Federal Court  Cour fédérale

Date: 20090219

Docket: T-593-08

Citation: 2009 FC 172

Ottawa, Ontario, February 19, 2009

PRESENT: The Honourable Mr. Justice Lemieux

BETWEEN:

NPS PHARMACEUTICALS, INC.

Applicant

and

BIOFARMA, SOCIÉTÉ PAR ACTIONS SIMPLIFIÉE

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

Introduction and Background Facts

[1] This proceeding by NPS Pharmaceuticals, Inc. (NPS) is an appeal, pursuant to section 56 of the *Trade-Marks Act* (the *Act*), from a decision dated January 8, 2008, rendered by Annie Robitaille, a member of the Trade-Marks Opposition Board (the Board Member) acting on behalf of the Registrar of Trade-Marks refusing, based on the opposition of Biofarma, Société par Actions

Simplifiée (Biofarma), to NPS' application dated May 6, 2002, with a priority date of November 7, 2001 based on a corresponding US application, to register the trade-mark PREOS for a proposed use in association with "pharmaceutical preparations for the prevention or treatment of osteoporosis; and pharmaceutical preparations for the prevention or treatment of bone metabolism-related disorders or diseases".

[2] The central issue in this case piths, in terms of confusion, NPS' PREOS against Biofarma's PROTOS, which is also a proposed trade-mark.

[3] In his written memorandum, counsel for the Applicant submitted the Member of the Opposition Board erred:

1) In applying the statutory test of confusion by failing to take into account all the surrounding circumstances, as mandated by subsection 6(5) of the *Act*, in that she gave no weight at all to two circumstances which he argues are important in the context of the present case, namely: (1) the differences between the actual wares of the parties as distinct from the broad description of them in their respective trade-mark applications; and, (2) the likelihood Biofarma will, in fact, not even proceed to use the mark on which it relies in the opposition proceeding but will use a different mark for its osteoporosis product – the mark PROTELOS.

2) A second error by the Opposition Board Member is her application of the statutory test for confusion in that she failed to consider what degree of care would be taken by purchasers of

the kind of wares at issue by ignoring the principle that particular care is taken by purchasers of prescription drugs, lessening the likelihood of confusion.

3) The Board Member also erred in her consideration of the evidence by failing to give proper weight to the evidence of the Applicant's expert in linguistics that the degree of resemblance between the trade-marks at issue is low, evidence which is credible on its face and is uncontradicted.

4) She failed to exclude from consideration, Biofarma's evidence on the issue of drug error, which in his submission, was clearly inadmissible and prejudicial to NPS.

[4] As the basis of its opposition, Biofarma invoked paragraph 16(3)(b) of the *Act* to block NPS' trade-mark application for the registration of its PREOS mark. Subsection 16(3) is headed "proposed marks" and reads:

Trade-marks Act (R.S., 1985, c. T-13)	*Loi sur les marques de commerce* (L.R., 1985, ch. T-13)
Proposed marks	Marques projetées
16. (3) Any applicant who has filed an application in accordance with section 30 for registration of a proposed trade-mark that is registrable is entitled, subject to sections 38 and 40, to secure its registration in respect of the wares or services specified in the application, unless at the date of filing of the application it was confusing with	16. (3) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce projetée et enregistrable, a droit, sous réserve des articles 38 et 40, d'en obtenir l'enregistrement à l'égard des marchandises ou services spécifiés dans la demande, à moins que, à la date de production de la demande, elle n'ait créé de la confusion :

(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;	a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;
(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or	b) soit avec une marque de commerce à l'égard de laquelle une demande d'enregistrement a été antérieurement produite au Canada par une autre personne;
(c) a trade-name that had been previously used in Canada by any other person.	c) soit avec un nom commercial antérieurement employé au Canada par une autre personne.
[My emphasis.]	[Je souligne.]

[5] As a matter of convenience, it is also useful, at this time, to cite the provisions of subsection 6(5) of the *Act* which lists the non-exhaustive statutory factors for the determination of confusion:

Trade-marks Act (R.S., 1985, c. T-13)	*Loi sur les marques de commerce* (L.R., 1985, ch. T-13)
What to be considered	Éléments d'appréciation
6. (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	6. (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) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;	a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;
(b) the length of time the trade-marks or trade-names have been in use;	b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;
(c) the nature of the wares, services or	c) le genre de marchandises, services ou

business;	entreprises;
(d) the nature of the trade; and	d) la nature du commerce;
(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.	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.
[My emphasis.]	[Je souligne.]

[6] Biofarma relied on paragraph 16(3)(b) of the *Act* since it had filed with the Canadian Intellectual Property Office (CIPO), a trade-mark application on April 7, 1999 to register the trade-mark PROTOS for proposed use in association with "a pharmaceutical preparation for the prevention or treatment of osteoporosis". This application has been allowed but not yet registered because its PROTOS product is not yet authorized to be marketed in Canada under a notice of compliance issued by the Minister of Health, pursuant to the *Food and Drug Act*, although a New Drug Submission (NDS) had been submitted to Health Canada on January 7, 2004 to obtain such an NOC presumably based on clinical trial results in Europe where the product is authorized to be marketed through Biofarma's subsidiary Les Laboratoires Servier (Servier) under the name PROTELOS. Biofarma also applied on November 20, 2002 to register, based on proposed use, the trade-mark PROTELOS in Canada in association with the same wares as its sister PROTOS. The PROTELOS application has also been allowed but not yet to be registered, lacking the necessary NOC to begin sales in this country. More will be said in these reasons about the PROTOS/PROTELOS issue.

[7] NPS' PREOS product is in the same situation as the Biofarma products; it has not obtained market authorization, in an NOC, to market its product in Canada. It has yet to file an NDS to obtain

the NOC since PREOS is still undergoing clinical trials albeit in the last phase – phase III of that process.

[8] NPS' case before the Opposition Board Member was presented through the affidavit evidence of:

- Thomas Heath, Vice President, Marketing and Sales of NPS who clearly stated his company intended to use the trade-mark PREOS in Canada in association with a pharmaceutical preparation it had developed for the treatment of osteoporosis. He generally described the product as a recombinant hormone administered to the patient by means of self injection in a once a day dosage packaged in a cartridge of 100 micrograms. He said the procedure for a patient self administering PREOS consisted of a number of steps which required user training. He explained where PREOS was in its clinical trials. [Emphasis mine.]

- Dr. David Kendler is the Director of the Osteoporosis Research Centre in Vancouver and a professor since 1991 in UBC's Faculty of Medicine. He has run PREOS' clinical trials and has served on Servier Canada's Advisory Board regarding its PROTOS product and its Canadian regulatory approval process. His affidavit, upon which he was not cross-examined, touched upon three issues: (1) The differences between the PREOS and PROTOS products as to their active ingredient, formulation, administration route, dosage indications (i.e. the different type of patients who would be prescribed one or the other of the two products), the length of

treatment and the amount of patient instructions and follow-up care. For PREOS, he reaffirmed the characteristics described by Mr. Heath. For PROTOS, he said it takes the form of yellow granules comprising strontium renalate packaged in individual sachets containing a single two-gram dose of the drug. The patient simply mixes the contents of a sachet with water and then drinks the suspension; (2) He also discussed prescription practices in Canada in response to Biofarma's evidence. He concluded in all of the circumstances, he had described, "the possibility of medical error resulting from wrong medication being dispensed to the patient would be virtually nil"; and, (3) He also provided evidence of the marketing in Europe of the Servier strontium renalate osteoporosis product under the trade name PROTELOS which is identical to the one to be marketed by Servier Canada under PROTOS.

- Dr. Murray J. Munro, a Ph.D in linguistics, whose mandate was to provide linguistic expert opinion on the degree of resemblance, in French and English, between PREOS and PROTOS in appearance, sound or in the ideas suggested by them. Based on his analysis of the similarities and differences between the two proposed trade-marks, his opinion was the trade-marks "produce an overall impression that is significantly different, in terms of their appearance, sound and ideas suggested by them". He was further of the opinion "the likelihood is very low that speakers of English or French would confuse the two marks, insofar as the degree of resemblance is concerned". He was cross-examined on his affidavit and was accepted by the Board Member as an expert in linguistics in both languages, except for the pronunciation of the marks in French.

- Jeannine Summers, a trade-mark paralegal with the Applicant's trade-mark law firm who placed on the record information of her searches on the CIPO Database.

[9] Biofarma's evidence was put forward through the affidavit evidence from:

- Michael Sumpter is Director General of Servier Canada Inc., a wholly-owned subsidiary of Biofarma. He states Servier Canada will be marketing in Canada, under the PROTOS trade-mark, its pharmaceutical osteoporosis preparation. He filed as an exhibit Health Canada's acknowledgment of the filing of its NDS for an NOC in association with PROTOS. He asserts PREOS and PROTOS belong to the same therapeutic class of osteoporotics and will have the same therapeutic indication as "they are both designed to prevent or treat osteoporosis". He says the distribution channels for the two products will also be identical as they will be prescribed by the physicians and distributed in drugstores. He opined on the similarity of the marks in terms of length, similar prefixes, identical suffixes and phonetics all leading in his view to confusion which he said was confirmed by "many contacts with physicians and pharmacists in Canada and elsewhere". Another part of his affidavit addressed the issue of prescription and interpretive errors and, in support of this, he appended a number of exhibits from the Ordre des pharmaciens du Québec as well as documents pulled from Health Canada's website on the formation of a working group to review and analyse issues relating to Look-alike/Sound-alike health products names with a

view recommending an appropriate course of action to reduce the potential for confusion between products. Much of his evidence was challenged as hearsay.

- Gina Petrone is a trade-mark agent since 1992 and currently at the employ of the respondent's law firm. She deposed to her searches using the software NameReporter to search the CIPO Database.

[10] On appeal before this Court, only one new affidavit was produced, that of Dr. Munro who deposed, on behalf of NPS, his expertise in the area of the pronunciation of the marks in the French language.

The contested decision

[11] By decision dated January 8, 2008, the Board Member concluded there would be a likelihood of confusion as to the source of the osteoporosis product in the use of PROTOS and PREOS:

> **68** As indicated above, the Applicant bears the legal onus of establishing on a balance of probabilities that its application complies with the requirements of the Act. The presence of an onus on the Applicant means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against the Applicant [see *John Labatt* supra].
>
> **69** In applying the test for confusion, I have considered that it is a matter of first impression and imperfect recollection. In view of my conclusions above, I find that the Applicant has failed to discharge the legal burden upon it to show that, on the balance of probabilities, there is no reasonable likelihood of confusion as to the source of the parties' wares. Accordingly, the s. 16(3)(b) ground of opposition succeeds. [Emphasis mine.]

[12] She discussed, however, a second ground of opposition, non distinctiveness of PREOS, advanced by Biofarma. She concluded: "As no evidence of use of the PROTOS mark has been adduced in the present case, Biofarma failed to discharge the initial burden upon it". Biofarma, before this Court, did not challenge this finding.

[13] In her decision, she described the proceedings and summarized the evidence. She disregarded Mr. Sumpter's evidence in his Exhibit "G", the search reports based on the Register, because he had not conducted those searches himself and noted the other objection based on hearsay. In particular, she discarded his personal opinion on the likelihood of confusion between the marks "as it is up to the Registrar to make such determination after review of all relevant circumstances." Her conclusion, on this point, was not challenged before me.

[14] She then analysed paragraph 16(3)(b) ground of opposition. She noted Biofarma's trade-mark application in 1999 for PROTOS and concluded "that application having not been abandoned by the Opponent, the latter has satisfied its initial burden with regard to this first ground of opposition", adding, "Because of this evidence by the Opponent, the Applicant [NPS] must establish on a balance of probabilities that there is no reasonable likelihood of confusion between [PREOS and PROTOS]."

[15] She set out the test of confusion which governed her analysis:

> **38** The test for confusion is one of first impression and imperfect recollection. Section 6(2) of the Act indicates that 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 are of the same general class.

> **39** In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those listed at s. 6(5) of the Act, namely: (a) the inherent distinctiveness of the trade-marks and the extent to which they have become known; (b) the length of time the trade-marks 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 in appearance or sound or in the ideas suggested by them. This list is not exhaustive and different weight will be attributed to different factors according to the context. [Emphasis mine.]

[16] She referred to the Supreme Court of Canada's decision in *Mattel, Inc. v. 3894207 Canada Inc.*, [2006] 1 S.C.R. 772 (*Mattel*); and *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée et al*, [2006] 1 S.C.R. 824 (*Veuve Clicquot*) " for a thorough discussion of the general principles that govern the test for confusion".

[17] She next listed the factors set out in subsection 6(5) of the *Act* and analyzed them individually. On the first factor of inherent distinctiveness, she concluded each mark was distinctive because neither mark had an identifiable meaning as a whole, nor could either be found in French or English dictionaries and there was no evidence they had become known in Canada since there was no evidence of use or promotion of either mark in Canada. On the second factor of length of time each trade-mark had been used in Canada, she held that: "As neither of the marks is used or known in Canada, this factor does not favour either party." Before this Court, neither the Applicant nor the Respondent sought to disturb these two findings.

[18] She then embarked upon her analysis of the next two listed factors in subsection 6(5) of the *Act* – (c) the nature of the wares … and (d) the nature of the trade. She first stated: "Considering the type of wares and the nature of the trade, I must compare the Applicant's statement of wares with the statement of wares in the application referred to by the Opponent. However, those statements

must be read with a view to determining the probable type of business or trade intended by the parties rather than all possible trades that might be encompassed by the wording. The evidence of the parties' actual trades is useful in this respect."

[19] She continued by finding "the trade-marks under review cover identical wares: pharmaceutical preparations for the prevention or treatment of osteoporosis", adding, "The opposed application also covers pharmaceutical preparations for the prevention or treatment of other bone disorders or diseases, namely, pharmaceutical preparations for the prevention or treatment of bone metabolism-related disorders or diseases."

[20] She found the PREOS and PROTOS products "are both to be prescribed by physicians and distributed in drugstores", adding, "They will both likely be indicated for primarily the elderly, although the PREOS product is likely to be indicated for severe osteoporosis whereas the PROTOS product is likely to be indicated for a broader population of osteoporosis patients, not just severe cases of osteoporosis."

[21] She considered Dr. Kendler's evidence on the actual differences between the products. She referred to the contention that doctors and pharmacists would understand that these are very different products in terms of physical form, dosage and mode of administration and so would the patients because they would understand the difference between a product that includes an injector pen which must be injected through the skin (PREOS) and an oral suspension product (PROTOS).

[22] She responded to these contentions by stating:

> **46** … While I acknowledge the fact that there is some authority for the Applicant's contention that the risk of confusion is lessened in the field of prescription medications since the nature of the transaction is such that the products are delivered by meticulous professional accustomed to making distinctions between the names of various products, I disagree with the Applicant's approach, as this is not the proper approach to be taken.
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> **47** As stressed above, I must compare the Applicant's statement of wares with the statement of wares in the application referred to by the Opponent. As indicated above, both marks cover identical wares and are intended to travel through the same channels of trade. The pharmaceutical preparations described in both of the Applicant's and the Opponent's applications are neither restricted to prescription drugs only, nor restricted in their physical form, dosage and mode of administration and the Applicant chose not to amend its application to so limit itself (the whole as noted during Mr. Sumpter's cross-examination, cf. transcript pages 75 to 81). It is also well established that even in the case of prescribed medication, the average consumer consists of the physician prescribing medication, the pharmacist and the patient. [Emphasis mine.]

[23] To buttress her conclusion she referred to *Cyanamid Canada Inc. v. Smith Kline & French Canada Ltd*. (1983), 23 C.P.R. (3d) 189, at paragraph 9; *Novartis Pharmaceuticals Canada Inc. v. Apotex Inc.* (1999), 86 C.P.R. (3d) 259, at page 263; and, *ICN Pharmaceuticals, Inc. v. Unger* (2007), 53 C.P.R. (4^{th}) 148, cases decided by the Opposition Board. She concluded the third and fourth factors favour Biofarma.

[24] In her view, the test for the fifth factor – the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them – was a matter of first impression and the trade-marks "should not be dissected or subjected to a microscopic analysis with a view to assessing their similarities and differences", citing Justice Denault in *Pernod Ricard v. Molson Breweries* (1992), 44 C.P.R. (3d) 359, at p. 369.

[25] She first noted and accepted Dr. Munro's evidence neither mark had an identifiable meaning as a whole, neither being found in commonly used French or English dictionaries.

[26] She reviewed Dr. Munro's evidence and said: "I consider there to be a fair degree of resemblance in terms of appearance between the marks of the parties" referring to his evidence on the "initial letters "PR" and the same pair of final letters "OS" that are visually and phonetically the same." She also accepted his evidence the marks had the same number of syllables and the same stress pattern on the syllables, the marks were almost the same length in terms of letters and the marks did not suggest any idea, save for the unit "OS", that may suggest a connection with bone and osteoporosis.

[27] She next analyzed Dr. Munro's evidence as to the similarities and the differences between the marks in sound and his conclusion there were some similarities between the marks in sound because of the differences in articulation of the letters "E" and "O" and differences in the presence of the "T" sound in PROTOS but not in PREOS; the production of the "T" sound requires the speaker to move the tongue to the top of the mouth to block the airstream. She then rejected his evidence on this aspect stating:

> "I am not detailing all of Mr. Munro's findings since most of his opinion consists in a dissection of the marks, which is not the proper approach to be taken to determine the likelihood of confusion between the marks of the parties, as stated by Madam Justice Tremblay-Lamer in *Pierre Fabre Médicament v. SmithKline Beecham Corp.* (2004), 35 C.P.R. (4th) 23 (F.C.), at pages 31 and 34 (*Pierre Fabre*)." [Emphasis mine.]

[28] She also stated there was a parallel between the case at hand and a case decided by the Opposition Board in *Frank W. Horner v. Abbott Laboratories* (1985), 6 C.P.R. (3d) 142, at p. 144

and concluded: "… on this fifth factor, I consider there to be a fair degree of resemblance between the marks of the parties. Thus, the fifth factor favours the Opponent."

[29] Under the heading "Additional surrounding circumstances", she analyzed three additional circumstances: (1) the state of the Register; (2) whether Biofarma will in fact use the PROTOS mark; and, (3) the issue of drug errors.

[30] I will not summarize her analysis and findings on the subject of the state of the Register since neither party challenged her decision on that issue.

[31] On the issue whether Biofarma will in fact use PROTOS in Canada in the sale of its osteoporosis drug for which it had filed an NDS identifying PROTOS as the trade name for its marketing, she said NPS had contended in argument "that there is another relevant circumstance in assessing confusion in this case, namely, it is questionable whether the Opponent will in fact proceed to use the PROTOS mark in Canada" alleging it was more likely that Biofarma will in fact use PROTELOS whose registration in Canada has also been allowed and its proposed use is for the same product as PROTOS.

[32] She referred to the evidence and specifically an answer Mr. Sumpter gave in cross-examination where he described the PROTELOS application for registration in Canada was being based on "proposed option to use" meaning that Biofarma would register the trade-mark PROTELOS in Canada and then have the right to chose to use it or not. NPS also relied on the fact Biofarma's osteoporosis product was being marketed in Europe under PROTELOS.

[33] The Board Member decided the point stating:

> **64** Mr. Sumpter's affidavit, testimony and responses to undertakings all confirm that the Opponent still intends to use the PROTOS mark in Canada. Mr. Sumpter has also confirmed that the Opponent, through its subsidiary Servier, still maintains an intention to use the PROTELOS mark in Canada. It may well be that the Opponent will choose one or the other mark when it will start commercializing its product in Canada. This does not affect the present opposition though as the trade-mark application for the PROTOS mark is still in good standing. [Emphasis mine.]

[34] Finally, she considered the issue of drug errors referring to Mr. Sumpter's affidavit where he discusses drug errors and she quotes from NPS' submissions "that the possibility of errors in prescribing or dispensing of drugs is not directly related to the likelihood of confusion as to the source of the product, which is the issue for decision in this case." She then ruled:

> **66** While I agree with the Applicant, I wish to refer to the Trade-marks Opposition Board's decision in *SmithKline Beecham Corp. v. Pierre Fabre Médicament* [1988] T.M.O.B. 141, which discussed whether particular care should be exercised in applying the statutory standard fixed by s. 6(2) of the Act in the pharmaceutical field at paragraphs 20 and 21: …. [Emphasis mine.]

[35] A review of those two paragraphs and of the analysis contained therein, in respect of prescription drugs, shows its thrust to be that the possibility of errors in the prescribing and dispensing of pharmaceutical products is not directly related to the likelihood of confusion as to the source of the products which is the statutory standard to be applied recognizing that in the application of that standard, particular care should be exercised in its application in the pharmaceutical field. [Emphasis mine.]

[36] After setting out her analysis, she concluded:

> **67** Having regard to the foregoing and particularly in view of the passages above quoted and underlined, I do not need to rule on the admissibility of Exhibits "K" to "N" that were attached to the Sumpter affidavit. Health Canada's test to determine if there is confusion between two drug names differs from the test for confusion under the trade-mark law regime and is not binding upon the Registrar. [Emphasis mine.]

Analysis

(a) The standard of review

[37] For the reasons which become evident in the next few paragraphs, the standard of review, applicable in judicial review analysis, may have some relevance to section 56 appeals from decisions of the Registrar.

[38] As is now well known, the Supreme Court of Canada, in *Dunsmuir v. New Brunswick*, 2008 SCC 9, reformed the standard of review analysis in judicial review proceedings by, in particular, reducing from three to two the number of standards rolling into the unreasonableness standard the now defunct standard of patent unreasonableness.

[39] At paragraph 62 of *Dunsmuir*, Justices Bastarache and LeBel held that a full standard of review analysis was unnecessary where the jurisprudence had determined, in a particularly satisfactory manner, the degree of deference to be accorded a particular category of question.

[40] The jurisprudence of the Supreme Court of Canada and the Federal Court of Appeal have clearly fixed the standard of review in a case such as this one which involves the interpretation and application of the statutory test of confusion, set out in subsection 6(5) of the *Act*.

[41] Justice Binnie, on behalf of the Supreme Court of Canada, *in Mattel, Inc. v. 3894207 Canada Inc.*, [2006] 1 S.C.R. 772, at paragraphs 40 and 41, (a pre-*Dunsmuir* decision) where he wrote:

> **40** Given, in particular, the expertise of the Board, and the "weighing up" nature of the mandate imposed by s. 6 of the Act, I am of the view that despite the grant of a full right of appeal the appropriate standard of review is reasonableness. The Board's discretion does not command the high deference due, for example, to the exercise by a Minister of a discretion, where the standard typically is patent unreasonableness (e.g. *C.U.P.E. v. Ontario (Minister of Labour)*, [2003] 1 S.C.R. 539, 2003 SCC 29, at para. 157), nor should the Board be held to a standard of correctness, as it would be on the determination of an extricable question of law of general importance (*Chieu v. Canada (Minister of Citizenship and Immigration)*, [2002] 1 S.C.R. 84, 2002 SCC 3, at para. 26). The intermediate standard (reasonableness) means, as Iacobucci J. pointed out in *Ryan*, at para. 46, that "[a] court will often be forced to accept that a decision is reasonable even if it is unlikely that the court would have reasoned or decided as the tribunal did." The question is whether the Board's decision is supported by reasons that can withstand "a somewhat probing" examination and is not "clearly wrong": *Southam*, at paras. 56 and 60.
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> **41** The foregoing analysis of the proper standard of review is consistent with the jurisprudence [page797] of the Federal Court of Appeal: see in particular *Molson v. Labatt, per* Rothstein J.A., at para. 51; *Novopharm, pe*r Strayer J.A., at para. 4; *Polo Ralph Lauren Corp. v. United States Polo Assn.* (2000), 9 C.P.R. (4th) 51, per Malone J.A., at para. 13, and Isaac J.A., at para. 10; *Christian Dior, S.A. v. Dion Neckwear Ltd.*, [2002] 3 F.C. 405, 2002 FCA 29, *per* Décary J.A., at para. 8, and *Purafil, Inc. v. Purafil Canada Ltd.* (2004), 31 C.P.R. (4th) 345, 2004 FC 522, *per* MacKay D.J., at para. 5. [Emphasis mine.]

[42] In *Mattel*, Justice Binnie referred to, with approval, Justice Rothstein's decision, when he was a member of the Federal Court of Appeal, in *Molson Breweries v. John Labatt*, [2000] 3 F.C. 145, at paragraph 51 which focussed on the impact of new evidence introduced on appeal might have on the standard of review:

> [51] I think the approach in *Benson & Hedges* and *McDonald's Corp.* 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.

[43] In the present case, only one piece of new evidence was introduced on appeal – the affidavit of Dr. Munro, dated May 13, 2008, to which he appends a copy of the affidavit which was before the Opposition Board, dated February 9, 2005. The sole purpose of Dr. Munro's fresh affidavit on appeal is to provide evidence of his qualification to give expert evidence relating to the pronunciation of the marks at issue in the French language. This new affidavit does not alter, in any way, the previous evidence he gave in his February 9, 2005 affidavit.

[44] When, pursuant to section 56 of the *Act*, new material is introduced before this Court, an assessment must be made by the Court of the materiality of the new affidavits in terms of its potential impact on the Registrar's decision or, as my colleague Justice Harrington recently put it in *Scotch Whisky Association v. Glenore Distillers International Ltd.*, 2008 FC 425, at paragraph 14: "… the Court must determine whether additional evidence would have affected the decision".

[45] In this case, I am satisfied, even if I accept Dr. Munro is qualified as an expert in the French pronunciation of the marks at issue, his fresh evidence would not lead to a change in the Registrar's decision because the Board Member gave little weight to Dr. Munro's evidence on the similarities and differences between the marks on sound considering it was a dissection of the marks which is not the proper approach, citing my colleague Justice Tremblay-Lamer's decision in *Pierre Fabre*. Counsel for the Applicant did not show me how Dr. Munro's evidence on French

pronunciation would disturb the Opposition Board's entire French or English considerations on the issue.

[46] The finding the new evidence could not have affected the Registrar's decision means the deferential standard of reasonableness applies.

[47] I return to *Dunsmuir* to further explore what the reasonableness standard encompasses:

> **47** Reasonableness is a deferential standard animated by the principle that underlies the development of the two previous standards of reasonableness: certain questions that come before administrative tribunals do not lend themselves to one specific, particular result. Instead, they may give rise to a number of possible, reasonable conclusions. Tribunals have a margin of appreciation within the range of acceptable and rational solutions. A court conducting a review for reasonableness inquires into the qualities that make a decision reasonable, referring both to the process of articulating the reasons and to outcomes. In judicial review, reasonableness is concerned mostly with the existence of justification, transparency and intelligibility within the decision-making process. But it is also concerned with whether the decision falls within a range of possible, acceptable outcomes which are defensible in respect of the facts and law.
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> …
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> **49** Deference in the context of the reasonableness standard therefore implies that courts will give due consideration to the determinations of decision makers. As Mullan explains, a policy of deference "recognizes the reality that, in many instances, those working day to day in the implementation of frequently complex administrative schemes have or will develop a considerable degree of expertise or field sensitivity to the imperatives and nuances of the legislative regime": D. J. Mullan, "Establishing the Standard of Review: The Struggle for Complexity?" (2004), 17 *C.J.A.L.P.* 59, at p. 93. In short, deference requires respect for the legislative choices to leave some matters in the hands of administrative decision makers, for the processes and determinations that draw on particular expertise and experiences, and for the different roles of the courts and administrative bodies within the Canadian constitutional system. [Emphasis mine.]

[48] In *Mattel*, Justice Binnie expressed the standard of reasonableness in this way at paragraphs 10 and 91:

> **10** On this appeal, the Board's decision should be upheld unless it is shown to be unreasonable. On the admissible evidence, the Board was not shown to be clearly wrong in its decision that the respondent restauranteur has established that it is *not* likely that prospective consumers will draw the mistaken inference. I would therefore affirm the reasonableness of the decision of the Board to accept registration of the respondent's trade-mark and dismiss the appeal.
>
> …
>
> **91** The Board held that, notwithstanding the fame of the appellant's trade-mark, it was satisfied by the respondent that there was no likelihood of confusion in the marketplace having regard to all the surrounding circumstances. In the absence of fresh evidence to shed further light on the correctness of this conclusion, I would not be prepared to say that in reaching its conclusion the Board was unreasonable. [Emphasis mine.]

[49] Justice LeBel in *Mattel* wrote a short concurring judgment which I cite:

> **93** LeBEL J.:— I agree that Mattel's appeal should be dismissed. The Trade-marks Opposition Board at the Canadian Intellectual Property Office had to weigh a number of factors in its assessment of the distinctiveness of the two marks. Its decision was entitled to deference, but had to be reasonable. On the facts of this case, as demonstrated by the analysis of the legal and factual issues in the reasons of Binnie J., I agree that the decision of the Board was indeed reasonable ((2002), 23 C.P.R. (4th) 395). [Emphasis mine.]

(b) Discussion and conclusions

[50] Before considering NPS' arguments, a few more references to *Mattel* are appropriate:

1) At paragraph 6, Justice Binnie explained that: "Confusion is a defined term, and s. 6(2) requires the Board (and ultimately the court) to address the *likelihood* that in areas where both trade-marks are used, prospective purchasers will infer (incorrectly) that the wares and

services … are nevertheless supplied by the same person." At paragraph 24, he writes: "If … it is not likely that even casual consumers will make a connection [between the source], then the [appellant-opponent's] marks have received the protection to which the law entitles them."

2) The onus in on the Applicant for registration, here NPS, to establish the absence of likelihood of confusion but the Board was only required to deal with potential sources of confusion that, in the Board's view, have about them an air of reality.

3) At paragraph 36 of *Mattel*, he stressed: "The determination of the likelihood of confusion requires an expertise that is possessed by the Board … in greater measure than is typical of judges. This calls for some judicial deference to the Board's determination …" At paragraph 37, he wrote: "What this means in practice is that the decision of the …. Board should not be set aside lightly considering the expertise of those who regularly make such determinations."

4) Noting the statutory test for confusion of "all the surrounding circumstances" with the five listed factors not being exhaustive, he wrote at paragraph 54: "… different circumstances will be given different weight in a context-specific assessment."

[51] With these principles in mind, I now turn to NPS' arguments, noting the uniqueness of this case in that the opposing marks are not actually in use in Canada because, as noted, neither drug has been issued an NOC by Health Canada. The Board Member was dealing with the application by

NPS to register PREOS in the proposed use of its osteoporosis drug, which was opposed by Biofarma's osteoporosis drug under the proposed name of PROTOS, which trade name has been allowed, but as noted, cannot be registered until it is actually used (marketed) in Canada. This is why the first two enumerated factors in section 6(5) of the *Act* are neutral since each proposed mark was distinctive, (1) neither having any meaning as a whole, and (2) there was no evidence they had become known in Canada since there was no evidence of promotion. As to second factor of length of time in use, there had been no use yet. As noted, neither party sought to disturb these first two findings by Member Robitaille.

(1) No ruling on admissibility

[52] In my view, there is no merit to the argument NPS was prejudiced because the Board Member did not rule on the admissibility of certain exhibits in Mr. Sumpter's affidavit. A decision on that point was not necessary because she concluded this evidence was not material to the question she had to answer, namely: Would such evidence establish that the actors in the prescription drug field would be confused as to the source of the drug i.e. confused that PROTOS was supplied by NPS? In the circumstance, the fact she did not specifically mention Exhibit "J" as not being inadmissible is of no consequence.

(2) Dr. Munro's evidence

[53] I reach the same conclusion on the lack of merit to the argument the Board Member did not take proper account of Dr. Munro's evidence. She accepted his evidence on appearance for the prefixes (PR) and suffixes (OS) being visually and physically the same. She accepted his evidence on the number of syllables and stress patterns on them and the two proposed trade-marks were

almost the same length in terms of letters. She also accepted his evidence neither marks suggested an idea save for the unit “OS” that may suggest a connection with bone and osteoporosis.

[54] However, she rejected his evidence on sound because his evidence was not the way that this factor should be analysed being a dissection of the proposed marks which would never be undertaken by the average consumer. In my view, the facts and the jurisprudence supports the Board Member’s determination that there was a fair degree of resemblance between the marks. The use of the words “fair degree” is important because it indicates this factor had some but not great weight in her weighing of all of the relevant factors.

(3) PROTOS or PROTELOS

[55] Contrary to the submissions by counsel for NPS, the Board Member specifically considered his submission whether it was more likely than not that Servier Canada would select PROTOS to market its osteoporosis product once an NOC had been issued. She specifically acknowledged “it may well be that the opponent will choose one or the other mark when it will start commercializing its product in Canada” but that this did not affect the opposition because PROTOS was still in good standing. In my view, the Board Member did not commit any error in reaching the conclusion she did. She relied on the answers of Mr. Sumpter that Servier Canada still intends to use PROTOS when its NOC is issued and has a right to do so because its application has been allowed and registration will be automatic upon filing a declaration of use. NPS has a remedy should PROTELOS be chosen. It will have a right to bring an expungement application under section 57 of the *Act*. The Member’s ruling is reasonable in the circumstances.

(4) The actual differences in the PREOS and PROTOS

[56] Counsel for NPS argues the Board Member erred by failing to take into account the surrounding circumstance that the PREOS product is different than the PROTOS product in a number of significant ways. He submitted the Board Member treated the wares as identical because of the description contained in the statement of wares in the application for registration.

[57] It is true that under the heading "additional circumstances", the Board Member Robitaille did not analyze the actual differences between the two products which are not yet on the market in use in Canada. I find this argument to be more one of form than substance because the Board Member did her analysis on this point in her consideration of the nature of the wares. She ruled that the trade-marks under review covered identical wares, "pharmaceutical preparations for the prevention or treatment of osteoporosis". She specifically referred to Dr. Kendler's evidence on the actual differences between the products and on how a patient would differentiate between an injector pen and an oral suspension.

[58] However, in her view, the Applicant's approach was not the proper one which she explained at paragraph 47 of her reasons which are quoted at paragraph 22 of these reasons. In her opinion, the proper approach was to compare the NPS' statement of wares in its application for registration with Biofarma's statement of wares for PROTOS.

[59] NPS' counsel argues in so doing the Board Member erred, citing *Andrés Wines Ltd. v. Vina Concha Y Toro S.A.*, (2001) 13 C.P.R. 4th 110 (*Andrés Wines*), a case where the Applicant sought to

expunge the Respondent's registered mark TRIO used in association with "wine" on the basis that it was confusing with its mark "TRIUS" for wine which had a prior registration date.

[60] With respect, I do not think *Andrés Wines* is helpful to NPS. Its section 57 expungement action was dismissed. Under the factors, nature of wares and nature of trade, Justice Dubé considered that fact that both wares were wine with TRIUS, a Canadian wine sold only in Ontario in its own stores or in LCBO's ordinary sections and TRIO, a Chilean wine sold in VINTAGES sections. Justice Dubé stated geographic origin was an important factor in consumer choice. Despite these differences, he ruled that the nature of trade and trade factors strongly favoured TRIO. In contrast in this case, the Board Member ruled the wares were identical and the channels of trade were identical. I recognize that in *Andrés Wines*, Justice Dubé did discuss also, under other surrounding circumstances, TRIUS was only sold in Ontario, while TRIO was sold across Canada and could not be sold side by side. He also took into account the fact there were seven other registered wine trade-marks with the syllables "TRI". I consider the analysis under this heading as largely duplicates of what had been discussed before in his judgment.

[61] In sum, *Andrés Wines* does not deal with the point decided by the Board Member in terms of the importance in comparing the relative statements of wares in the context of applications for registration of wares in proposed use rather than in actual use.

[62] The Board Member's approach is sanctioned in *Mattel*, at paragraphs 53 and 74 of Justice Binnie's reasons. At paragraph 53, he wrote:

> **53** The appellant argued that the courts below erred in looking at the respondent's actual operations rather than at the terms set out in its application for the proposed trade-mark. It is quite true that the proper focus is the terms of the application, because what is at issue is what the registration would authorize the respondent to do, not what the respondent happens to be doing at the moment. Still, the appellant itself led a great deal of evidence (as is the practice) about the actual operation of the respondent's restaurants, including many photographs, numerous sample menus and clippings of various advertisements. In these circumstances, it is not surprising that the Board and the applications judge felt it appropriate to comment on the respondent's operation, based largely on the evidence the appellant itself had adduced. That said, I do not think the Board or the courts below were under misapprehension about the nature of the dispute. The terms of the respondent's application ("restaurant services, take-out services, catering and banquet services") were referred to by both the Board and the applications judge, and reading their respective reasons as a whole, I do not think they misapprehended the question before them.

[63] The last sentence of his paragraph 74 reads: “It is important to keep in mind, as the appellant says, that the issue is not the scope of the respondent's existing business but the scope of protection it seeks by its trade-mark application.”

[64] All of the above considerations led me to conclude the Board Member did not err but rather adopted the correct approach.

(5) The prescription drug issue

[65] Counsel for NPS argues the Board Member did not take into account the principle that particular care is taken by purchasers where the wares are prescription drugs thus lessening the likelihood of confusion. Referring to *Mattel*, at paragraph 58, he states that it is well established that the more care and attention is taken by a consumer in some purchasing decisions than others, reduces the likelihood of confusion. He relies on Justice Mahoney’s decision in *William H. Rorer,*

(Canada) Ltd. v. Johnson & Johnson (1980), 48 C.P.R. (2d) 58 (*Rorer*) for the proposition that in prescription drug cases, the risk of confusion is minimal because of the nature of the trade.

[66] In considering counsel for the Applicant's argument on this point, the Board Member's reasons must be considered in their entirety. The Board Member dealt with the issue in two places in her reasons.

[67] The first reference is under the heading "nature of the wares and the nature of the trade". She notes at paragraph 44 of her reasons the two trade-marks PREOS and PROTOS cover the identical wares "pharmaceutical preparations for the prevention or treatment of osteoporosis"; they are both prescription drugs and distributed in drugstores and they will both likely be indicated primarily for the elderly. At paragraph 46, she wrote: "The Applicant contends that medical professionals, namely doctors and pharmacists, would understand that these are very distinct products." She also mentioned the Applicant's argument patients would certainly understand the difference between a product that includes an injector pen and must be injected through the skin from one taken by oral suspension.

[68] She then wrote:

> "While I acknowledge the fact that there is some authority for the Applicant's contention that the risk of confusion is lessened in the field of prescription medications since the nature of the transaction is such that the products are delivered by meticulous professional accustomed to making distinctions between the names of various products, I disagree with the Applicant's approach, as this is not the proper approach to be taken."

[69] That approach has already been discussed in these reasons: What is required is a comparison between the statements of wares in the applications for registration but stressing once again both marks cover identical wares which are intended to travel through the same channels of trade. She commented in the last sentence at paragraph 47 of her reasons: “It is also well established that even in the case of prescribed medication, the average consumer consists of the physician prescribing medication, the pharmacist and the patient.”

[70] Without citing any case law in support of the proposition that patients are included in the average consumer of prescription drugs, the Board Member was undoubtedly referring to the Supreme Court of Canada’s decision in *Ciba-Geigy Canada Ltd. v. Apotex Inc*., [1992] 3 S.C.R. 120 (*Ciba-Geigy*), where Justice Gonthier in a passing-off action which focused on the identical get-up (shape, colour and size) of two prescription drugs, specifically held patients are included within the ambit of consumers of such prescription drugs and therefore could be affected by confusion in relation to the two drugs. Justice Gonthier observed that in a summary judgment to the action which was dismissed, the Courts had held only confusion in the minds of physicians, dentists or pharmacists were relevant and the Plaintiff had not established they would be confused by the identical get-up.

[71] He ruled that patients are to be included amongst those who may be confused by the identical get-up on the principle that the purpose of a passing-off action is to protect all persons affected by the product. Justice Gonthier stated the two products involved were interchangeable on the provincial drug lists. At paragraph 98 of his reasons, Justice Gonthier ruled: “The prescription

pharmaceutical products business is not so fundamentally different from other areas of commercial activity that special rules should apply to it."

[72] The second place where the Board Member considered the prescription drug issue was in her discussion of drug errors, i.e. errors in prescribing medications and errors by a pharmacist when filling the prescription. She agreed with the Applicant, at paragraph 65 of her reasons: "… that the possibility of errors in prescribing or dispensing of drugs is not directly related to the likelihood of confusion as to the source of the product, which is the issue for decision in this case." [My emphasis.] She amplified her thinking by referring to the *SmithKline Beecham Corp. v. Pierre Fabre Médicament* case, a 1998 decision of the Opposition Board, cited at [1998] T.M.O.B. No. 141, for the proposition the standard of confusion in cases involving pharmaceuticals is not different than that applicable to other wares and for the further proposition that the essential question to be determined is expressly related to the source of the product.

[73] Moreover, counsel for the Applicant's reliance on the *Rorer* case is misplaced as it was decided before *Ciba-Geigy*.

[74] Based on the reading of the Board Member's decision as a whole, I conclude she did consider the reaction of physicians and pharmacists in the mix of factors which she was required to balance leading to her determination as a matter of first impression and imperfect recollection the Applicant had failed to discharge the legal burden upon it to show that, on a balance of probabilities, there is not reasonable likelihood of confusion as to the source of the parties' wares. [Emphasis mine.]

[75] Taken as a whole, her decision is reasonable and is defensible both in fact and law. For these reasons, this appeal is dismissed.

JUDGMENT

THIS COURT ORDERS AND ADJUDGES that this appeal is dismissed with costs, fixed at the upper level of the units, in Column IV of the Tariff.

"François Lemieux"

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Judge

FEDERAL COURT

SOLICITORS OF RECORD

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