

Federal Court



Cour fédérale

Date: 20160803

Docket: T-765-15

Citation: 2016 FC 895

Ottawa, Ontario, August 3, 2016

PRESENT: The Honourable Mr. Justice Manson

BETWEEN:

CAESARSTONE SDOT-YAM LTD

Applicant

and

CERAMICHE CAESAR S.P.A

Respondent

JUDGMENT AND REASONS

I. Introduction

[1] This is an appeal under section 56 of the *Trademarks Act*, RSC 1985, c T-13 [the Act] and Rule 300(d) of the *Federal Courts Rules*, SOR/98-106, of the decision of the Trademarks Opposition Board [TMOB] on behalf of the Registrar of Trademarks [the Registrar], refusing in part application No. 1,377,940 for registration of the trademark CAESARSTONE & Design.

II. Background

[2] The Applicant, Caesarstone Sdot-Yam Ltd., filed application No. 1,377,940 to register the following trademark CAESARSTONE & Design [the CAESARSTONE Mark] on January 3, 2008 [the Application]:



[3] The Application claimed a priority filing date of August 26, 2007, based on use and registration of the CAESARSTONE Mark in Israel and proposed use of the CAESARSTONE Mark in Canada, in association with the following goods and services:

GOODS: (1) Worktops, sinktops; work surfaces and surrounds for kitchens, bathrooms, vanity units and offices, counter tops; table tops; bar tops; tops and facing surfaces for furniture, reception desks and reception areas.

SERVICES: (1) Wholesale and retail stores and wholesale and retail showrooms featuring tops and facing surfaces, work surfaces, surrounds, tiles, panels, floor coverings, wall cladding, flooring, ceilings, slabs and tiles formed of composite stone for building panels, counter tops, vanity tops, floors, ceilings, stairs, and walls; provision of commercial information in the field of quartz surfaces and countertops; offering consulting, support, marketing, promotional and technical assistance in the establishment and operation of distributorship, dealership, franchising, wholesale and retail stores that feature tops and facing surfaces, work surfaces and surrounds, tiles, panels, floor coverings, wall cladding, flooring, ceilings, slabs and tiles formed of composite stone for building panels, counter tops, vanity tops, floors, ceilings, stairs and walls.

(2) Installation, maintenance and repair services of worktops, sinktops, work surfaces and surrounds for kitchens, bathrooms, vanity units and offices, counter tops, table tops, bar tops, tops and facing surfaces for furniture, reception desks and reception areas, tiles, panels for floors, floor coverings, wall cladding, flooring, ceilings, non-metallic covers for use with floors and parts thereof,

profiles and floor skirting boards, slabs and tiles formed of composite stone.

[4] On November 9, 2010 (amended November 16, 2010), the Respondent, Ceramiche Caesar S.p.A., filed a Statement of Opposition that centers on the issue of confusion with the Respondent's trademark CAESAR & Design [the CAESAR Mark] (below) registered under No. TMA 725,911 for use in association with non-metallic building materials namely: ceramic tiles for floor and wall coverings; angle beads; angle irons not of metal; stop ends; ceramic tiles for raised floors; stair treads; and special finishing pieces, such as trim pieces and edgings for use with ceramic tiles:

• CAESAR •

[5] The Statement of Opposition alleges that: (i) the application does not conform to section 30(i) of the Act; (ii) the CAESARSTONE Mark is not registrable under section 12(1)(d) of the Act; (iii) the Applicant is not the person entitled to registration of the CAESARSTONE Mark under sections 16(2) and 16(3) of the Act; and (iv) the CAESARSTONE Mark is not distinctive under section 2 of the Act, but only in respect of the following services, related to flooring and similar applications [the Opposed Services]:

(1) Wholesale and retail stores and wholesale and retail showrooms featuring [...] tiles, [...] floor coverings, [...] flooring, [...] slabs and tiles formed of composite stone for building panels, [...] floors, [...] stairs [...]; offering consulting, support, marketing, promotional and technical assistance in the establishment and operation of distributorship, dealership, franchising, wholesale and retail stores that feature [...] floor coverings, [...] flooring, [...] slabs and tiles formed of composite stone for [...] floors, [...] stairs and walls.

(2) Installation, maintenance and repair services of [...] panels for floors, floor coverings, wall cladding, flooring, [...] non-metallic covers for use with floors and parts thereof, profiles and floor skirting boards, slabs and tiles formed of composite stone.

[Emphasis added]

[6] The Applicant denied all grounds of opposition in its counter statement.

[7] For the TMOB hearing, the Applicant filed affidavits of Fernando Mammoliti [First Mammoliti Affidavit], then Chief Executive Officer of the Applicant's majority owned Canadian subsidiary and trademark licensee, Caesarstone Canada Inc., and Eli Feiglin [First Feiglin Affidavit], Vice President of Marketing for the Applicant. Both Mr. Mammoliti and Mr. Feiglin were cross-examined.

[8] The First Mammoliti Affidavit describes that the Applicant is an Israeli company that began using the CAESARSTONE Mark in association with the Applicant's quartz surface products in 2003, which at that time were sold by various Canadian distributors. Since 2010, the Applicant's products bearing the CAESARSTONE Mark have been sold in Canada through Caesarstone Canada. Mr. Mammoliti describes that the Applicant's products have been advertised and sold for various applications, such as kitchen and bathroom countertops, vanity units, wall claddings and flooring in bathrooms and reception areas etc. He also states he had not heard of any instances of consumer confusion between the CAESARSTONE Mark and the Respondent's CAESAR Mark.

[9] The First Feiglin Affidavit discussed the Applicant's worldwide operations. Mr. Feiglin stated he was not aware of any instances of consumer confusion between the CAESARSTONE Mark and the Respondent's CAESAR Mark, yet he admitted on cross-examination that he does not have direct access to Caesarstone Canada's records.

[10] The Respondent filed affidavit evidence of Adolfo Tancredi [Tancredi Affidavit], the Respondent's Managing Director, who was also cross-examined. Mr. Tancredi's evidence described the Respondent's use of the CAESAR Mark in association with a range of floor and wall surface covering products and related installation materials for walls, stairs and floors, in Canada since 1989.

A. *Decision Under Review*

[11] By Decision dated February 27, 2015, the TMOB on behalf of the Registrar refused the Application with respect to the Opposed Services, finding that:

- a. the CAESARSTONE Mark was not registrable under section 12(1)(d) of the Act, since the Applicant had not discharged its burden of showing, on a balance of probabilities, that there is no reasonable likelihood of confusion between the CAESARSTONE Mark and the CAESAR Mark with respect to the Opposed Services;
- b. the CAESARSTONE Mark was not distinctive of the Applicant in respect of the Opposed Services at the material date, and was thus not distinctive under section 2 of the Act; and
- c. the Applicant was not the person entitled, under section 16 of the Act, to the registration of the CAESARSTONE Mark in association with the Opposed Services at the material

date because there is a reasonable likelihood of confusion between the CAESARSTONE Mark and the CAESAR Mark.

[12] Before assessing the grounds of opposition, the TMOB's Decision outlines the parties' respective onuses. The opponent, Respondent herein, bore the initial evidential burden to adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exist. The Applicant bore the legal onus of establishing, on a balance of probabilities, that its application complied with the requirements of the Act (*John Labatt Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 (FCTD) at 298).

[13] In analysing the section 12(1)(d) non-registrability ground of opposition, the Registrar found there is a reasonable likelihood of confusion between the CAESARSTONE Mark and the CAESAR Mark.

[14] Each party's mark has a fair degree of inherent distinctiveness: the CAESARSTONE Mark is a coined word consisting of the terms "Caesar" and "stone", the former of which is inherently distinctive, while the latter is descriptive of the Applicant's Opposed Services. As well, both parties' trademarks were found to have acquired substantial reputations through use and promotion in association with the sale of their products in Canada over an extended period of time.

[15] The TMOB concluded that the section 6(5)(a) factor favours the Applicant. Although the Respondent's CAESAR Mark has been used for a longer period of time in Canada in the field of

ceramic tiles for flooring and wall covering, the amount of promotion and use since 2006, and the total sales figures for the Applicant's CAESARSTONE Mark products are substantially higher than those of the Respondent from 2007 onwards.

[16] Section 6(5)(b) was found to favour the Respondent, as the CAESAR Mark has been used in Canada since 1989 in association with ceramic tiles, while the CAESARSTONE Mark has been used in Canada since 2003.

[17] The TMOB also found that sections 6(5)(c) and (d) – the nature of the goods, services, trade and business – significantly favour the Respondent. The Applicant had argued that the likelihood of confusion would be low, as hasty or uneducated spur of the moment decisions would be unlikely due to the nature of the material selection and installation process, involvement of skilled experts, and high cost of the products. The TMOB disagreed on the basis that: (i) the Opposed Services are not restricted to kitchen and bathroom installation or renovation projects, but are instead designed for various applications; and (ii) there is no evidence that there are significant price differences between the parties' goods or services. The TMOB concluded there is a close connection between the Respondent's goods and the Applicant's Opposed Services, and that they travel in the same or similar channels of trade.

[18] The TMOB also found that the section 6(5)(e) factor favoured the Respondent. There is a considerable degree of resemblance between the parties' trademarks in appearance, sound and in the ideas suggested when viewed in their entirety, since they both share the same striking element – the term CAESAR. The Decision notes this is the statutory factor that is often most

influential on the confusion analysis, citing the Supreme Court decision in *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at paragraph 49 [*Masterpiece*].

[19] The TMOB also did not find that the surrounding circumstances supported a finding there would be no reasonable likelihood of confusion.

[20] First, the TMOB was not persuaded that the absence of evidence of actual confusion, despite co-existence of the parties' trademarks for an extended period of time in Canada, was a significant surrounding circumstance. Though the absence of evidence of actual confusion may entitle the TMOB to draw a negative inference about the likelihood of confusion (*Mattel USA Inc v 3894207 Canada Inc*, 2006 SCC 22 [*Mattel*]), the TMOB clarified that "the absence of such evidence does not necessarily raise any presumptions unfavourable to the Opponent, for the burden is on the Applicant to demonstrate the absence of likelihood of confusion".

[21] The evidence showed that although both parties had been selling surface covering products in Canada through similar channels of trade, the building material markets in which they operated were for distinct applications, so far. The TMOB found that the Applicant provided no evidence that its products or services have been marketed, used, or sold for general flooring or other similar applications in Canada, and the Opposed Services are based on proposed use of the CAESARSTONE Mark in association with services related to "new" applications, such as floor covering and stairs. Accordingly, the TMOB did not consider the absence of evidence of instances of confusion to be a significant surrounding circumstance.

[22] Secondly, the TMOB found there was no legal basis for the Applicant's proposition that the owner of a registration has an automatic right to obtain further registrations. Thus, it did not find the Applicant's previous CAESARSTONE registration, which predates the Respondent's CAESAR & Design registration by about four years, to be a significant surrounding circumstance supporting a finding of no reasonable likelihood of confusion.

[23] Lastly, the TMOB declined to draw an adverse inference from the Respondent's non-opposition of the registration of the CAESARSTONE Mark in association with the applied-for goods, concluding any such findings would require speculation and that it was not relevant to the present proceeding.

B. *New Evidence in Support of Appeal*

[24] The Applicant appealed the TMOB's Decision to this Court on May 8, 2015, filing the following ten additional affidavits in support [New Evidence]:

- a. The affidavit of Dane Penney provides results of a search for active trademarks containing the word "CAESAR" owned by the Applicant and the Respondent, and includes a copy of the prosecution history for the Applicant's previous CAESARSTONE registration.
- b. The affidavit of Lori-Anne DeBorba provides results of a search of Australian trademark application No. 1058321 in the name of Caesarstone Sdot-Yam Ltd. and a copy of the Statutory Declaration of Mr. Luigi Annovi, Vice President of Ceramiche Caesar S.p.A, Italy, in the Australian opposition proceeding of the Australian trademark application.

- c. The Second Mammoliti Affidavit updates the first affidavit, and provides representative invoices for the sale of the Applicant's branded products from 2012 to present, copies of price lists since 2010, an advertising schedule, a table estimating total readership of ads, media kits and publicly available circulation and readership data for the print publications. Mr. Mammoliti stated he had made additional inquiries into whether employees of Caesarstone Canada were aware of any instances of customer confusion.
- d. The Second Feiglin Affidavit indicates that any instances of confusion worldwide are brought to Mr. Feiglin's attention and he states he made additional inquiries, including in Canada, into whether members were aware of the Respondent's CAESAR branded products and whether they were aware of any instances of confusion.
- e. The affidavit of Catherine Braconnier states she is aware of the Respondent's CAESAR Mark by virtue of having worked at a company that used to distribute the Respondent's products, and that she refers her customers to the Applicant's products and has never been confused between the parties' respective branded products, acknowledging that the parties' goods are in fact different.
- f. The affidavits of Babak Eslahjou (an architect), Paul Golini (a property developer), Andrea Kantelberg (an interior designer), Jeffrey Murva (a property developer), and Deano Pellegrino (an employee of Caesarstone Canada) state they are all customers of the Applicant's CAESARSTONE branded products, but are not aware of the Respondent's CAESAR branded products.

C. *Material Dates*

[25] The material dates for the grounds of opposition are:

- a. non-registrability under section 12(1)(d) – the date of the decision of the TMOB (February 27, 2015);
- b. non-entitlement under subsection 16(2) and 16(3) – the date of filing of the application or, potentially, the priority date (January 3, 2008, or August 26, 2007);
- c. non-compliance with section 30(i) – the date of filing of the application (January 3, 2008);
- d. non-distinctiveness under section 2 – the date the opposition was filed (November 9, 2010).

III. Issues

[26] The issues are:

- A. What is the appropriate standard of review?
- B. Whether the New Evidence would have materially affected the TMOB's findings of fact or its exercise of discretion;
- C. Whether the TMOB's Decision was reasonable.

IV. Analysis

A. *Standard of Review*

[27] On an appeal under section 56 of the Act, the applicable standard of review of TMOB decisions, whether of fact, law, or discretion, is reasonableness, unless new evidence has been filed in the Federal Court that would have materially affected the TMOB's findings (*Molson Breweries, A Partnership v John Labatt Ltd* (2000), 5 CPR (4th) 180 (FCA) at para 29).

[28] Where additional evidence is filed that would have materially affected the TMOB's findings, the test is one of correctness. In that case, the Court must fully reconsider not only the legal points, but also of issues of fact and mixed fact and law, including the likelihood of confusion, and decide the issue on the basis of the evidence before it and on the applicable legal principles (*Cathay Pacific Airways Ltd v Air Miles International Trading BV*, 2015 FCA 253 at para 15, citing *Mattel*, above, at para 35).

[29] In *Levi Strauss & Co v Vivant Holdings Ltd*, 2005 FC 707 at paragraph 27 [*Levi Strauss*], the Court outlined the evidentiary requirement necessary to affect the standard of review:

... the new evidence must be sufficiently substantial and significant. If the additional evidence does not go beyond what was in substance already before the board and adds nothing of probative significance, but merely supplements or is merely repetitive of existing evidence, then a less deferential standard is not warranted. The test is one of quality, not quantity.

(also see more recently *Retail Royalty Co v Hawke & Co Outfitters LLC*, 2012 FC 1539 at para 31).

[30] It therefore follows that the new evidence must be probative in regards to the pertinent factual findings upon which the Decision is based. New evidence is considered material if it fills a gap or remedies deficiencies identified by the TMOB or substantially adds to what has already been submitted (*Kabushiki Kaisha Mitsukan Group Honsha v Sakura-Nakaya Alimentos Ltda*, 2016 FC 20 at para 18, citing *Producteurs Laitiers du Canada v Republic of Cyprus (Ministry of Commerce, Industry & Tourism)*, 2010 FC 719 at para 28 [*Producteurs Laitiers*], aff'd 2011 FCA 201).

[31] The Applicant argues that even in the absence of fresh evidence, questions of law – such as whether the TMOB properly identified the evidentiary burden on an applicant for registration – are reviewable on a standard of correctness (*Clearnet Communications Inc v Orange Personal Communications Services Ltd*, 2005 FC 590 at para 41, aff'd 2006 FCA 6; *Producteurs Laitiers*, above, at para 29).

[32] Specifically, the Applicant argues the following alleged errors of the TMOB warrant correctness review: (i) failure to give proper consideration to the absence of evidence of instances of confusion and (ii) finding there was “no evidence that the Applicant’s products or services have been marketed, used, or sold for general flooring” when there was such evidence.

[33] However, these are not pure questions of law, but are instead questions of fact or mixed fact and law, which will only be reviewed on a correctness standard if there is material new evidence before the Court.

[34] Accordingly, to determine the appropriate standard of review, the materiality of the new evidence must be assessed.

B. *Whether the New Evidence would have materially affected the TMOB's findings of fact or its exercise of discretion*

[35] Before the TMOB, the Applicant advanced evidence from Mr. Feiglin and Mr. Mammoliti with respect to the lack of awareness of any instances of confusion. The TMOB did not afford much weight to Mr. Feiglin's statement, as it was not specific to the Canadian context, and provided no comment on the weight attributed to Mr. Mammoliti's evidence.

[36] In this appeal, the Applicant filed a series of additional affidavits, above described, in which the affiants described their knowledge of the parties' branded products, and indicated they were unaware of any instances of confusion between the two. The Applicant submits that the New Evidence addresses the deficiency perceived by the TMOB with respect to Mr. Feiglin's and Mr. Mammoliti's evidence and should therefore be considered material new evidence justifying correctness review.

[37] Mr. Feiglin made inquiries of the Applicant's marketing and sales teams in Canada and internationally, who indicated they had not encountered any instances of consumer confusion. Mr. Mammoliti's inquiry with four Caesarstone Canada employees was to the same effect. The Applicant also points out that the Respondent has at no time advanced any evidence of confusion.

[38] Central to the TMOB's Decision was its conclusion that there was a reasonable likelihood of confusion between the Opposed Services covered by CAESARSTONE Mark and the CAESAR Mark. This conclusion was based upon "all surrounding circumstances", including: similarities between the parties' trademarks in appearance, sound, and ideas suggested; the Opponent's trademark having been used for a longer time period in Canada in the field of ceramic tiles for flooring and wall covering; the connection between the Respondent's goods and the Applicant's Opposed Services and the potential for overlap between the channels of trade.

[39] While the lack of evidence of confusion from the Respondent is a surrounding circumstance for consideration in assessing the likelihood of confusion (*Mattel*, at paras 55, 89; *Scott Technologies Inc v 783825 Alberta Ltd*, 2015 FC 1336 at para 69 [*Scott Technologies*]), the TMOB is not bound to draw an adverse inference from its absence. The extent to which an inference may be drawn from a lack of actual confusion depends on the circumstances (*Scott Technologies*, above, at para 70), and "an adverse inference may be drawn from the lack of such evidence in circumstances where it would readily be available if the allegation of likely confusion was justified" (emphasis added) (*Mattel*, at para 55).

[40] The TMOB found the Applicant's evidence of non-confusion unpersuasive, and did not consider the absence of evidence of instances of confusion to be a significant surrounding circumstance on the present facts. The Decision noted "there is no evidence that the Applicant's products or services have been marketed, used, or sold for general flooring or other similar applications in Canada up to this point", and that "the application is based on proposed use of the [CAESARSTONE] Mark in association with the Opposed Services".

[41] Though my below finding may affect whether this is in fact a situation where one might expect to find evidence of confusion with respect to certain of the Opposed Services, I do not find the new evidence would have materially affected the TMOB's findings of fact or its exercise of discretion. That is because it is supplemental to, and simply more of the same of, that which was before the TMOB when it rendered its decision. I feel it is worth repeating the Court's statement in *Levi Strauss*, above, at paragraph 29, that "if the additional evidence does not go beyond what was in substance already before the board and adds nothing of probative significance, but merely supplements or is merely repetitive of existing evidence, then a less deferential standard is not warranted". That is precisely the situation before me.

[42] The Second Feiglin Affidavit repeats more or less the First Feiglin Affidavit, which the TMOB did not initially afford much weight because the Applicant does not have specific procedures for dealing with confusion in the marketplace, and because any confusion in Canada would be reported to Caesarstone Canada. Further, inquiry into the Applicant's worldwide marketing and sales teams is either irrelevant (if related to activities outside Canada) or insufficient to materially affect the Decision.

[43] Likewise, the Second Mammoliti Affidavit does not go beyond what was in substance already before the Registrar: he confirms that his statement on confusion in the first affidavit remains true, and that those he reached out to were not aware of instances of confusion. Moreover, on cross-examination he admitted that Caesarstone Canada does not have a formal mechanism to keep track of customer confusion.

[44] Moreover, the affidavits of Ms. Braconnier, Mr. Eslahjou, Mr. Golini, Ms. Kantelberg, Mr. Murva and Mr. Pellegrino are not relevant to the issue of confusion. This is because in assessing confusion, the Court must consider the trademarks at issue from the point of view of the average hurried consumer, having an imperfect recollection of the opponent's mark, and determine whether he or she would likely infer that the goods and services sold in association with the trademarks at issue emanate from the same source (*Mattel*, at para 56; *Masterpiece*, above, at para 41).

[45] Neither Ms. Braconnier, who worked for a company that sold the Respondent's products, nor Mr. Pellegrino, an employee of Caesarstone Canada, is an ordinary consumer as outlined in *Mattel*. As well, Mr. Eslahjou, Mr. Golini, Ms. Kantelberg and Mr. Murva stated they were not aware of the CAESAR Mark, and thus could not be a fictional consumer having an imperfect recollection of it, as required by *Mattel*. Their evidence is not material and there is no justification to depart from the reasonableness standard of review.

[46] Accordingly, the TMOB's Decision is to be reviewed on a standard of reasonableness.

C. *Whether the TMOB's Decision was reasonable*

[47] The central issue raised by the Applicant against the TMOB's Decision is an alleged unreasonable finding of a likelihood of confusion between the Applicant's CAESARSTONE Mark proposed to be used for the Opposed Services and the Opponent's CAESAR Mark, given that the TMOB:

- i. failed to properly consider the Applicant's earlier CAESARSTONE registration and that the Opposed Services are more closely related to and an extension of the goods covered by the earlier CAESARSTONE registration than to the goods covered in the Respondent's later CAESAR registration;
- ii. failed to give proper weight to the lack of evidence of actual confusion over an extended period of coexisting use, and wrongly decided that there was no use by the Applicant of the CAESARSTONE Mark in Canada in association with the Opposed Services;
- iii. improperly "parsed" the CAESARSTONE Mark in considering likelihood of confusion by focusing on CAESAR alone in comparing the Applicant's CAESARSTONE Mark to the Respondent's CAESAR Mark;
- iv. improperly found use of "Ceramiche CAESAR & Design" and "Ceramiche CAESAR La Cultura Della Materia & Design" by the Respondent constituting use of its CAESAR Mark;
- v. failed to properly give weight to the fact that the nature of the parties' goods is such that there would be a lack of "spur of the moment" decision-making, which favours non-confusion;

- vi. conflated the finding on confusion and distinctiveness and used the wrong date in considering the distinctiveness issue.

[48] I will deal with each of these issues below.

[49] The Applicant also raised a preliminary objection as to whether the TMOB properly identified the evidentiary burden on an applicant for registration. I do not find the TMOB erred on this front – it correctly held that while there is an initial burden on the Respondent to lead evidence in support of the grounds of opposition, the burden is on the Applicant to show that, on a balance of probabilities, its Application complied with all of the requirements of the Act, including the burden to show there was not a reasonable likelihood of confusion.

- (1) Failure to consider the Applicant's earlier CAESARSTONE registration and unreasonable conclusion that the Opposed Services are a departure from rather than an extension of goods covered by that earlier registration

[50] The Applicant argues that the TMOB failed to properly consider the Applicant's earlier registration for CAESARSTONE and that the Opposed Services are more closely related to an extension of goods covered by that earlier registration than to the goods covered by the Respondent's later CAESAR registration.

[51] The Respondent states that the Opposed Services are not an extension of, but are rather a departure from, the goods or related services in the Applicant's earlier CAESARSTONE registration, and more closely relate to the Respondent's CAESAR goods in their registration.

[52] Here I must, in part, disagree with the Respondent.

[53] Applicant's counsel provided a useful chart, which I have attached as Appendix I, showing:

- a. the claims of the pending CAESARSTONE application as originally filed;
- b. the opposed and refused services which are the subject of this proceeding;
- c. the allowed goods and services; and
- d. the goods covered by the Applicant's earlier CAESARSTONE registration.

[54] Upon review of this comparison, the chart makes quite evident that certain of the Opposed Services are not a departure from certain earlier registered CAESARSTONE goods. The TMOB did not consider the relationship between the Opposed Services – covering tiles, slabs and tiles formed of composite stone, and wall cladding and walls – and the Applicant's goods under the earlier CAESARSTONE registered trademark, covering:

Work tops, sink tops, work surfaces and surrounds for kitchens,
bathrooms, vanity units and offices, countertops, table tops [...]

[55] These goods are clearly broad enough to encompass the use of “tiles, slabs and tiles formed of composite stone and walls and wall cladding”. Accordingly, I find that the TMOB's decision to afford no weight to the Applicant's existing registration, and its conclusion that that the Opposed Services relating to these above-specified goods are a “departure from”, as opposed to an “extension of” the goods covered by the earlier CAESARSTONE registration falls outside a range of possible, acceptable outcomes which are defensible in respect of the facts and law.

However, the TMOB finding is unreasonable only with respect to the Opposed Services relating to tiles, slabs and tiles formed of composite stone, wall cladding and walls.

[56] While I recognize this is but one factor, and a surrounding circumstance to be considered in assessing likelihood of confusion, the TMOB's failure to consider the relationship between certain of the Opposed Services and the Applicant's pre-registered goods, and its resulting conclusion that the Opposed Services are a departure from these goods, impacts the outcome and the reasonableness of the TMOB's assessment of other factors, further discussed below.

[57] I do however agree with the TMOB that insofar as the other Opposed Services relate to floors and stairs, the earlier CAESARSTONE registration does not benefit the Applicant, as the Opposed Services related to those goods are indeed a departure from the goods covered by the Applicant's earlier CAESARSTONE registration. This departure is further supported by the Braconnier Affidavit at paragraph 7.

- (2) Failure to give proper weight to the lack of evidence of actual confusion over an extended period of coexisting use and conclusion there was no use by the Applicant of its CAESARSTONE Mark in association with the Opposed Services in Canada

[58] The parties agreed that an absence of actual confusion in the marketplace, when two allegedly confusing marks are being used for goods or services may be a relevant or even significant surrounding circumstance to consider when deciding if there is a likelihood of confusion (*Mattel*, at paras 55, 89).

[59] The Applicant argues that the TMOB erred when it did not draw an adverse inference from the absence of actual confusion from the Respondent, even though both parties have been selling surface covering products in Canada through similar channels of trade for several years.

[60] The Applicant's position is that the distinction drawn by the TMOB between the Respondent's ceramic flooring tiles and wall coverings and the Applicant's kitchen and bath installations, including countertops, vanity units, end wall panelling etc., is unreasonable.

[61] The lack of evidence of actual confusion is a surrounding circumstance from which the TMOB is entitled to draw an adverse inference in assessing the likelihood of confusion, and its relevance is a matter of weight, to which the Court owes the TMOB deference.

[62] The TMOB acknowledged that the evidence showed both parties had been selling surface covering products in Canada through similar channels of trade. However, it concluded that the absence of evidence of instances of confusion was not a significant surrounding circumstance on the basis that the building material markets in which the parties' operated were for distinct applications, so far.

[63] The TMOB found that the Applicant provided no evidence that its products or services have been marketed, used, or sold for general flooring or other similar applications in Canada, and that the Opposed Services are based on proposed use of the CAESARSTONE Mark in association with services related to "new" applications, such as floor covering and stairs.

[64] It is indeed accurate that the purported evidence of use of the CAESARSTONE Mark in Canada in association with the Opposed Services related to flooring is *de minimus*, even when viewed in the best light.

[65] Though Exhibit C to the First Feiglin Affidavit demonstrates advertising services displayed on the Applicant's international website, mere advertising alone does not show trademark use of either flooring products or services in Canada.

[66] Similarly, the advertising excerpt from the Canadian magazine of the CAESARSTONE Mark with flooring, shows the possibility of such use, but does not support evidence of use in the normal course of trade through a commercial transaction in Canada.

[67] Thus, with regards to the Opposed Services related to flooring, the TMOB conclusion that the lack of confusion is insignificant is a reasonable one.

[68] However, in light of my above finding that the TMOB failed to consider that some of the Opposed Services – relating to tiles, slabs and tiles formed of composite stone, wall cladding and walls – are an extension of the goods marketed and sold by the Applicant under the CAESARSTONE Mark in Canada, its conclusion that the absence of evidence of any instances of confusion is not a significant surrounding circumstance may well have been different.

[69] The extent to which an inference may be drawn from a lack of actual confusion depends on the circumstances (*Scott Technologies*, above, at para 70), and this surrounding circumstance

must be assessed in light of the fact that there was indeed coexisting use of the parties CAESAR and CASEARSTONE Marks in Canada for a number of years in relation to tiles, slabs and tiles formed of composite stone, wall cladding and walls.

- (3) Improper parsing of the CAESARSTONE Mark in considering likelihood of confusion by focusing on CAESAR alone when comparing CAESARSTONE to CAESAR & Design

[70] The Applicant argues that the TMOB improperly parsed the CAESARSTONE Mark into the terms “Caesar” and “Stone” and wrongly found that “stone” cannot serve to distinguish the trademark in view of its descriptive nature.

[71] I agree with the Applicant that it is improper to parse trademarks into component parts: it is trite that “it is the effect of the trade mark as a whole, rather than of any participate part in it, that must be considered” in determining the likelihood of confusion (*Accessoires d'Autos Nordiques Inc v Canadian Tire Corp*, 2007 FCA 367 at paras 23-24). However, “[w]hile the marks must be assessed in their entirety (and not dissected for minute examination), it is still possible to focus on particular features of the mark that may have a determinative influence on the public’s perception of it” (*United Artists Corp v Pink Panther Beauty Corp* (1998), 80 CPR (3d) 247 at 263 (FCA)). This was the approach adopted by the Supreme Court of Canada in *Masterpiece*, and the approach followed by the TMOB in this case when it considered whether an aspect of the trademark was particularly striking or unique.

[72] The TMOB found the word “Caesar”, as opposed to the word “stone”, was the particularly striking element (*Masterpiece*, at paras 63-64). Its focus on “Caesar” with respect to

the similarity and likelihood and confusion between the CAESARSTONE and CAESAR Marks was not improper or unreasonable in this case.

- (4) Improper finding that use of Ceramiche CAESAR & Design and Ceramiche CAESAR LA Cultura Della Materia & Design constituted use of the Respondent's registered CAESAR Mark

[73] The Applicant further claims that the TMOB wrongly found use of "Ceramiche CAESAR & Design" and "Ceramiche CAESAR La Cultura Della Materia & Design" constituted use of the Respondent's registered CAESAR Mark.

[74] I disagree. The evidence of Mr. Tancredi, Exhibits C and D, clearly demonstrates use of the CAESAR & Design trademark by the Respondent. Though other words or indicia may have been used in association with the registered CAESAR Mark, there has undoubtedly been use of the Respondent's registered CAESAR Mark in association with its flooring goods in Canada.

- (5) Failure to properly give weight to the fact that the nature of the parties' goods is such that there would be a lack of "spur of the moment" decision-making, favouring non-confusion

[75] The Applicant argues that the TMOB failed to give weight to the nature of the parties' goods as being relatively expensive and unlikely to be purchased by consumers on a "spur of the moment" basis, such that there would be initial interest confusion or that relevant decision-making in buying their respective goods or services would favour non-confusion.

[76] Again, I must disagree. While a consumer in the market for expensive goods may be somewhat more aware of the trade-mark associated with the wares or services they are examining, as Justice Rothstein emphasized in *Masterpiece*, the test is still one of “first impression”. At paragraphs 67-72 he wrote:

67 This Court has affirmed that consumers in the market for expensive goods may be less likely to be confused when they encounter a trade-mark, but the test is still one of “first impression”. In his reasons, the trial judge used the importance and cost of expensive goods and services to change the likelihood of confusion test from one of first impression of a trade-mark to a test of consumers being “unlikely to make choices based on first impression”. This approach is not consistent with the test for confusion under s. 6(5) which has been consistently endorsed by this Court, most recently in *Veuve Clicquot*.

68 While the hypothetical test for likelihood of confusion must be applied in all situations, it is flexible enough to reflect the observation of Binnie J. in *Mattel*, at para. 58:

When buying a car or a refrigerator, more care will naturally be taken than when buying a doll or a mid-priced meal.

69 However, as one element of the broader hypothetical test, this care or attention must relate to the attitude of the consumer approaching an important or costly purchase when he or she encounters the trade-mark, not to the research or inquiries or care that may subsequently be taken. As Rand J. put it in *General Motors Corp. v. Bellows*, [1949] S.C.R. 678, at p. 692:

Do the words then in that situation [refrigerators] lend themselves to the errors of faint impression or recollection of the average person who goes to their market? [Emphasis added.]

70 The focus of this question is the attitude of a consumer in the marketplace. Properly framed, consideration of the nature of the wares, services or business should take into account that there may be a lesser likelihood of trade-mark confusion where consumers are in the market for expensive or important wares or services. The reduced likelihood of confusion is still premised on the first impression of consumers *when they encounter* the marks in question. Where they are shopping for expensive wares or services,

a consumer, while still having an imperfect recollection of a prior trade-mark, is likely to be somewhat more alert and aware of the trade-mark associated with the wares or services they are examining and its similarity or difference with that of the prior trade-mark. A trade-mark, as Binnie J. observed in *Mattel*, is a shortcut for consumers. That observation applies whether they are shopping for more or less expensive wares or services.

71 It is not relevant that, as the trial judge found, consumers are “unlikely to make choices based on first impressions” or that they “will generally take considerable time to inform themselves about the source of expensive goods and services” (para. 43). Both of these – subsequent research or consequent purchase – occur *after* the consumer encounters a mark in the marketplace.

72 This distinction is important because even with this increased attentiveness, it may still be likely that a consumer shopping for expensive goods and services will be confused by the trade-marks they encounter. Careful research and deliberation may dispel any trade-mark confusion that may have arisen. However, that cannot mean that consumers of expensive goods, through their own caution and wariness, should lose the benefit of trade-mark protection. It is confusion when they encounter the trade-marks that is relevant. Careful research which may later remedy confusion does not mean that no confusion ever existed or that it will not continue to exist in the minds of consumers who did not carry out that research.

[Emphasis in original]

[77] In this case, I find the TMOB’s analysis that confusion may be likely when relevant consumers encounter the CAESAR and CAESARSTONE Marks in the same or similar channels of trade for their respective goods and the Opposed Services was reasonable. The TMOB’s analysis – that the Opposed Services are designed for various applications, not just kitchen and bathroom renovation, and that there is no evidence of significant price difference between the parties’ goods and services – reasonably supports its conclusion. Where a strong resemblance suggests a likelihood of confusion, and other subsection 6(5) factors do not strongly indicate the contrary, the cost of the goods is unlikely to be persuasive (*Masterpiece*, at para 74).

- (6) Conflated the finding on confusion and distinctiveness and used the wrong date in considering the distinctiveness issue.

[78] Finally, the Applicant argues that the TMOB conflated the finding on confusion and distinctiveness and used the wrong date in considering distinctiveness.

[79] The TMOB did wrongly assess distinctiveness as of November 9, 2009, as opposed to November 9, 2010 – the statement of opposition filing date. I also agree that as a result, it did not consider that the Applicant had higher sales in Canada than the Respondent in 2010.

[80] However, I find that these particular errors did not materially affect the decision.

[81] In light of the above analysis, I find that the TMOB's assessment of the likelihood of confusion may have been affected by its unreasonable conclusion that the Opposed Services are a departure from, rather than an extension of, certain of the goods covered by the earlier CAESARSTONE registration. This finding fell outside the range of reasonable outcomes on the facts before the TMOB, and impacted the TMOB's further assessment of, and weight afforded to, the lack of actual confusion in the marketplace where both have coexisted, at least with respect to the Opposed Services relating to tiles, slabs and tiles formed of composite stone and wall cladding and walls.

[82] Accordingly, I would allow the appeal, but only with respect to the TMOB's consideration of the likelihood of confusion in relation to the Opposed Services covering tiles, slabs and tiles formed of composite stone, and wall cladding and walls.

[83] The parties agreed that costs to go to the successful party should be awarded in the amount of \$5000 for fees and the claim for disbursements should be submitted to the Court following the decision.

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. The appeal is allowed, in part, with respect to the TMOB's consideration of the likelihood of confusion in relation to the Opposed Services covering tiles, slabs and tiles formed of composite stone, and wall cladding and walls, and the matter is referred to a different member of the TMOB for redetermination in light of these reasons;
2. The Appeal with regards to the TMOB decision in relation to the remaining Opposed Services is dismissed;
3. Given the divided success of the appeal, there will be no order on costs.

"Michael D. Manson"

Judge

Comparison of Goods and Services in CAESARSTONE & Design, Application No. 1377940

Claims as originally filed (opposed services highlighted)	Opposed and Refused Services (matching services highlighted)	Allowed Goods and Services (matching services highlighted)	CAESARSTONE (TMA619,051) registered September 9, 2004
<p>WARES:</p> <p>(1) Worktops, sinktops; work surfaces and surrounds for kitchens, bathrooms, vanity units and offices; counter tops; table tops; bar tops; tops and facing surfaces for furniture, reception desks and reception areas.</p> <p>SERVICES:</p> <p>(1) Wholesale and retail stores and wholesale and retail showrooms featuring tops and facing surfaces, work surfaces, surrounds, tiles, panels, floor coverings, wall cladding, flooring, ceilings, slabs and tiles formed of composite stone for building panels, counter tops, vanity tops, floors, ceilings, stairs, and walls; provision of commercial information in the field of quartz surfaces and countertops; offering consulting, support, marketing, promotional and technical assistance in the establishment and operation of distributorship, dealership, franchising, wholesale and retail stores that feature tops and</p>	<p>SERVICES</p> <p>(1) Wholesale and retail stores and wholesale and retail showrooms featuring [...] tiles, [...] floor coverings, [...] flooring, [...] slabs and tiles formed of composite stone for building panels, [...] floors, [...] stairs [...]; offering consulting, support, marketing, promotional and technical assistance in the establishment and operation of distributorship, dealership, franchising, wholesale and retail stores that feature [...] floor coverings, [...] flooring, [...] slabs and tiles formed of composite stone for [...] floors, [...] stairs and walls.</p> <p>(2) Installation, maintenance and repair services of [...] panels for floors, floor coverings, wall cladding, flooring, [...] non-metallic covers for use with floors and parts thereof, profiles and floor skirting boards, slabs and tiles formed of composite stone.</p>	<p>GOODS:</p> <p>(1) Worktops, sinktops; work surfaces and surrounds for kitchens, bathrooms, vanity units and offices; counter tops; table tops; bar tops; tops and facing surfaces for furniture, reception desks and reception areas.</p> <p>SERVICES:</p> <p>(1) Wholesale and retail stores and wholesale and retail showrooms featuring tops and facing surfaces, work surfaces, surrounds, [...] panels, [...] wall cladding, [...] ceilings, [...] counter tops, vanity tops, [...] ceilings, [...] and walls; provision of commercial information in the field of quartz surfaces and countertops; offering consulting, support, marketing, promotional and technical assistance in the establishment and operation of distributorship, dealership, franchising, wholesale and retail stores that feature tops and facing surfaces, work surfaces and surrounds, tiles, panels, [...] wall cladding, [...] ceilings, slabs and</p>	<p>Goods:</p> <p>(1) Worktops, sinktops; work surfaces and surrounds for kitchens, bathrooms, vanity units and offices; counter tops; table tops; bar tops; tops and facing surfaces for furniture, reception desks and reception areas.</p>

Claims as originally tiled (opposed services highlighted)	Opposed and Refused Services (matching services highlighted)	Allowed Goods and Services (matching services highlighted)	CAESARSTONE (TMA619,051) registered September 9, 2004
<p>facing surfaces, work surfaces and surrounds, tiles, panels, floor coverings, wall cladding, flooring, ceilings, slabs and tiles formed of composite stone for building panels, counter tops, vanity tops, floors, ceilings, stairs and walls.</p> <p>(2) Installation, maintenance and repair services of worktops, sinktops, work surfaces and surrounds for kitchens, bathrooms, vanity units and offices, counter tops, table tops, bar tops, tops and facing surfaces for furniture, reception desks and reception areas, tiles, panels for floors, floor coverings, wall cladding, flooring, ceilings, non-metallic covers for use with floors and parts thereof, profiles and floor skirting boards, slabs and tiles formed of composite stone.</p>		<p>tiles formed of composite stone for building panels, counter tops, vanity tops, [...] ceilings.</p> <p>(2) Installation, maintenance and repair services of worktops, sinktops, work surfaces and surrounds for kitchens, bathrooms, vanity units and offices, counter tops, table tops, bar tops, tops and facing surfaces for furniture, reception desks and reception areas, tiles, [...] ceilings [...] .</p>	

FEDERAL COURT
SOLICITORS OF RECORD

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