

Federal Court



Cour fédérale

Date: 20111026

Docket: T-1702-10

Citation: 2011 FC 1216

Ottawa, Ontario, this 26th day of October 2011

Present: The Honourable Mr. Justice Pinard

BETWEEN:

McCALLUM INDUSTRIES LIMITED

Applicant

and

HJ HEINZ COMPANY AUSTRALIA LTD.

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] On October 20, 2010, the applicant, McCallum Industries Limited, filed a Notice of Application under section 57 of the *Trade-marks Act*, R.S.C. 1985, c. T-13, as amended (the Act), to have HJ Heinz Company Australia Ltd.'s, the respondent, trade-mark "OX & PALM" expunged from the Register of Trade-marks (the register).

[2] McCallum Industries Limited (“McCallum”) is a corporation with its head office in New Zealand. On August 10, 1995, McCallum filed an application for registration in Canada of the trade-mark “PALM & Device” for the specific wares of “meat and meat products, including canned and processed meat products”. McCallum started using the trade-mark in 1998 when it began selling PALM & Device labelled wares. These wares have since been continuously sold in Canada. All wares sold in Canada have labels attached to the cans, bearing the trade-mark PALM & Device. On July 14, 2003, the trade-mark application for PALM & Device was approved and registered.

[3] HJ Heinz Company Australia Ltd. (“Heinz”) is an Australian corporation. On December 11, 2002, Heinz filed an application to register the trade-mark “OX & PALM” in Canada for the specific wares of “meat and processed meats namely, corned meat and tinned meat” based on its use and registration of said trade-mark in Australia since April 30, 1976. This application was never opposed. On October 20, 2005, Heinz’s application for registration was granted.

[4] On June 16, 2006, McCallum filed a second trade-mark application to register “NEW ZEALAND PREMIUM QUALITY & Design” (“NZPQ”) premised on its use of the mark since November 22, 2003. As of this date of first use, “NZPQ” was added to the labels on which the PALM & Device trade-mark already appeared. On February 19, 2009, McCallum’s trade-mark application was granted and NZPQ was added to the register for the specific wares of “meat and canned meat products, namely beef hash, beef and onion, beef and chilli, beef and adobo, beef and calderatta, beef and garlic, canned luncheon meat made from mutton, canned corned beef, canned mutton, liver spreads”.

[5] On October 20, 2010, McCallum filed the present Notice of Application under section 57 of the Act to have Heinz's registered trade-mark OX & PALM expunged.

[6] The history of each party and their sales throughout Canada is as follows.

I. The appearance of the applicant's marks on the Canadian market

[7] Since 1998, the applicant has been selling a variety of meat products throughout Canada under the trade-mark PALM & Device. The applicant has been advertising PALM & Device in Canada since 1999 and NZPQ since its appearance on the Canadian market in 2003, by providing advertisements to its distributors, retailers and wholesalers for display.

[8] The applicant sells its products bearing the trade-marks PALM & Device and NZPQ through three Canadian distributors located in British Columbia and Ontario. These distributors then sell the wares to various Canadian wholesalers, which in turn sell the wares to various ethnic oriental, Chinese and Philippine food retailers, in addition to a few major retail chains in Canada, for ultimate purchase by consumers.

[9] The annual sales of PALM & Device wares have generally increased. Since 2005, these sales have been constantly increasing. The sales of NZPQ labelled wares have fluctuated.

II. The appearance of the respondent's mark on the Canadian market

[10] The respondent manufactures and packages its OX & PALM products in Australia. These products have been sold in the United States for over 15 years, and some visiting Filipino Canadians have been bringing these products back to Canada according to the respondent.

[11] Once manufactured and packaged, these products are shipped to North America through the respondent's U.S. distributor, Mangal's Meat Distribution. When the products are destined for Canadian consumption, Mangal's Meat Distribution delivers the shipment to Centennial Food Service - World in Calgary, which operates at the wholesale level. The parties disagree as to when the respondent's first sale in Canada of OX & PALM took place.

[12] The applicant believes the first sale of OX & PALM wares to the Canadian public did not occur before January 26, 2011. On the other hand, the respondent alleges that its first sale in Canada of OX & PALM wares occurred in July 2010.

[13] On July 27, 2010, the respondent sold to Mangal's Meat Distribution one shipment comprising 1660 cartons of clearly labelled OX & PALM corned beef. At this date, the shipment was delivered to Centennial Food Service - World in Calgary. Ultimately, the shipment arrived in Vancouver on August 28, 2010.

[14] The respondent claims that Centennial Food Service - World sold the wares to family-owned stores and larger retail outlets across Canada. There is evidence of actual sales of OX & PALM labelled products in Western Canada. Inversely, the applicant alleges that the respondent's

shipment of OX & PALM was distributed after August 28, 2010, to Canadian retailers consisting primarily of smaller ethnic stores targeted at the Filipino population of Canada.

* * * * *

[15] The following provisions of the *Trade-marks Act* are relevant in determining whether the respondent's trade-mark should be struck out from the register:

Definitions

2. In this Act,

“confusing”, when applied as an adjective to a trade-mark or trade-name, means a trade-mark or trade-name the use of which would cause confusion in the manner and circumstances described in section 6;

“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;

“package” includes any container or holder ordinarily associated with wares at the time of the transfer of the property in or possession of the wares in the course of trade;

“person interested” includes any person who is affected or reasonably apprehends that he may be affected by any entry in the register, or by any act or omission or contemplated act or omission under or contrary to this Act, and includes the Attorney General of Canada;

Définitions

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

« créant de la confusion » Relativement à une marque de commerce ou un nom commercial, s'entend au sens de l'article 6.

« 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.

« paquet » ou « colis » Est assimilé à un paquet ou colis tout contenant ou récipient ordinairement lié à des produits lors du transfert de la propriété ou de la possession des marchandises dans la pratique du commerce.

« personne intéressée » Sont assimilés à une personne intéressée le procureur général du Canada et quiconque est atteint ou a des motifs valables d'appréhender qu'il sera atteint par

“trade-mark” means

(a) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others,

(b) a certification mark,

(c) a distinguishing guise, or

(d) a proposed trade-mark;

“use”, in relation to a trade-mark, means any use that by section 4 is deemed to be a use in association with wares or services;

When deemed to be used

4. (1) A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.

une inscription dans le registre, ou par tout acte ou omission, ou tout acte ou omission projeté, sous le régime ou à l’encontre de la présente loi.

« marque de commerce » Selon le cas :

a) marque employée par une personne pour distinguer, ou de façon à distinguer, les marchandises fabriquées, vendues, données à bail ou louées ou les services loués ou exécutés, par elle, des marchandises fabriquées, vendues, données à bail ou louées ou des services loués ou exécutés, par d’autres;

b) marque de certification;

c) signe distinctif;

d) marque de commerce projetée.

« emploi » ou « usage » À l’égard d’une marque de commerce, tout emploi qui, selon l’article 4, est réputé un emploi en liaison avec des marchandises ou services.

Quand une marque de commerce est réputée employée

4. (1) Une marque de commerce est réputée employée en liaison avec des marchandises si, lors du transfert de la propriété ou de la possession de ces marchandises, dans la pratique normale du commerce, elle est apposée sur les marchandises mêmes ou sur les colis dans lesquels ces marchandises sont distribuées, ou si elle est, de toute autre manière, liée aux marchandises à tel point qu’avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.

(2) A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.

Use by export

(3) A trade-mark that is marked in Canada on wares or on the packages in which they are contained is, when the wares are exported from Canada, deemed to be used in Canada in association with those wares.

When mark or name confusing

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

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

(3) The use of a trade-mark causes confusion with a trade-name if the use of both the trade-mark and trade-name in the same area would be

(2) Une marque de commerce est réputée employée en liaison avec des services si elle est employée ou montrée dans l'exécution ou l'annonce de ces services.

Emploi pour exportation

(3) Une marque de commerce mise au Canada sur des marchandises ou sur les colis qui les contiennent est réputée, quand ces marchandises sont exportées du Canada, être employée dans ce pays en liaison avec ces marchandises.

Quand une marque ou un nom crée de la confusion

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

(2) L'emploi d'une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l'emploi des deux marques de commerce dans la même région serait susceptible de faire conclure que les marchandises liées à ces marques de commerce sont fabriquées, vendues, données à bail ou louées, ou que les services liés à ces marques sont loués ou exécutés, par la même personne, que ces marchandises ou ces services soient ou non de la même catégorie générale.

(3) L'emploi d'une marque de commerce crée de la confusion avec un nom commercial, lorsque l'emploi des deux dans

likely to lead to the inference that the wares or services associated with the trade-mark and those associated with the business carried on under the trade-name are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

(4) The use of a trade-name causes confusion with a trade-mark if the use of both the trade-name and trade-mark in the same area would be likely to lead to the inference that the wares or services associated with the business carried on under the trade-name and those associated with the trade-mark are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

What to be considered

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

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

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

la même région serait susceptible de faire conclure que les marchandises liées à cette marque et les marchandises liées à l'entreprise poursuivie sous ce nom sont fabriquées, vendues, données à bail ou louées, ou que les services liés à cette marque et les services liés à l'entreprise poursuivie sous ce nom sont loués ou exécutés, par la même personne, que ces marchandises ou services soient ou non de la même catégorie générale.

(4) L'emploi d'un nom commercial crée de la confusion avec une marque de commerce, lorsque l'emploi des deux dans la même région serait susceptible de faire conclure que les marchandises liées à l'entreprise poursuivie sous ce nom et les marchandises liées à cette marque sont fabriquées, vendues, données à bail ou louées, ou que les services liés à l'entreprise poursuivie sous ce nom et les services liés à cette marque sont loués ou exécutés, par la même personne, que ces marchandises ou services soient ou non de la même catégorie générale.

Éléments d'appréciation

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

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

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

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

(d) the nature of the trade; and

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

c) le genre de marchandises, services ou entreprises;

d) la nature du commerce;

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

When trade-mark registrable

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

(d) confusing with a registered trade-mark;

(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.

Marks registered and used abroad

16. (2) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that the applicant or the applicant's predecessor in title has duly registered in or for the country of origin of the applicant and has used in association with wares or services is entitled, subject to section 38, to secure its registration in respect of the wares or services in association with which it is registered in that country and has been used, unless at the date of filing of the application in accordance with section 30 it was confusing with

Marque de commerce enregistrable

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

d) elle crée de la confusion avec une marque de commerce déposée;

(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.

Marques déposées et employées dans un autre pays

16. (2) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce qui est enregistrable et que le requérant ou son prédécesseur en titre a dûment déposée dans son pays d'origine, ou pour son pays d'origine, et qu'il a employée en liaison avec des marchandises ou services, a droit, sous réserve de l'article 38, d'en obtenir l'enregistrement à l'égard des marchandises ou services en liaison avec lesquels elle est déposée dans ce pays et a été employée, à moins que, à la date de la production de la demande, en conformité avec l'article 30, 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;

(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or

(c) a trade-name that had been previously used in Canada by any other person.

(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

(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;

(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or

(c) a trade-name that had been previously used in Canada by any other person.

Effect of registration in relation to previous use, etc.

17. (1) No application for registration of a trade-mark that has been advertised in accordance with section 37 shall be refused and no registration of a trade-mark shall be

a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;

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) soit avec un nom commercial antérieurement employé au Canada par une autre personne.

(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) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;

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) soit avec un nom commercial antérieurement employé au Canada par une autre personne.

Effet de l'enregistrement relativement à l'emploi antérieur, etc.

17. (1) Aucune demande d'enregistrement d'une marque de commerce qui a été annoncée selon l'article 37 ne peut être refusée, et aucun enregistrement d'une marque de commerce ne peut être radié,

expunged or amended or held invalid on the ground of any previous use or making known of a confusing trade-mark or trade-name by a person other than the applicant for that registration or his predecessor in title, except at the instance of that other person or his successor in title, and the burden lies on that other person or his successor to establish that he had not abandoned the confusing trade-mark or trade-name at the date of advertisement of the applicant's application.

When registration incontestable

(2) In proceedings commenced after the expiration of five years from the date of registration of a trade-mark or from July 1, 1954, whichever is the later, no registration shall be expunged or amended or held invalid on the ground of the previous use or making known referred to in subsection (1), unless it is established that the person who adopted the registered trade-mark in Canada did so with knowledge of that previous use or making known.

When registration invalid

18. (1) The registration of a trade-mark is invalid if

- (a) the trade-mark was not registrable at the date of registration,
- (b) the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced, or
- (c) the trade-mark has been abandoned,

modifié ou tenu pour invalide, du fait qu'une personne autre que l'auteur de la demande d'enregistrement ou son prédécesseur en titre a antérieurement employé ou révélé une marque de commerce ou un nom commercial créant de la confusion, sauf à la demande de cette autre personne ou de son successeur en titre, et il incombe à cette autre personne ou à son successeur d'établir qu'il n'avait pas abandonné cette marque de commerce ou ce nom commercial créant de la confusion, à la date de l'annonce de la demande du requérant.

Quand l'enregistrement est incontestable

(2) Dans des procédures ouvertes après l'expiration de cinq ans à compter de la date d'enregistrement d'une marque de commerce ou à compter du 1^{er} juillet 1954, en prenant la date qui est postérieure à l'autre, aucun enregistrement ne peut être radié, modifié ou jugé invalide du fait de l'utilisation ou révélation antérieure mentionnée au paragraphe (1), à moins qu'il ne soit établi que la personne qui a adopté au Canada la marque de commerce déposée l'a fait alors qu'elle était au courant de cette utilisation ou révélation antérieure.

Quand l'enregistrement est invalide

18. (1) L'enregistrement d'une marque de commerce est invalide dans les cas suivants :

- a) la marque de commerce n'était pas enregistrable à la date de l'enregistrement;
- b) la marque de commerce n'est pas distinctive à l'époque où sont entamées les procédures contestant la validité de l'enregistrement;

and subject to section 17, it is invalid if the applicant for registration was not the person entitled to secure the registration.

Exception

(2) No registration of a trade-mark that had been so used in Canada by the registrant or his predecessor in title as to have become distinctive at the date of registration shall be held invalid merely on the ground that evidence of the distinctiveness was not submitted to the competent authority or tribunal before the grant of the registration.

Rights conferred by registration

19. Subject to sections 21, 32 and 67, the registration of a trade-mark in respect of any wares or services, unless shown to be invalid, gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark in respect of those wares or services.

Exclusive jurisdiction of Federal Court

57. (1) The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.

Restriction

(2) No person is entitled to institute under this section any proceeding calling into question any decision given by the Registrar

c) la marque de commerce a été abandonnée.

Sous réserve de l'article 17, l'enregistrement est invalide si l'auteur de la demande n'était pas la personne ayant droit de l'obtenir.

Exception

(2) Nul enregistrement d'une marque de commerce qui était employée au Canada par l'inscrivant ou son prédécesseur en titre, au point d'être devenue distinctive à la date d'enregistrement, ne peut être considéré comme invalide pour la seule raison que la preuve de ce caractère distinctif n'a pas été soumise à l'autorité ou au tribunal compétent avant l'octroi de cet enregistrement.

Droits conférés par l'enregistrement

19. Sous réserve des articles 21, 32 et 67, l'enregistrement d'une marque de commerce à l'égard de marchandises ou services, sauf si son invalidité est démontrée, donne au propriétaire le droit exclusif à l'emploi de celle-ci, dans tout le Canada, en ce qui concerne ces marchandises ou services.

Jurisdiction exclusive de la Cour fédérale

57. (1) La Cour fédérale a une compétence initiale exclusive, sur demande du registraire ou de toute personne intéressée, pour ordonner qu'une inscription dans le registre soit biffée ou modifiée, parce que, à la date de cette demande, l'inscription figurant au registre n'exprime ou ne définit pas exactement les droits existants de la personne paraissant être le propriétaire inscrit de la marque.

Restriction

(2) Personne n'a le droit d'intenter, en vertu du présent article, des procédures

of which that person had express notice and from which he had a right to appeal.

mettant en question une décision rendue par le registraire, de laquelle cette personne avait reçu un avis formel et dont elle avait le droit d'interjeter appel.

* * * * *

[16] The respondent raises the initial issue of the applicant's standing to bring the present application under section 57 of the *Trade-marks Act*. Therefore, it must firstly be determined whether the applicant is a "person interested" under section 57 of the Act, as defined at section 2.

[17] If the applicant is considered to be a "person interested", in order for the respondent's trade-mark to be expunged from the register, the following questions, as submitted by the applicant, must be answered:

- I. Was the trade-mark OX & PALM not registrable at the date of registration because as of that date, the trade-mark OX & PALM was confusing with the applicant's registered trade-mark PALM & Device? In this regard, the applicant relies on paragraphs 12(1)(d) and 18(1)(a) of the Act.
- II. Was the respondent not the person entitled to secure registration of the trade-mark OX & PALM because as of the date of filing the application for registration of the trade-mark OX & PALM, the trade-mark OX & PALM was confusing with the applicant's trade-mark PALM & Device? In this regard, the applicant relies on paragraph 16(2)(a) and subsections 17(1) and 18(1) of the Act.
- III. Is the respondent's trade-mark OX & PALM invalid because it was not distinctive at the date of commencement of the present application? In this regard, the applicant relies on paragraph 18(1)(b) and section 2 of the Act.

[18] At the hearing before me, counsel for the applicant withdrew the issue of abandonment of the trade-mark OX & PALM, as well as all issues with respect to the applicant's trade-mark NZPQ, which were originally raised in this Notice of Application and in his written arguments.

* * * * *

A. "*Person interested*"

[19] Under section 57 of the Act, the Federal Court has exclusive jurisdiction, on the application of "any person interested", to order that an entry in the register be struck out on the ground that at the date of the application, the entry, as it appears on the register, does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark. This definition has been broadly interpreted (*John Labatt Ltd. v. Carling Breweries Ltd.* (1974), 18 C.P.R. (2d) 15 [*Labatt*]).

[20] The respondent alleges that the applicant does not qualify as a "person interested" as defined under section 2 of the Act because the applicant never opposed the registration of OX & PALM, it waited near the end of the prescribed 5-year deadline stated in subsection 17(2) of the Act for bringing the present application and it did not establish that its business has suffered as a consequence of the registration of OX & PALM. I agree.

[21] The applicant has to firstly establish that it is affected or reasonably apprehends that it may be affected by the entry of OX & PALM in the register (section 2 of the Act). This is a factual determination. The entry must be shown to stand in the applicant's way, as stated in *Fairmont*

Resort Properties Ltd. v. Fairmont Hotel Management, L.P. (2008), 67 C.P.R. (4th) 404 [*Fairmont*] at paragraph 51, which quotes with approbation the following abstract of *Labatt*, above, at page 25:

To be a “person interested” there must be a reasonable apprehension that the person will be affected by the registered trade mark. The entry must be shown to stand in the way of the person seeking to expunge it.

[22] The applicant must show that he would suffer damage if the trade-mark remained in the register, and carrying on the same type of business as the respondent is insufficient evidence of damage. Moreover, continuous business growth negates a finding that any harm occurred as a result of the registration. All this is confirmed in *Coronet Wallpaper (Ontario) Ltd. c.o.b. as Crown Wallpaper v. Wall Paper Manufacturers, Ltd.* (1983), 77 C.P.R. (2d) 282, at page 283:

Although the applicant is carrying on the same business as the respondent, that is not sufficient to make him “interested”. There must be reasonable apprehension that he will be affected by the trade mark CROWN.

[. . .]

There is no evidence that the use of the trade name or mark CROWN has caused any damage to the applicant. On the contrary, as is well demonstrated, the applicant’s business has continuously grown since it was created.

[23] Therefore, an applicant does not qualify as a “person interested” if the registration of the respondent’s trade-mark does not diminish or limit its rights in any way, which would not be greater, even if the attacked trade-mark was struck out of the register, as stated by the Federal Court of Appeal in *Mihaljevic v. The Queen in right of British Columbia* (1990), 34 C.P.R. (3d) 54 at pages 56 and 57:

A person is interested within the meaning of s. 2 if there is a reasonable apprehension that he will suffer a prejudice of some sort if a trade mark is not removed from the register. In the present case, whether or not the respondent's trade marks remain on the register, the appellant's situation will remain the same: he will be unable to use his mark because the expungement of the respondent's trade marks will not affect the existence of the official mark EXPO. The presence of the respondent's trade marks on the register does not diminish or limit in any way the rights of the appellant which would not be greater if those trade marks were struck. It cannot be said, therefore, that the appellant is a "person interested" within the meaning of s. 2 of the Act: see *Powell v. Birmingham Vinegar Brewery Co.*, [1894] A.C. 8; *Richfield Oil Corp. v. Richfield Oil Corp. of Canada Ltd.* (1955), 21 C.P.R. 85, [1955] Ex. C.R. 17, 14 Fox Pat. C. 187; *John Labatt Ltd. v. Carling Breweries Ltd.* (1974), 18 C.P.R. (2d) 15.

[24] In the case at hand, there is no evidence that the applicant reasonably apprehends that it will be affected by the presence of OX & PALM on the register. In particular, there is no evidence that the OX & PALM registration stands in the way of the applicant; there is no evidence of any instances of confusion between the marks OX & PALM and PALM & Device; and there is no evidence that the applicant has suffered any damage. On the contrary, I tend to agree with the respondent that the facts, when taken as a whole, establish that the applicant could not reasonably apprehend to be affected, and indeed has not been affected, by the presence of OX & PALM on the register for the last five years. Most notably:

- the examiner never cited OX & PALM as being confusingly similar to the applicant's registered trade-mark PALM & Device;
- the applicant's sales and revenue for meat products associated with PALM & Device have steadily increased since 2005, the year of registration of OX & PALM, to 2010;

- 2010 was the applicant's best year ever in term of sales and revenue of PALM & Device meat products;
- the applicant continues to sell its products in 2011;
- the applicant never opposed the respondent's OX & PALM application prior to registration in Canada; and
- the applicant waited nearly five years after the registration of the OX & PALM trade-mark to commence the present expungement proceedings.

[25] With respect to the applicant's delay to commence the present expungement proceedings, such a delay is inconsistent with the behaviour of a party that perceives itself to be a "person affected", or who reasonably apprehends that it may be affected by the existence on the registry of the OX & PALM trade-mark. The applicant failed to oppose the registration and waited one day short of the prescribed five-year-after-registration deadline stated in subsection 17(2) of the Act to commence the present expungement proceedings, as in *Fairmont*, above. At paragraphs 54 and 55, Justice Frederick E. Gibson of this Court expressed the following:

[54] The applicant, as noted earlier, did not oppose the registration of the *Hotel Marks* and I am unsympathetic to Mr. Knight's assertion that that was somebody else's oversight, not his. The applicant waited only one (1) day short five of (5) years after the registration of the *Hotel Marks* to commence this proceeding.

[55] In short, the applicant has simply not acted as if it perceives itself to be a person affected, or who reasonably apprehends that it may be affected, by the entry of the *Hotel Marks* on the register or, indeed, by the use of "Fairmont", . . .

[26] In this context, whether or not the respondent's OX & PALM trade-mark remains on the register, it does not appear that its registration has, nor will diminish or limit in any way the applicant's rights in relation to its PALM & Device trade-mark. The applicant's situation will likely remain unchanged.

[27] Each one of the above considerations taken separately may not in itself be sufficient to deny the applicant the requisite standing to bring the present application, but taken together, in my view, they offer significant support to the finding that the applicant has failed to establish that it is a "person interested" within the meaning of section 57 of the Act. Therefore, I have serious doubts as to whether the applicant does have the requisite standing to bring the present application under section 57 of the Act.

[28] However, like Justice Gibson in *Fairmont*, at paragraph 57, I am mindful that "person interested" is a low threshold as précised by a line of authority. In *Unitel Communications Inc. v. Bell Canada* (1995), 61 C.P.R. (3d) 12 at 23, for example, the "person interested" requirement is a *de minimis* threshold which exists to defeat nuisance applications. Consequently, I will dispose of the remaining issues dealing with the merits of the Notice of Application.

B. The first two issues raised by the applicant

[29] In order to dispose of the first two issues raised by the applicant, which concern registrability and entitlement, it must be determined whether or not the marks OX & PALM and PALM & Device are confusing. Such a determination constitutes a finding of fact.

[30] Confusion is defined at subsection 6(1) of the Act. The traditional test for confusion is one of first impression and imperfect recollection, as stated by the Supreme Court of Canada in *Veuve Clicquot Ponsardin, Maison Fondée en 1772 v. Boutiques Cliquot Ltée et al.* (2006), 49 C.P.R. (4th) 401 [*Veuve Clicquot*] at page 415:

[20] The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the name *Clicquot* on the respondents' storefront or invoice, at a time when he or she has no more than an imperfect recollection of the VEUVE CLICQUOT trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks. . . .

[31] In determining the issue of confusion, in addition to the surrounding circumstances of the case, subsection 6(5) of the Act lists a number of factors to be considered, namely:

- a. Inherent distinctiveness and the extent to which each mark has become known;
- b. The length of time each mark has been in use;
- c. The nature of the wares, services and business;
- d. The nature of the trade; and
- e. The degree of resemblance in appearance, sound and idea suggested by the marks.

[32] In evaluating confusion, the weight to be given to each of these factors varies (see *Mattel, Inc. v. 3894207 Canada Inc.* (2006), 49 C.P.R. (4th) 321 [*Mattel*] at para 54; *Veuve Clicquot* at para 21; and *Beverley Bedding & Upholstery Co. v. Regal Bedding Ltd* (1980), 47 C.P.R. (2d) 145 (F.C.T.D.), affirmed 60 C.P.R. (2d) 70 (F.C.A.) [*Beverley Bedding*]).

[33] The courts have consistently held that when determining the degree of resemblance, trade-marks are to be compared in their totalities and not dissected into their constituent elements. The

overall impression left by the marks in the mind of the casual consumer is what should be considered (see *Park Avenue Furniture Corp. v. Wickes/Simmons Bedding Ltd. et al.* (1991), 37 C.P.R. (3d) 413 at 426 (F.C.A.)).

C. *Subsection 6(5) factors*

a. Inherent distinctiveness and the extent to which each mark has become known

[34] Distinctiveness can either be acquired or inherent. A trade-mark that is distinctive distinguishes, allowing consumers to identify the source of the labeled product (*United Artists Corp. v. Pink Panther Beauty Corp.* (1998), 80 C.P.R. (3d) 247 [*United Artists*] at para 24). Distinctiveness is a prerequisite for registration under the Act.

[35] The applicant believes its trade-mark PALM & Device to be distinctive because of its labeling, advertisement and sales throughout Canada. In its view, since 2005, Canadian consumers only associate the word “palm” with the applicant’s canned beef products, relying on its sales figures and its label prominently displaying the word “palm” in a sunset, denying any distinctiveness to be tied to the respondent’s trade-mark OX & PALM.

[36] However, the respondent considers OX & PALM to be distinctive: emphasis must be placed on the first word of a trade-mark, namely “ox”, because the word “palm” is a common term in the marketplace.

[37] The respondent rightly asserts that emphasis is usually placed on the first word of a trade-mark for the purpose of distinction: strength in a mark is generally tied to the first word (*Conde Nast*

Publications Inc. v. Union des éditions modernes (1979), 46 C.P.R. (2d) 183 at 188). However, recently, in *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27 [*Masterpiece*] at para 64, the Supreme Court of Canada, while highlighting the importance of the first word in a trade-mark, specified that the best approach is to determine whether an aspect of the trade-mark is striking or unique. Nonetheless, the existence of third party marks using a common term diminishes the proprietary significance that can be attached to a word like “palm” (*Molnlycke Aktiebolag v. Kimberly-Clark of Canada Ltd.* (1982), 61 C.P.R. (2d) 42).

[38] The evidence also discloses that PALM is a recognizable surname in Canada. Arguably, consumers upon viewing the word PALM do not perceive a connection between PALM & Device and OX & PALM.

[39] In addition, as argued by the respondent, OX & PALM is a coined phrase that is sufficiently inherently distinctive to co-exist on the register with the applicant’s PALM & Device, and the other third party trade-marks for meat products containing the word PALM or palm designs. Both at the time of filing the application for registration of OX & PALM and at the date of registration, OX & PALM was the only trade-mark on the register that combined the words OX and PALM for meat products. On the register, of the eight third party trade-marks containing the word OX or an “ox” design covering meat products, and the 25 third party trade-marks containing the word PALM or a “palm” design covering meat products, the coined phrase OX & PALM stands apart in relation to meat products. Therefore, the emphasis of the respondent’s trade-mark being on the word “OX”, there is a significant element of distinctiveness to its mark, despite the applicant’s assertion.

[40] I believe the applicant is exaggerating when it asserts the word “palm” is strictly associated with its products in the mind of Canadian consumers. The evidence does not support such a broad assertion.

b. The length of time each mark has been in use

[41] The longer trade-marks have co-existed without actual confusion, the harder it will be for the applicant to prove a likelihood of confusion. While the applicant relies on *Miss Universe, Inc. v. Bohna* (1994), 58 C.P.R. (3d) 381, to support its position that its longer use of “PALM & Device” warrants a broader scope of protection, this time period and the notoriety of its trade-mark is not comparable to the famous brand of “Miss Universe”. Length of use is taken into account, but it is not determinative in the application at hand.

c. The nature of the wares, services and business

[42] The nature of the parties wares are similar, being canned beef, of similar low price and equivalent quality, favoring a finding of confusion, but this factor by itself is not determinative (*United Artists* at para 26; and *Governor and Co. v. Hallmark Cards, Inc* (2003), 30 C.P.R. (4th) 231).

d. The nature of the trade

[43] The nature of the trade of both parties is also quite similar, as highlighted by the applicant: both parties target the same end consumer (*Ciba-Geigy Canada Ltd. v. Apotex Inc.* (1992), 44 C.P.R. (3d) 289) and their products are found in the same types of stores (*United Artists*), at a comparable price (*Masterpiece and Mattel*).

e. The degree of resemblance in appearance, sound and idea suggested by the marks

[44] The degree of resemblance is the overriding factor, being given the most weight (*Beverley Bedding* at 149). The trade-marks have to be compared as a whole, not by looking at its constituent elements separately. Similarities do not mean there is a likelihood of confusion.

[45] The applicant relies on *British Columbia Hydro and Power Authority v. Consumers' Gas Co.* (2000), 9 C.P.R. (4th) 280 where “power smart” and “energy smart” were held to be confusing, to support its allegation that the resemblance in sound and idea between PALM & Device and OX & PALM merits a finding of confusion. However, the order of the common element, in the present case, is not the same in each party’s trade-mark, the respondent’s mark beginning with “OX” and not “PALM”.

[46] The respondent is right in asserting that, in the present case, OX & PALM and PALM & Device bear little resemblance to one another. This factor outweighs any overlap in wares or channels of trade.

[47] In terms of appearance, the word PALM is the only element of commonality between the two marks which, however, is also used by other entities. The various design elements of PALM & Device, as described by the applicant, namely “an image of a sunset, with a palm tree, partially shown on either side of a setting sun” are not found in OX & PALM, but again, are shared with other entities, particularly the image of a palm tree. Moreover, the word OX is the first word in OX & PALM and it is not contained in the applicant’s mark.

[48] In addition, the marks do not sound the same. The word PALM is at the end of the coined phrase OX & PALM. Therefore, when sounded, the element first heard is OX.

[49] Finally, the trade-mark OX & PALM does not necessarily convey a “tropical” meaning or suggestion as it is devoid of the various designs (i.e. sunset, palm tree, setting sun) which, in contrast, convey a “tropical” meaning or suggestion to the trade-mark PALM & Device.

[50] I find, therefore, that when the trade-mark OX & PALM is viewed in its totality and compared to PALM & Device, the trade-marks bear little resemblance to one another in appearance, sound and idea.

D. Additional surrounding circumstances

[51] In addition to the subsection 6(5) factors, additional surrounding circumstances may be considered in evaluating confusion.

[52] The respondent submits that the examiner’s consideration of the applicant’s mark PALM & Device during his examination of the OX & PALM trade-mark application and his decision not to cite OX & PALM as confusing with PALM & Device, in addition to his recognition that PALM has been associated with meat products, are pertinent facts that favour a finding of absence of confusion between the trade-marks. I agree. The examiner, acting on behalf of the Registrar of Trade-marks, possesses the knowledge of trade-marks law necessary to assess the registrability of trade-marks on a daily basis (see *Masterpiece* at para 112).

[53] In addition, long standing co-existence of trade-mark registrations for OX & PALM and PALM & Device in the United States since 1998 favours a finding of no confusion between the trade-marks.

[54] In conclusion, having regard to the subsection 6(5) factors and the above additional surrounding circumstances, while there are similarities between PALM & Device and OX & PALM, I do not believe these similarities warranted a finding of confusion at the time the respondent's registration was granted.

E. The third issue raised by the applicant

[55] The applicant alleges that the respondent's registration for OX & PALM is invalid because, based on paragraph 18(1)(b) and section 2 of the Act, it was not distinctive at the commencement of these proceedings.

[56] Distinctiveness can either be acquired or inherent. In other words, according to section 2 of the Act, there are two ways for a trade-mark to become distinctive, namely it actually distinguishes, or is adapted so to distinguish.

[57] The applicant contends that the respondent did not use its trade-mark before January 2011, having only delivered one shipment to Canada during the summer of 2010, the earliest sales of OX & PALM being recorded in January 2011. Therefore, the applicant claims that when the Notice of Application was filed in October 2010, because of the respondent's failure to use its trade-mark, it was not distinctive at the commencement of these proceedings.

[58] Inversely, the respondent asserts that its trade-mark OX & PALM is adapted to distinguish and that regardless, it did use its mark before the commencement of these proceedings, having sold its products in July 2010.

[59] A trade-mark adapted to distinguish is inherently distinctive, regardless of use (*AstraZeneca AB v. Novopharm Ltd. et al.* (2003), 24 C.P.R. (4th) 326).

[60] In the case at bar, I find that the trade-mark OX & PALM is “adapted so to distinguish” for the following reasons:

- as stated above, OX & PALM is a coined phrase that was, on October 20, 2010 (and prior to this date) and still is the only trade-mark on the register that combines the word elements OX and PALM for meat products;
- in addition, OX & PALM corned beef is popular and has been recognized by the Filipino community in Canada for at least the last 15 years (“Affidavit of David Wooby” at paras 16 and 17).

[61] Furthermore, as correctly stated by the respondent, the evidence discloses “use” in Canada of the OX & PALM trade-mark prior to the commencement of these expungement proceedings on October 20, 2010. In particular:

- in July 2010, a sale of Heinz’s OX & PALM took place in the normal course of business in which a shipping container containing 1660 cartons of OX & PALM corned beef was delivered to Centennial Food Service, the Canadian consignee;
- the sale was for US\$79,989.53;

- on August 28, 2010, the shipment arrived in the port of Vancouver;
- in the normal course of business, Centennial Food Service took possession of the OX & PALM shipment a few days after its arrival in Vancouver; and
- Centennial Food Service then sold the OX & PALM corned beef products to its customers within Canada. Centennial's customers/purchasers of OX & PALM include family-owned smaller stores and larger retail outlets in Canada, mainly in Western Canada.

[62] Finally, as I have found that the mark OX & PALM is not confusing with the mark PALM & Device, the applicant's sales of PALM & Device products on or before October 20, 2010 do not render the respondent's OX & PALM trade-mark non-distinctive.

[63] In conclusion, finding that the respondent's registration for the trade-mark OX & PALM is valid, the applicant's application for expungement under section 57 of the Act is dismissed, with costs.

JUDGMENT

The application is dismissed, with costs.

“Yvon Pinard”

Judge

FEDERAL COURT

NAME OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: T-1702-10

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COMPANY AUSTRALIA LTD.

PLACE OF HEARING: Ottawa, Ontario

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

DATED: October 26, 2011

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