

Federal Court



Cour fédérale

**Date: 20100317**

**Dockets: T-890-09  
T-891-09  
T-892-09**

**Citation: 2010 FC 309**

**Ottawa, Ontario, March 17, 2010**

**PRESENT: The Honourable Mr. Justice Kelen**

**BETWEEN:**

**WORLDWIDE DIAMOND TRADEMARKS LIMITED**

**Applicant**

**and**

**CANADIAN JEWELLERS ASSOCIATION**

**Respondent**

**REASONS FOR JUDGMENT AND JUDGMENT**

[1] This is an appeal pursuant to section 56 of the *Trade-marks Act*, R.S.C. 1985, c. T-13, as amended (the Act), from a decision of the Registrar of Trade-marks sitting as the Trade-marks Opposition Board, dated March 11, 2009 dismissing the applicant's applications for the trade-mark application numbers 1,212,232, 1,212,234 and 1,212,235 because the proposed trade-marks are clearly descriptive of their associated wares and services pursuant to subsection 12(1)(b) of the Act.

[2] Although there are three separate decisions of the Registrar and three separate applications for judicial review, they have been consolidated for hearing under the Federal Court File T-890-09 pursuant to the order of Justice Beaudry dated September 8, 2009.

[3] The respondent named by the applicant has not participated in this appeal.

## **FACTS**

### **The Parties**

[4] The applicant is a subsidiary corporation of HRA Investments Ltd. (HRA), a diamond distributor in Canada. The applicant was incorporated on July 8, 2003, for the purpose of holding HRA's trade-mark interests. Both the applicant and HRA are owned by a parent company named Wallace Holdings Ltd. and all three companies share the same directors and officers.

[5] HRA produces a line of Canadian diamond jewellery products under the name "The Canadian Diamond Certificate" (the CDC product line) which is sold and associated with the trade-mark "CANADIAN DIAMOND CERTIFICATE" (the CDC trade-mark) which sometimes appears in association with variations of the phrases "DIAMONDS THAT ARE MINED CUT AND POLISHED IN CANADA", and "mined, cut and polished in Canada". The CDC product line was also sold in association with trade-marks incorporating "CANADIAN DIAMOND REPORT", and "CANADIAN DIAMOND APPRAISAL". HRA markets the CDC line in a number of ways including brochures, certificates of origin or evaluation, magazine ads, and ring boxes.

[6] The respondent Canadian Jewellers Association, which is not participating in this appeal, is a trade association representing the Canadian Jewellery industry.

### **Background**

[7] On April 4, 2004, the applicant filed an application to register the following three design trade-marks in association with diamonds, diamond certificates and diamond appraisals; diamond cloths, magnifying loops; point of purchase countertop displays; posters; and pens (from henceforth known as wares), and diamond appraisal services (from henceforth known as services):

**THE CANADIAN DIAMOND REPORT** 


*The mark of a diamond that is mined, cut and polished in Canada*

Trade-mark application number 1,212,232;

**THE CANADIAN DIAMOND CERTIFICATE** 

*The mark of a diamond that is mined, cut and polished in Canada*

Trade-mark application number 1,212,234; and

**THE CANADIAN DIAMOND APPRAISAL** 

*The mark of a diamond that is mined, cut and polished in Canada*

Trade-mark application number 1,212,235.

[8] The applicant disclaimed the right to the exclusive use of the words CANADIAN DIAMOND, DIAMOND, CUT, POLISHED, AND CANADA apart from the mark as a whole. The applicant has also disclaimed the right to the exclusive use of the phrase “A DIAMOND THAT

IS MINED, CUT, AND POLISHED IN CANADA” in respect of the wares “diamonds” apart from the mark.

[9] Following the advertisement of the trade-mark applications in September 2005, the respondent filed statements of oppositions before the Registrar supported by affidavits.

The applicant filed a counterstatement of opposition supported by one affidavit. The respondent filed a reply along with an additional affidavit.

#### **Affidavit Evidence before the Registrar**

[10] The respondent filed an affidavit dated March 1, 2006 by Ms. Linda Soriano, an employee for the firm Riches, McKenzie & Herbert LLP who acts for the respondents. This affidavit deposes:

1. that on February 26, 2006, Ms. Soriano conducted an internet search and obtained the Competition Bureau Bulletin regarding the marketing of Canadian diamonds;
2. that on March 1, 2006, Ms. Soriano conducted an internet search and obtained six printouts of websites which market Canadian diamonds and provide Canadian diamond certificates;
3. that on March 1, 2006, Ms. Soriano conducted an internet search and obtained two news articles with respect to the authentication of Canadian diamonds and the regulation of the Canadian diamond industry by the Competition Bureau.

[11] The respondent filed an affidavit dated August 4, 2006 by Sampat Poddar, a director of the respondent, the Canadian Jewellers Association. This affidavit deposes:

1. that in the fall of 2001 the Competition Bureau published guidelines to prevent misleading representations to the marketing of Canadian diamonds, stipulating that for a diamond to be advertised as a “Canadian diamond” it must be mined or harvested in Canada, and that foreign mined diamonds, although cut and polished in Canada, may not qualify as a “Canadian diamond”;
2. that in 2002 the Competition Bureau in conjunction with representatives of the jewellery industry published a Voluntary Code of Conduct (the “Code”) for Authenticating Canadian Diamond Claims which requires that a Canadian diamond be identified by:
  - a. Statement of Certification of Canadian origin and optionally an appraisal value;
  - b. Polished diamond description or report; and
  - c. Permanent inscription on the diamond itself setting out the Diamond Production Number.
3. the applicant was involved in the creation of the Code, is a signatory, and acts in accordance with the Code’s provisions.

[12] The applicant filed in response an affidavit dated March 5, 2007 by Mr. Itay Ariel, the marketing director of the applicant’s parent company, HRA. The affidavit deposes:

1. HRA is the parent company of the applicant company, which is incorporated for the purpose of holding HRA’s trade-marks;

2. HRA is a well established and reputable manufacturer and wholesaler of diamonds throughout Canada;
3. the applicant and HRA has been using the proposed trade-marks since April 2001 exemplified by a printout of a point-of-sale display which is attached as an exhibit.
4. the phrases “Canadian diamond” and “mined, cut and polished in Canada” are used in the Canadian diamond industry but Mr. Ariel is not aware of any commercial usage of the proposed trade-marks in the Canadian diamond industry.

[13] The respondent filed in reply an affidavit dated April 3, 2007 by Ms. Marta Tandori Cheng, a trade-mark agent for the firm Riches, McKenzie & Herbert LLP who acts for the respondent.

The affidavit deposes:

1. that Ms. Cheng conducted an internet search HRA’s internet webpage and was unable to identify any references to products sold or offered in conjunction with the proposed trade-marks;

### **Decision under Review**

[14] On March 11, 2009, the Registrar dismissed the three applications for trade-marks. While the Registrar issued three separate decisions, the reasons throughout are almost entirely identical.

[15] The respondent raised a number of grounds in opposition but the Registrar based his decision on subsection 12(1)(b) which prohibits the registration of a trade-mark that is clearly descriptive or misdescriptive of the quality of the character or quality of the associated wares or

services. The Registrar upheld the opposition under subsection 12(1)(b), finding that the proposed trade-marks are clearly descriptive of their associated wares and services and accordingly dismissed the trade-mark applications.

[16] The Registrar set out the test for descriptiveness at page 4 of its reasons:

The issue as to whether the Applicant's Mark is clearly descriptive must be considered from the point of view of the average purchaser of the associated wares/services. Furthermore, the Mark must not be dissected into its component elements and carefully analyzed but must be considered in its entirety as a matter of immediate impression [see *Wool Bureau of Canada Ltd. v. Registrar of Trade Marks*, 40 C.P.R. (2d) 25 (F.C.T.D.) at 27-8; *Atlantic Promotions Inc. v. Registrar of Trade Marks*, 2 C.P.R. (3d) 183 (F.C.T.D.) at 186]. Character means a feature, trait or characteristic of the product and "clearly" means "easy to understand, self-evident or plain" [*Drackett Co. of Canada Ltd. v. American Home Products Corp.* (1968), 55 C.P.R. 29 (Ex. Ct.) at 34].

[17] The Registrar determined that the phrases "Canadian diamond" and "Mined, cut and polished in Canada" are clearly descriptive. The applicant acknowledged that finding by disclaiming those words. The issue before the Registrar was whether the addition of certain words to these descriptive phrases rendered the proposed trade-marks non-descriptive and registrable.

[18] The Registrar determined at page 6 of its reasons that the "key additions" made to the descriptive words CANADIAN DIAMOND MINED, CUT AND POLISHED IN CANADA are the flag-like design and the words REPORT, CERTIFICATE, and APPRAISAL as they appear respectively in each of the trade-mark applications:

First of all, the flag-like design is not the dominant portion of the Mark and does not prevent the Mark from being clearly descriptive when sounded. [*Best Canadian Motor Inns Ltd v. Best Western International, Inc.* (2004), 30 C.P.R. (4th) 481 (F.C.T.D.)] Even if the flag-like logo was the dominant feature, it would not render the Mark registrable because the design itself describes the associated wares/services as being related to “Canadian diamonds”, given that it is clearly recognizable as a Canadian flag in which the maple leaf has been replaced by a diamond. [Re designs being clearly descriptive see *Ralston Purina Co. v. Effem Foods Ltd.* (1990), 31 C.P.R. (3d) 52 (T.M.O.B.)]

Secondly, the word “report” in the phrase “The Canadian Diamond Report” is also descriptive as it indicates that the diamond is supported by a report (which, as noted earlier, is a requirement of the Canadian Diamond Code).

[19] The Registrar determined that the overall effect of the words is simply to indicate that the wares and services relate to “Canadian diamonds” that are mined, cut and polished in Canada, thus describing their intrinsic quality or characteristic.

[20] The Registrar found that the Mark would be “perceived by the ordinary diamond consumer as clearly describing that the associated wares and services relate to “Canadian diamonds,” namely diamonds that are “mined, cut and polished in Canada.” If the mark did not relate to “Canadian diamonds” then it would not be registerable because it would be “deceptively misdescriptive.”

[21] For these reasons, the Registrar found that the ground of opposition to the three trade-marks based on subsection 12(1)(b) of the Act, namely that the trade-marks are clearly descriptive of the character or quality of the wares or services in association for which the marks are allegedly used, is well founded.



[22] The Registrar also found that the three proposed trade-marks are not “inherently distinctive” because they are clearly descriptive. The Registrar also found that there was insufficient evidence of substantive use to establish the acquired distinctiveness of the proposed trade-marks. Accordingly, the proposed trade-marks were not registrable on this basis.

[23] Since the Registrar upheld these two grounds of opposition, the Registrar decided it would not be necessary to address the remaining grounds. Having said that, the Registrar had initially dismissed a ground of opposition under subsection 30(a) and 30(b). This part of the decision is not under appeal by the applicant since the applicant was successful on this ground.

[24] The trade-mark applications were therefore dismissed.

#### **New Affidavit Evidence before the Court**

[25] The applicant appealed the Registrar’s March 11, 2009 decisions to dismiss its trade-mark applications to this Court and filed additional affidavit evidence. The applicant filed an affidavit dated June 30, 2009 by Mr. Dylan Dix, a Marketing Director for HRA. The affidavit deposes:

1. The applicant holds trade-marks on behalf of its parent company, HRA, which produces a line of Canadian diamond jewellery products branded under the name “The Canadian Diamond Certificate”;
2. Approximately 50% of HRA diamonds sold have been sold in association with a HRA Certificate of Origin and Certificate of Evaluation;

3. Individual elements of the proposed trade-marks incorporating the phrases “CANADIAN DIAMOND REPORT”, “CANADIAN DIAMOND CERTIFICATE” and “CANADIAN DIAMOND APPRAISAL”, individually and in combination with other elements have been used by HRA and the applicant since 2000 substantially across Canada in publications, brochures, or products associated with jewellery; and
4. As a result of substantial and extensive use of the proposed trade-marks by the applicant in Canada, they have all acquired a substantial reputation in Canada in association with HRA’s diamond and diamond jewellery.

[26] The applicant also filed an affidavit dated July 2, 2009 by Ms. Amy L. Jobson, a litigation paralegal by the firm Smart & Biggar which acts for the applicant. The affidavit deposes:

1. the applicant owns a number of trade-mark registrations which comprise several of the individual elements of the proposed trade-marks;
2. the Registrar has allowed about 20 trade-mark registrations which contain similar wording to the proposed trade-marks;
3. the applicant owns the registered trade-mark, “THE MARK OF A DIAMOND THAT IS MINED, CUT AND POLISHED IN CANADA”, and the flag-like design element; and
4. Dictionary definitions of the words “mark” and “report”.

## LEGISLATION

[27] Subsection 38(8) of the Act allows the Registrar to refuse the application for a trade-mark after considering the evidence and representations of the opponent and applicant:

38(8) After considering the evidence and representations of the opponent and the applicant, the Registrar shall refuse the application or reject the opposition and notify the parties of the decision and the reasons for the decision.

38(8) Après avoir examiné la preuve et les observations des parties, le registraire repousse la demande ou rejette l'opposition et notifie aux parties sa décision ainsi que ses motifs.

[28] Subsection 12(1)(b) of the Act prohibits the registration of a trade-mark that is clearly descriptive of its associated wares or services:

12. (1) Subject to section 13, a trade-mark is registrable if it is not

(b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin;

12. (1) Sous réserve de l'article 13, une marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :

b) qu'elle soit sous forme graphique, écrite ou sonore, elle donne une description claire ou donne une description fautive et trompeuse, en langue française ou anglaise, de la nature ou de la qualité des marchandises ou services en liaison avec lesquels elle est employée, ou à l'égard desquels on projette de l'employer, ou des conditions de leur production, ou des personnes qui les produisent, ou du lieu d'origine de ces marchandises

ou services;

[29] Subsection 12(2) of the Act excepts clearly descriptive trade-marks from the application of subsection 12(1)(b) of Act if the trade-marks are distinctive:

<p>12(2) A trade-mark that is not registrable by reason of paragraph (1)(a) or (b) is registrable if it has been so used in Canada by the applicant or his predecessor in title as to have become distinctive at the date of filing an application for its registration.</p>	<p>12(2) Une marque de commerce qui n'est pas enregistrable en raison de l'alinéa (1)a) ou b) peut être enregistrée si elle a été employée au Canada par le requérant ou son prédécesseur en titre de façon à être devenue distinctive à la date de la production d'une demande d'enregistrement la concernant.</p>
--	---

[30] The Act defines “distinctive” in section 2 of the Act as follows:

<p>“distinctive”, in relation to a trade-mark, means a trade-mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares or services of others or is adapted so to distinguish them;</p>	<p>« distinctive » Relativement à une marque de commerce, celle qui distingue véritablement les marchandises ou services en liaison avec lesquels elle est employée par son propriétaire, des marchandises ou services d'autres propriétaires, ou qui est adaptée à les distinguer ainsi.</p>
--	---

[31] Section 56 of the Act grants a right of appeal from a decision of the Registrar and allows the applicant to file additional evidence:

<p>56. (1) An appeal lies to the</p>	<p>56. (1) Appel de toute décision</p>
--------------------------------------	--

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

[...]

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

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

[...]

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

## ISSUES

[32] The applicant raises a number of issues:

- a. what standard of review should this Court apply to the impugned decisions of the Registrar;
- b. whether the Registrar erred by concluding that the applicant's trade-marks were clearly descriptive of the character or quality of the wares or services in association with which the applicant's trade-marks are used;
- c. whether the Registrar erred by concluding that the applicant's trade-marks were, in the alternative to being clearly descriptive, deceptively misdescriptive of the character or quality of the wares or services in association with which the applicant's trade-marks are used;
- d. whether the Registrar erred by concluding that the applicant's trade-marks were not distinctive;
- e. whether this Court should consider the allegations that the Registrar did not consider under ss. 9, 10, and 12(1)(e) of the Trade-marks Act, and if so, whether

- i. the applicant's trade-marks consist of or so nearly resemble as to be mistaken for the advertised official marks CANADIAN DIAMOND and/or GOVERNMENT CERTIFIED CANADIAN DIAMOND, and
  - ii. the applicant's trade-marks have by ordinary and *bona fide* commercial usage become recognized in Canada as designating the kind, quality, quantity, destination, value, place, or origin of diamonds and diamond appraisal services, such that the adoption of the applicant's trade-marks in association with such wares and services or others of the same general class is likely to mislead; and
- f. whether costs of this application should be ordered.

[33] For reasons which will become apparent, it is only necessary to address issues “a”, “b”, and “d” in the present appeal.

### **STANDARD OF REVIEW**

[34] In *Dunsmuir v. New Brunswick*, 2008 SCC 9, 372 N.R. 1, the Supreme Court of Canada held at paragraph 62 that the first step in conducting a standard of review analysis is to “ascertain whether the jurisprudence has already determined in a satisfactory manner the degree of (deference) to be accorded with regard to a particular category of question”: see also *Khosa v. Canada (MCI)*, 2009 SCC 12, per Justice Binnie at paragraph 53.

[35] In *Dunsmuir* the Supreme Court held at paragraph 62 that the first step in conducting a standard of review analysis is to “ascertain whether the jurisprudence has already determined in a satisfactory manner the degree of (deference) to be accorded with regard to a particular category

of question” (see also *Khosa v. Canada (MCI)*, 2009 SCC 12, per Justice Binnie at paragraph 53).

[36] The jurisprudence establishes that the expertise on the part of the Registrar of Trade-marks requires deference and the Registrar’s decision under section 38(8) of the Act is reviewed on a standard of reasonableness. However, as the Federal Court of Appeal held in *Molson Breweries, Partnership v. John Labatts Ltd.*, 2000 3 F.C. 145 (C.A.) per Justice Rothstein at paragraph 51, a Registrar’s decision is reviewed on a correctness standard in the following circumstance:

¶51 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 judge must come to his or her own conclusions as to the correctness of the Registrar’s decision.

[See also *Scotch Whisky Assn. v. Glenora Distillers International Ltd.*, 2009 FCA 16, 385 N.R. 159, at paragraph 15]

[37] The applicant submits that it has provided additional evidence with this appeal which would have materially affected the Registrar’s decision so that the standard of review on this appeal is correctness.

[38] Accordingly, the first issue which the Court will address is whether the additional evidence filed by the applicant “would have materially affected the Registrar’s findings of fact

or the exercise of his discretion”: see also my decision in *Jose Cuervo S.A. de C.V. v. Bacardi & Co.*, 2009 FC 1166, at paragraph 31.

**Issue No. 1: Whether the additional evidence would have affected the Registrar’s decision?**

[39] The applicant submits that this Court’s jurisprudence requires the Registrar to reconcile the non-descriptiveness of some elements of the proposed trade-mark which are registered in their own rights against his view that the proposed trade-mark as a whole is not descriptive: see *Reed Stenhouse Co. v. Canada (Registrar of Trade Marks)* (1992), 57 F.T.R. 317 (F.C.T.D.), per A.C.J. Jerome where he held:

...evidence of other purportedly similar advertised and approved marks will be considered relevant where the refusal to register is based on the rationale advanced by the respondent in the present case, that the word "PLAN" is an elliptical use of the word in association with insurance services. A letter dated April 6, 1990 from the applicant's counsel to the respondent was included in the evidence at the hearing before me, and lists a number of registered trade marks which include the word "PLAN" ...In light of this, it was incumbent upon the Registrar, in rejecting the application, to reconcile these inconsistencies to some extent...

[See also *Imperial Tobacco Ltd. v. Rothman, Benson & Hedges Inc.* (1996), 119 F.T.R. 295 (F.C.T.D.), per Justice Joyal at paragraphs 20-21]

[40] Accordingly, this Court is of the view that if these other trade-mark registrations which incorporate some of the same elements as the proposed trade-marks had been presented to the Registrar, the decision of the Registrar would have had to consider them. In this way, this new evidence would have materially affected the Registrar’s decision, but not necessarily his final



conclusion. In other words, the new evidence “put quite a different light on the record” before the Registrar: *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772 per Justice Binnie at paragraph 35.

[41] With respect to new evidence filed by the applicant in the affidavit of Ms. Jobson with respect to dictionary definitions of “mark” and “report”, the Court does not consider these dictionary definitions to be new evidence which would have materially affected the Registrar’s decision. The definitions of these common words would have been well-known to the Registrar when he made his decision.

[42] The applicant has augmented its submissions before the Court with respect to the issue of acquired distinctiveness by disclosing HRA’s sales figures for the years 2002 to 2007 and attaching a number of exhibits to the affidavit of Mr. Dix that purport to demonstrate substantive use of the proposed trade-marks since 2000. A number of these exhibits do not reveal the proposed trade-marks before the Court at all, or reveal only one of the proposed trade-marks in-part or in a disjointed form. Further more, most of the exhibits do not relate to the relevant time period for analyzing the substantive use of the proposed trade-marks. This new evidence is limited and inadequate for the purposes for which it was tendered. The Court cannot conclude that the new evidence would have materially affected the Registrar’s decision.

[43] This Court has previously held that a correctness standard of review should only apply to those findings of fact which the new evidence materially affects, while the other findings of fact

remain subject to a reasonableness standard: *Garbo Creations Inc. v. Harriet Brown & Co.* (1999), 176 F.T.R. 80 (F.C.T.D.), per Justice Evans (as he then was) at paragraph 23. The Court cannot discern how the prior registrations affect the Registrar's findings with respect to the flag-like design, which he found was not sufficiently dominant to render the proposed trade-marks non-descriptive.

[44] Accordingly, the standard of review in this proceeding shall be correctness with respect to the descriptiveness of the proposed trade-marks in light of the new evidence, but reasonableness with respect to the balance of the Registrar's findings.

**Issue No. 2: Whether the Registrar erred by concluding that the applicant's trade-marks were clearly descriptive of the character or quality of the wares or services in association with which the applicant's trade-marks are used?**

### **Position of the Applicant – Three Submissions**

[45] The applicant submits that the proposed trade-marks are not clearly descriptive of their wares or services for the following reasons:

- No. 1: the proposed trade-marks contain words which form parts of previously accepted trade-mark registrations;
- No. 2: the words "report" and "mark" have many meanings; and
- No. 3: the flag-like design element of the proposed trade-marks is dominant and renders them non-descriptive.

## The Law

[46] Subsection 12(1)(b) of the Act prohibits the registration of a trade-mark that is clearly descriptive of its associated wares or services. I repeat this subsection for ease of reference:

<p>12. (1) Subject to section 13, a trade-mark is registrable if it is not</p> <p>(b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin;</p>	<p>12. (1) Sous réserve de l'article 13, une marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :</p> <p>b) qu'elle soit sous forme graphique, écrite ou sonore, elle donne une description claire ou donne une description fautive et trompeuse, en langue française ou anglaise, de la nature ou de la qualité des marchandises ou services en liaison avec lesquels elle est employée, ou à l'égard desquels on projette de l'employer, ou des conditions de leur production, ou des personnes qui les produisent, ou du lieu d'origine de ces marchandises ou services;</p>
--	--

[47] The purpose of section 12(1)(b) was aptly set out by Justice Cattanach in *GWG Ltd. v. Registrar of Trade Marks* (1981), 55 C.P.R. (2d) 1, at paragraph 37, where he quotes from the decision in *Eastman Photographic Materials Co. Ltd. v. Comptroller-General of Patents, Designs and Trade Marks*, [1898] A.C. 571 at 580 per Lord Herschell:

... any word in the English language may serve as a trade-mark - the commonest word in the language might be employed. In these circumstances it would obviously have been out of the question

to permit a person by registering a trade-mark in respect of a particular class of goods to obtain a monopoly of the use of a word having reference to the character or quality of these goods. The vocabulary of the English language is common property: it belongs alike to all; and no one ought to be permitted to prevent the other members of the community from using for purposes of description a word which has reference to the character or quality of goods.

If, then, the use of every word in the language was to be permitted as a trade-mark, it was surely essential to prevent its use as a trade-mark where such use would deprive the rest of the community of the right which they possessed to employ that word for the purpose of describing the character or quality of goods.

[48] Whether a trade-mark is clearly descriptive is a decision of first impression which requires the ascertainment of the immediate impression created by the mark as a whole in association with the product and by critically analyzing the individual words: *Molson Cos v. Carling O'Keefe Breweries of Canada Ltd.*, [1982] 1 F.C. 275, 55 C.P.R. (2d) 15, per Justice Cattanach at para. 30. The decision-maker must also apply common sense in making its determination: *Neptune S.A. v. Canada (Attorney General)*, 2003 FCT 715, per Justice Martineau at paragraph 11.

[49] In *John Labatt Ltd. v. Carling Breweries* (1974), 18 C.P.R. (2d) 15, Justice Cattanach set out at paragraphs 26-28 the approach for the Court to follow in determining whether a trade-mark is clearly descriptive:

¶26 The word "clearly" in section 12(1)(b) of the Act, which precludes the registration of a trade mark, that is "clearly ... descriptive of the character or quality of the wares ... in association with which it is used or proposed to be used," is not synonymous with "accurately" but rather the meaning of the word "clearly" in this context is "easy to understand, self-evident or plain".

¶27 It is not a proper approach to the determination of whether a trade mark is descriptive to carefully and critically analyse the words to ascertain if they have alternate implications or alternate implications when used in association with certain wares but rather to look at the words as they are used in association with certain wares and to ascertain what those words in the context in which they are used would represent to the public at large who will see those words and who will form an opinion as to what those words connote.

¶28 In short the etymological meaning of the words is not necessarily the meaning of those words used as a trade mark but rather the meaning of those words as used in common parlance for which purpose dictionaries, amongst other means, may be resorted to.


### **First Submission by the Applicant**

#### **The proposed trade-marks contain words which form parts of previously accepted trade-mark registrations**

[50] This issue was not raised before the Registrar and accordingly not dealt by the Registrar.

The Court will therefore deal with this issue *de novo*.


[51] I reproduce again for convenience the proposed trade-marks which form the subject of this appeal:

**THE CANADIAN DIAMOND REPORT**   

---

The mark of a diamond that is mined, cut and polished in Canada


Trade-mark application number 1,212,232;

**THE CANADIAN DIAMOND CERTIFICATE**   

---

The mark of a diamond that is mined, cut and polished in Canada

Trade-mark application number 1,212,234; and

**THE CANADIAN DIAMOND APPRAISAL**   

---

**The mark of a diamond that is mined, cut and polished in Canada**

Trade-mark application number 1,212,235.

[52] The applicant submits that the Registrar has registered 20 trade-marks that it submits contain many of the words present in the proposed trade-marks. To provide one example, the applicant holds trade-mark number 1,212,233 “THE MARK OF A DIAMOND THAT IS MINED, CUT AND POLISHED IN CANADA”.

[53] While this Court has recognized that the Registrar must consider prior registrations when assessing descriptiveness (*Reed Stenhouse, supra; Imperial Tobacco, supra*) it is trite law that “if the Registrar has erred in the past, there is no reason to perpetuate that error”: *Neptune S.A., supra*, at para. 22; *John Labatt, supra*, at para. 45; and *Sherwin Williams Company of Canada, Limited v. The Commissioner of Patents* (1937), Ex. C.R. 205, per Justice Anger at paragraph 11.

[54] This Court cannot escape the conclusion that on first impression of the 1,212,233 trade-mark, the reader is notified of the inherent quality and characteristic of the ware, in this case a Canadian diamond that is mined, cut and polished in Canada and possesses a certificate or report or appraisal to authenticate its Canadian providence, as it in fact does.

[55] The affidavit of Sampat Poddar, a director of the Canadian Jewellers Association, filed in opposition to the registration of the three trade-marks in issue, deposed at paragraph 12:

Pursuant to the Canadian Diamond Code, Canadian Jewellers who sell diamonds advertised or exhibited as being “Canadian diamonds”, include with the diamond a certificate of origin attesting to the origin of the diamonds as having been mined and optionally cut and polished in Canada....

And at paragraph 13:

I do verily believe that various Canadian jewellers and diamond manufacturers, including members of the Canadian Jewellers Association, identify “Canadian diamonds” in their publication materials as being diamonds that are “mined, cut and polished” in Canada.”

Therefore, Canadian jewellers selling Canadian diamonds include with the diamond a certificate of origin, and in their advertising describe the diamonds as being “mined, cut and polished” in Canada. This evidence suggests to the Court that the applicant’s proposed three trade-marks describe all Canadian diamonds which are certified with either a “report”, a “certificate” or an “appraisal” for a diamond that is “mined, cut and polished” in Canada. The only part of the three proposed trade-marks which is not descriptive is the Canadian flag-like design with a diamond, instead of a maple leaf. However, the Registrar found that this symbol is not a dominant part of the proposed trade-marks.

[56] Even if this Court were to accept that the word “Mark” has a diverse range of meanings within the 1,212,233 trade-mark and the proposed trade-marks in questions, the single use of this word is not sufficient in and of itself to render the proposed trade-marks non-descriptive.

The proposed trade-marks therefore contain previously registered trade-marks which in the Court's view are by themselves clearly descriptive.

[57] The Court cannot conclude that the proposed trade-marks are non-descriptive in light of the new evidence. When the Court reads the proposed trade-marks, it is hard to see how they do not clearly describe the wares in question, namely Canadian diamonds and Canadian diamond certificates or reports of authenticity and evaluations or appraisals. The applicant is in the business of distributing Certificates of Authenticity and Certificates of Evaluation. The applicant, along with the majority of the Canadian diamond jewellery industry, voluntarily complies with the Canadian Diamond Code and the Canadian Competition Bureau's requirement that every Canadian Diamond sold in Canada be backed with a certificate or report of Canadian authenticity.

[58] The words "Report", "Certificate", and "Appraisal" do not accurately describe the wares in question, but they clearly describe them. There is no other meaning that can be ascribed to those words apart from the clear description of a certificate or report on the diamond's Canadian origin or its evaluation. In sum, the words "Report", "Certificate", and "Appraisal", are "material to the composition of the goods or products" associated with the trade-mark: *Provenzano v. Registrar of Trade Marks* (1977), 37 CPR (2d) 189, per Justice Addy.

[59] For these reasons, on a correctness standard, the Court finds that the state of the register with respect to similar marks cannot render the three proposed new trade-marks non-descriptive and therefore registrable. These marks are clearly descriptive and contrary to section 12(1)(b) of the Act.



### **Second Submission by the Applicant**

#### **The words “report” and “mark” have many meanings**

[60] The applicant submits that the words “Report” and “Mark” have many meanings and as such cannot be clearly descriptive of their associated wares or services. The applicant introduced a number of dictionary definitions in support of its submissions.

[61] As was stated earlier, the definitions of these common words would have been well-known to the Registrar when he made his decision. The words in question cannot reasonably bear any other definition in the context of the proposed trade-marks apart from a clear description of the proposed trade-marks’ associated wares and services. Abstract dictionary references, divorced from the context where they are situated, cannot be used to transform a proposed trade-mark that on first impression is clearly descriptive, into one that is not. The Registrar reasonably determined that the words in the proposed trade-marks are clearly descriptive of the proposed trade-marks’ associated wares and services.

### **Third Submission by the Applicant**

#### **The flag-like design element of the proposed trade-marks is dominant and renders them non-descriptive**

[62] As discussed, the Registrar held that the “flag-like design is not the dominant portion of the Mark and does not prevent the Mark from being clearly descriptive when sounded”. Based on the evidence, the Court finds that this decision was reasonably open to the Registrar and that this aspect

of the decision was not affected or could not have been materially affected by the new evidence filed before the Court.

[63] However, in *obiter*, the Court finds that the flag-like design, with a diamond instead of a maple leaf, without the descriptive words being made part of the trade-mark, is registerable. In fact, it has already been registered by the applicant on June 17, 2002. The design can be accompanied with words which state that this is a trade-mark of a Canadian diamond mined, cut and polished in Canada without these words being part of the trade-mark. The flag-like design is the dominant portion of the marks, and the accompanying words which explain the marks do not spoil the marks for registration because those words are not part of the marks.

**Issue No. 3: Whether the Registrar erred by concluding that the applicant's trade-marks were not distinctive?**

[64] The applicant submits in the alternative that if the proposed trade-marks are clearly descriptive, they are nevertheless registrable by reasons of their distinctiveness.

**The Law**

[65] Subsection 12(2) of the Act excepts clearly descriptive trade-marks from the application of subsection 12(1)(b) of Act if the trade-marks are distinctive. I repeat this subsection for ease of reference:

12(2) A trade-mark that is not registrable by reason of paragraph (1)(a) or (b) is registrable if it has been so

12(2) Une marque de commerce qui n'est pas enregistrable en raison de l'alinéa (1)a) ou b) peut être

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

enregistrée si elle a été employée au Canada par le requérant ou son prédécesseur en titre de façon à être devenue distinctive à la date de la production d'une demande d'enregistrement la concernant.

[66] The Act defines “distinctive” in section 2 of the Act as follows:

“distinctive”, in relation to a trade-mark, means a trade-mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares or services of others or is adapted so to distinguish them;

« distinctive » Relativement à une marque de commerce, celle qui distingue véritablement les marchandises ou services en liaison avec lesquels elle est employée par son propriétaire, des marchandises ou services d'autres propriétaires, ou qui est adaptée à les distinguer ainsi.

[67] The applicant submits that the date for considering the distinctiveness of the proposed trademarks is November 9, 2005, the date of the filing of the Statement of Opposition. The applicant relies on the Federal Court of Appeal's decision in *Park Avenue Furniture Corp. v. Wickens/Simmons Bedding Ltd.* (1991), 37 C.P.R. (3d) 413 at 424 (F.C.A.) in support of its argument. A more recent decision of the Court in *Molson Breweries, supra*, held at paragraph 56 that notwithstanding the prior jurisprudence, the Act was clear that the date for considering the application of section 12(2) of the Act is the date of filing of an application for registration. Accordingly, the date for considering distinctiveness is April 4, 2004.

[68] This Court has held that the registrar must determine the distinctiveness of a proposed trade-mark notwithstanding its decision with respect to other grounds of non-registrability: *Canadian Council of Professional Engineers v. APA – The Engineered Wood Assn.* (2000), 184 F.T.R. 55, per Justice O’Keefe at paragraph 49.

[69] Justice de Montigny recently set out the test for distinctiveness in *Drolet v. Stiftung Gralsbotschaft*, 2009 FC 17 at paragraph 169:

169 To be distinctive, a trade-mark must meet three tests: (1) the trade-mark must be associated with a product; (2) the owner must use this association between the trade-mark and his product and sell this product or service; and (3) this association must allow the owner of the trade-mark to distinguish his product from those of other owners: see *Philip Morris Incorporated v. Imperial Tobacco Ltd.* (1987), 7 C.P.R.(3d) 254 (F.C.). It is in relation to the Canadian market that these three tests must be applied: see *Tommy Hilfiger Licensing Inc. v. Produits de qualité I.M.D. Inc.*, 2005 FC 10.

[70] There are two types of distinctiveness, inherent and acquired. The Registrar held that a clearly descriptive trade-mark is inherently non-distinctive. The appellant has offered no new evidence to contest this finding and relies on the same submissions that were made on the issue of descriptiveness. The Court concludes for the same reasons that were given in the previous section that the Registrar correctly determined that the proposed trade-marks were not inherently distinctive.

[71] The principal issue before the Court is whether the proposed trade-marks are registrable pursuant to subsection 12(2) of the Act because of their acquired distinctiveness. In *Molson*

*Breweries, supra*, Justice Rothstein held at paragraph 54 that “the applicant under subsection 12(2) must show that the trade-mark it seeks to register, although it may be descriptive, has acquired a dominant secondary or distinctive meaning in relation to the wares or services of the applicant”: see also *Matol Biotech Laboratories Ltd. v. Jurak Holdings Ltd.*, 2008 FC 1082, per Justice Lemieux at paragraph 63.

## **ANALYSIS**

[72] On the issue of acquired distinctiveness the Registrar determined that there was insufficient evidence to establish that the proposed trade-marks had become distinctive through substantial use or promotion. The only evidence before the Registrar consisted of the affidavits of Mr. Ariel and the attached exhibits which showed printouts of point-of sale advertisements used by the applicant since April 2001 which incorporated the three proposed trade-marks. In contrast, the reply affidavit by Ms. Cheng provided evidence of the non-use of the proposed trade-marks in the applicant’s website.

[73] Mr. Dix’s new evidence of substantive use is not, despite the applicant’s submissions to the contrary, sufficiently probative to justify the Court’s intervention. The new evidence before the Court consists of :

1. HRA sales figures for the Canadian Diamond Certificate Product Line from 2002 to 2007;
2. A photocopy of the top of ring box which has been used since 2005 which uses a part of the 1,212,234 proposed trade-mark.

3. A copy of a certificate of origin sold by Ben Moss Jewellers since 2007, titled “THE CANADIAN DIAMOND CERTIFICATE” and adorned with the flag-like design;
4. A copy of a certificate of origin sold with all HRA diamond from 2001 to 2006, containing the same words as the previous example.
5. An HRA marketing brochure distributed from 2001 to 2006 which incorporates the 1,212,234 proposed trade-mark in a disjointed form.
6. An undated marketing brochure for HRA’s “Glacier Fire” line of products which includes a variation of the 1,212,234 proposed trade-mark.
7. An advertisement in a 2008 issue of NUVO magazine which uses the 1,212,234 proposed trade-mark, which according to the affiant has appeared in every issue of NUVO since 2003.
8. An HRA marketing brochure distributed since 2004 which incorporates parts of the 1,212,234 proposed trade-mark.

[74] Most of the evidence relates to use after April 4, 2004, which is outside the relevant period of consideration. The remainder includes only parts, or disjointed parts of the 1,212,234 proposed trade-mark. The new evidence does not reveal any use of the 1,212,232 and 1,212,235 proposed trade-marks. The only evidence which shows use of the 1,212,234 proposed trade-mark as it was presented to the Registrar and this Court is the advertisement in 2008 issue of NUVO magazine, which the affiant, Mr. Dix deposes has been replicated consistently since 2003.

[75] There has to be very strong evidence to show that the proposed trade-marks were distinctive at the time of the application. Subsection 12(2) of the Act is an exceptional provision which places a “heavy onus” on the applicant to demonstrate the proposed trade-marks’ acquired distinctiveness: *Molson Breweries, supra*, at paragraph 53. The evidence before the Court on this point is inadequate and insufficient. There is no evidence to show the use of the 1,212,232 and 1,212,235 proposed trade-marks. Most of the evidence with respect to the 1,212,234 proposed trade-mark is either out-of-date or not relevant in that it uses a variation or a disjointed form of this trade-mark. The only relevant and proper evidence of use, the 2008 NUVO magazine advertisement, assuming that Mr. Dix’s uncontradicted evidence on the replication of this advertisement in earlier issues of this magazine is correct, cannot by itself or in combination with the HRA sales figures constitute substantive use such that the proposed trade-marks have acquired distinctiveness within the parameters of subsection 12(2) of the Act.

[76] When enacting subsection 12(2) of the Act, Parliament did not intend that the mere demonstrated use of a proposed trade-mark, or part of the proposed trade-mark in a disjointed form, would be sufficient to guarantee an exception from the application of subsection 12(1)(b) of the Act for the proposed trade-mark and any other related proposed trade-marks. The Court concludes on a *de novo* basis and on a correctness standard that the applicant has provided insufficient evidence to demonstrate substantive use of the proposed trade-marks, and the applicant has not shown that the proposed trade-marks have acquired distinctiveness. Accordingly the proposed trade-marks are not registrable on this basis, and the appeal must be dismissed.

## CONCLUSION

[77] The Court concludes that these proposed trade-marks are “clearly” descriptive and contrary to the intention of Parliament in subsection 12(1)(b) of the Act. The applicant acknowledges that it cannot own a trade-mark for the actual words in its proposed trade-marks. The applicant disclaims virtually every word.

[78] The only unique feature of the proposed trade-marks is the flag-like design with a diamond, instead of a maple leaf. However, this design is relatively small compared to the capital block words in the proposed trade-marks, and the Registrar reasonably held that the flag-like design is not a dominant feature of the proposed trade-marks.

[79] The proposed trade-marks clearly describe certified Canadian diamonds or wares or services associated with Canadian diamonds. Seeking such a trade-mark for a Canadian diamond is analogous to seeking a trade-mark such as “THE COFFEE SHOP” for a coffee shop.

[80] Counsel for the applicant canvassed the jurisprudence which provides examples of trade-mark registrations which are descriptive. Each case turns on the evidence, and whether there was opposition. With respect, I would not have followed the line of thinking in many of these cases. I do not think it reflects the intention of Parliament in subsection 12(1)(b). Counsel for the applicant ably demonstrated to the Court that the jurisprudence goes both ways. That is the difficulty with this area of the law. Accordingly, I consider some of the jurisprudence in this particular area of trade-mark law to be inconsistent.



[81] Moreover, the fact that the Registrar has allowed other registrations, which may not pass muster before me, does not entitle the applicant to a new registration. The law is the law regardless of inadvertent breaches in the past.

[82] This appeal is similar to the appeal before Mr. Justice Fred Gibson in *Best Canadian Motor Inns Ltd. supra*. In that case, the proposed trade-mark “Best Canadian Motor Inns” with a Canadian flag was held to be clearly descriptive of a Canadian motor inn. Justice Gibson interpreted the intention of Parliament in subsection 12(1)(b) of the Act and held at paragraph 35:

¶35 It was open to Parliament to provide an exception to subsection 12(1)(b) of the Act in respect of design marks that include words that are the dominant feature of the marks as I find to be the case in this matter...

But Parliament did not. Instead Parliament saw fit to provide an exception to the general rule of paragraph 12(1)(b) under subsection 12(2) for a different purpose, promoting the registration of trade-marks that have inherent or acquired distinctiveness. Justice Gonthier describes the exception that Parliament chose not to enact at paragraph 36:

¶36 The foregoing clearly demonstrates an option that was open to Parliament at the time the Act was enacted and that has remained open to Parliament since that time. That option would have been, and remains, to add an additional exception to the application of paragraph 12(1)(b) for design marks that include words as a dominant feature so that, as with at least some design marks that have no dominant word element, they would not have to meet the "sounded" test on the basis of the word elements...

[83] Similarly, the Registrar found that the words in the proposed trade-marks at issue are the dominant feature of the marks, and that the Canadian flag-like design is not dominant and does

not prevent the proposed trade-marks as whole from being clearly descriptive when sounded out.

The applicant acknowledges that the words in the proposed trade-marks describe the Canadian diamonds and diamond services and wares, are not registrable in themselves partly because they are in the public domain and partly because they are descriptive. These proposed trade-marks describe diamonds with a pure Canadian pedigree, and with a report or a certificate or an appraisal.

[84] It is my view that this area of trade-mark law needs to be approached with caution.

The cases are inconsistent, and good counsel, such as Ms. MacDonald before me on behalf of the applicant, can bring cases to my attention proving both sides of the issue. Parliament intended in subsection 12(1)(b) that a trade-mark which clearly describes the goods for which the trade-mark is sought is not entitled to be registered notwithstanding outlying decisions which allowed clearly descriptive trade-marks to be registered, or the fact that similar goods have been granted a similar trade-mark from the Registrar in the past.

[85] I therefore conclude that trade-mark application numbers 1,212,232, 1,212,234, and 1,212,235 are “clearly descriptive of their wares and services”, and have not become distinctive. The proposed trade-marks are inherently non-distinctive since they are clearly descriptive of their associated wares and services. The applicant has not offered sufficient evidence to demonstrate that the proposed trade-marks have acquired distinctiveness despite their clear descriptiveness. While the Court concludes that the applicant has used the proposed trade-marks in the relevant period, the nature of the evidence was not sufficiently probative to overcome the

prohibition in subsection 12(1)(b). The Registrar's decision is therefore upheld. The Court does not need to consider the other grounds raised by the applicant in the alternative.

[86] The appeal is therefore dismissed without costs. There are no costs since the respondent did not participate in this appeal.

**JUDGMENT**

**THIS COURT ORDERS AND ADJUDGES that:**

The appeal is dismissed without costs.

“Michael A. Kelen”

---

Judge

**FEDERAL COURT**

**SOLICITORS OF RECORD**

**DOCKET:** T-890-09, T-891-09, T-892-09

**STYLE OF CAUSE:** WORLDWIDE DIAMOND TRADEMARKS LIMITED  
v. CANADIAN JEWELLERS ASSOCIATION

**PLACE OF HEARING:** Vancouver, BC

**DATE OF HEARING:** March 2, 2010

**REASONS FOR JUDGMENT  
AND JUDGMENT:** KELEN J.

**DATED:** March 17, 2010

**APPEARANCES:**

Karen F. MacDonald

FOR THE APPLICANT

No one appearing

FOR THE RESPONDENT

**SOLICITORS OF RECORD:**

Smart & Biggar  
Vancouver, B.C.

FOR THE APPLICANT

No Solicitor of Record

FOR THE RESPONDENT