in a lighter shade on a dark oval), there are no more differences than when comparing the two word marks in respect of which the Board concluded to the likelihood of confusion.

[29] Can the addition of the words “Gourmet Pizza” in the Design Mark (see paragraph 18 above) be sufficient to support the Board’s conclusion that there was no likelihood of confusion because of “more pronounced differences”?

[30] The words “Gourmet Pizza” are clearly descriptive. As noted earlier, it is the only ware for which the Board was prepared to grant the appellant’s application for the Design Mark. Given that both parties use their marks in association with restaurant services, more particularly pizzerias, it is almost impossible to conclude that it is likely that a consumer with an imperfect recollection would be able to distinguish between the two sources of the wares or services because of those words.

[31] This is even more so when one considers that the appellant cannot be given the exclusive right to use descriptive words such as “Gourmet Pizza”. Indeed, paragraph 12(1)(b) of the *Act* clearly precludes the registration of words that are clearly descriptive of the character and quality of the wares or services in association with which it is used or proposed to be used. Nothing prevents the respondent from using these words to describe its own wares and services. However weak the registered mark, it would not lose its distinctiveness if those descriptive words were used.

[32] Thus, like the Federal Court, I can only conclude that, but for the error of law made by the Board (failure to consider the full scope of the rights conferred by the registration of the respondent’s mark), the Board could only reach the same conclusion with respect to the Design Mark that it reached in respect of the Word Mark. Its decision to dismiss the opposition in

respect of the Design Mark is not within the range of acceptable and defensible outcomes. This means that the Federal Court properly applied the standard of review.

[33] Before concluding, I note that I agree with the appellant that one should be careful not to give the principle set out at paragraph 55 of *Masterpiece* too great a scope, for there would no longer be any need to register a design mark when one has a word mark. It is clear that my conclusion here is entirely based on the facts of this case and the Board's findings as to what would constitute proper use of the registered mark (Reasons, at para. 72). When comparing the marks, one is always limited to a "use that is within the scope of the registration" (*Masterpiece*, at para. 59). The existing case law provides ample guidance as to what graphic or other deviations from the mark as registered are acceptable.

[34] In light of the foregoing, I propose to dismiss the appeal with costs.

"Johanne Gauthier"

J.A.

"I agree
J. D. Denis Pelletier J.A."

"I agree
A. F. Scott J.A."

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

**APPEAL FROM A JUDGMENT OF THE FEDERAL COURT DATED February 24,
2015, NO. T-1605-13 (2015 FC 240)**

DOCKET: A-170-15

STYLE OF CAUSE: PIZZAIOLO RESTAURANTS INC.
V. LES RESTAURANTS LA
PIZZAIOLLE INC.

PLACE OF HEARING: MONTRÉAL, QUEBEC

DATE OF HEARING: MARCH 8, 2016

REASONS FOR JUDGMENT BY: GAUTHIER J.A.

CONCURRED IN BY: PELLETIER J.A.
SCOTT J.A.

DATED: OCTOBER 28, 2016

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