

Federal Court of Appeal



Cour d'appel fédérale

Date: 20150120

Docket: A-344-13

Citation: 2015 FCA 12

**CORAM: NADON J.A.
WEBB J.A.
BOIVIN J.A.**

BETWEEN:

SAINT HONORE CAKE SHOP LIMITED

Appellant

and

CHEUNG'S BAKERY PRODUCTS LTD.

Respondent

Heard at Vancouver, British Columbia, on November 26, 2014.

Judgment delivered at Ottawa, Ontario, on January 20, 2015.

REASONS FOR JUDGMENT BY:

BOIVIN J.A.

CONCURRED IN BY:

**NADON J.A.
WEBB J.A.**

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REASONS FOR JUDGMENT

BOIVIN J.A.

[1] This is an appeal from a decision of Beaudry J. of the Federal Court (the judge) dated September 5, 2013. The judge dismissed the appeals on the part of Saint Honore Cake Shop Limited (the appellant) from two decisions of the Trade-marks Opposition Board (the Board) dated June 20, 2011 refusing to register two applications. On August 1, 2011, the Board subsequently corrected these two decisions for minor omissions, and these corrections were also appealed (collectively, the decisions).

[2] At issue before this Court is the judge's finding that an affidavit submitted by the appellant is inadmissible, and should in any event be afforded little weight. Also at issue is the judge's finding on the likelihood of confusion, entitlement to registration and distinctiveness. I agree with the judge's conclusions, although for partially different reasons.

I. The facts

[3] The facts of this case are relatively straightforward.

[4] The appellant is a Chinese bakery and food products company already in operation in China and Hong Kong, and ostensibly seeking to expand into the Chinese-Canadian market.

[5] On December 13, 2006, the appellant filed applications 1,329,117 and 1,329,118 to register the following trade-marks:



(Application 1,329,117)



(Application 1,329,118)

[6] On February 27, 2008, Cheung's Bakery Products Ltd. (the respondent) filed statements of opposition in respect of both applications on the grounds of confusion with its registered trade-marks:

安娜餅屋

(TMA480,506)

ANNA'S CAKE HOUSE (TMA354,194)



(TMA354,193)

安 Anna's 娜 Cake 餅 House 屋 (TMA667,403)

[7] The respondent filed copies of the above trade-marks. In addition, the respondent filed four affidavits in respect of which the appellant obtained leave to cross-examine but did not ultimately conduct any cross-examinations. The appellant filed no evidence. Both parties requested an oral hearing before the Board and were represented at same by counsel (Board's reasons in both applications at paras. 8-9).

[8] The Board determined that the appellant had not discharged its burden of demonstrating, on a balance of probabilities, that there was no reasonable likelihood of confusion with the respondent's trade-marks. The Board therefore allowed the grounds of opposition raised by the respondent based on paragraph 12(1)(d) of the *Trade-marks Act*, R.S.C. 1985, c. T-13, (the Act) for overlapping wares only. In addition, the Board found that the appellant had failed to meet its burden under subsection 16(3) of the Act to establish no likelihood of confusion with the respondent's trade-marks. Finally, the Board found that the respondent had met its burden under

paragraph 38(2)(d) in establishing that its trade-marks had become sufficiently known to negate the distinctiveness of the appellant's trade-marks, with respect to the overlapping wares only.

II. The Judge's Decision

[9] Before the judge, a preliminary issue arose with respect to the admissibility of new evidence filed by the appellant pursuant to section 56 of the Act, namely the affidavit of Dr. Becky Xi Chen (the Chen affidavit).

[10] Relying on the decision of our Court in *Es-Sayyid v. Canada (Public Safety and Emergency Preparedness)*, 2012 FCA 59, [2013] 4 F.C.R. 3 [*Es-Sayyid*] the judge determined that the Chen affidavit was inadmissible due to Dr. Chen's "incurable failure" to provide the Certificate of the Code of Conduct for Expert Witnesses pursuant to Rule 52.2(1)(c) of the *Federal Courts Rules* (SOR/98-106) (judge's reasons at paras. 17 and 19). The judge added that if he was wrong on that determination, he did not consider, in any event, that Dr. Chen was qualified as an expert to provide an opinion on census information. He would therefore give little weight to Dr. Chen's affidavit (judge's reasons at para. 24).

[11] On the standard of review, the judge relied on *CEG Licence Inc. v. Joey Tomato's (Canada) Inc.*, 2012 FC 1541 [*CEG*] and determined that the real question was whether the new evidence was significant enough and would have materially affected the decisions of the Board, in which case the standard is correctness. However, if the new evidence would not have

materially affected the Board's decisions, the standard of review is reasonableness (*CEG* at paras. 14-16).

[12] The judge then analyzed whether the Board erred in its assessment of the grounds of opposition in respect of the overlapping wares under paragraphs 12(1)(d) of the Act (not registrable due to confusion), 16(3)(a) (confusion with a trade-mark used or known in Canada) or 38(2)(d) (non-distinctiveness) (judge's reasons at para. 20). He found that the appellant had not discharged its burden to show, on a balance of probabilities, that there would be no confusion with the existing registered trade-marks of the respondent. The judge therefore concluded that, on the basis of the evidence adduced, the Board's decisions were both reasonable and correct on all three grounds of opposition with respect of the overlapping wares.

III. The parties' submissions

[13] The appellant submits that the judge erred in concluding that the Chen affidavit was inadmissible and contends that there was no evidence that Dr. Chen did not comply with the Code of Conduct. According to the appellant, the lack of compliance with Rule 52.2(1)(c) was due to counsel's inadvertence and was in no way prejudicial to the respondent. The appellant therefore submits that the Chen affidavit was not only admissible but that it was significant and substantial enough to change the Board's decisions and, accordingly, that this Court should proceed with a *de novo* review.

[14] In respect of the grounds of opposition, the appellant claims, particularly in view of the Chen affidavit, that there is no reasonable likelihood of confusion because its trade-marks have a

different first character, or first word (“Saint”). The first word or sound has been held to be important for the confusion analysis (*Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27, [2011] 2 S.C.R. 387 at para. 63) [*Masterpiece*]. The appellant also contends that the judge failed to consider the Registrar’s decision at the examination stage (*Masterpiece* at paras. 110-112).

[15] The appellant further submits that it has not been established that the consumers of the respondent could read both forms of Chinese characters and then translate and/or transliterate them. Therefore, since the visual impression of its trade-marks versus the respondent’s trade-marks is so different, there is no reasonable likelihood of confusion (appellant’s memorandum of fact and law at paras. 33-41).

[16] For its part, the respondent essentially argues that the judge did not err when he found that the Chen affidavit was inadmissible and that it was open to the Board to find likelihood of confusion as it did.

A. *Issues*

[17] The issues before the Court are as follows:

1. *Did the judge err in declaring the Chen affidavit inadmissible?*
2. *Did the judge err in finding that the Board was correct in its conclusions with respect to confusion, entitlement to registration and distinctiveness?*

B. *Standard of review*

[18] In principle, the standard of review to be applied in an appeal of a decision of the Board is reasonableness. However, when new evidence is adduced on appeal before the judge under section 56 of the Act and the judge comes to the conclusion that the new evidence would have affected the Board's finding of fact or exercise of discretion, the judge must come to his own conclusion on the issue to which the additional evidence relates (*Molson Breweries v. John Labatt Ltd. (CA)*, [2000] 3 F.C. 145 at para. 51).

[19] The role of this Court is to first determine whether the judge properly identified the standard of review applicable to the questions at issue, and second to examine if the judge correctly applied that standard of review (*Agraira v. Canada (Public Safety and Emergency Preparedness)*, 2013 SCC 36, [2013] 2 S.C.R. 559 at paras. 45-47; *Canada Revenue Agency v. Telfer*, 2009 FCA 23 at para. 18).

[20] When new evidence is adduced, as in the present case, this Court must also consider the judge's findings as to whether such evidence would have materially affected the Board's decisions. This assessment attracts the appellate standard of *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235. The judge's decision will stand absent a palpable and overriding factual error or an extricable error of law. As said in *Monster Cable Products, Inc. v. Monster Daddy, LLC*, 2013 FCA 137 at para. 4:

On appeals of decisions made pursuant to subsection 56(1) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act), the role of this Court is to determine if the judge properly identified and applied the standard of review. There is no dispute that the Judge properly identified the standard as reasonableness. He also correctly stated that he could only review an issue *de novo* if the new evidence produced by Master Cable could have materially affected the Registrar's findings in that respect. This Court has already determined that the question of the materiality of new evidence is a question of mixed fact and law and that the

Judge's findings will stand in the absence of a palpable and overriding error or an extricable error of law [Citation omitted.] [Emphasis added.].

IV. Analysis

1. *Did the judge err in declaring the Chen affidavit inadmissible?*

[21] As noted earlier, the appellant sought to adduce the Chen affidavit as new evidence.

However, the Chen affidavit was found by the judge to be inadmissible on the basis that when it was sworn on November 25, 2011, it was not accompanied by the certificate acknowledging that the expert had read the Code of Conduct for Expert Witnesses pursuant to Rule 52.2 and, more particularly Rule 52.2(1)(c), which states:

52.2 (1) Expert's affidavit or statement – An affidavit or statement of an expert witness shall

(a) set out in full the proposed evidence of the expert;

(b) set out the expert's qualifications and the areas in respect of which it is proposed that he or she be qualified as an expert;

(c) be accompanied by a certificate in Form 52.2 signed by the expert acknowledging that the expert has read the Code of Conduct for Expert Witnesses set out in the schedule and agrees to be bound by it; and

(d) in the case of a statement, be in writing, signed by the expert and accompanied by a solicitor's certificate.

52.2 (1) Affidavit ou déclaration d'un expert – L'affidavit ou la déclaration du témoin expert doit :

a) reproduire entièrement sa déposition;

b) indiquer ses titres de compétence et les domaines d'expertise sur lesquels il entend être reconnu comme expert;

c) être accompagné d'un certificat, selon la formule 52.2, signé par lui, reconnaissant qu'il a lu le *Code de déontologie* régissant les témoins experts établi à l'annexe et qu'il accepte de s'y conformer;

d) s'agissant de la déclaration, être présentée par écrit, signée par l'expert et certifiée par un avocat.

(2) Failure to comply – If an expert fails to comply with the Code of Conduct for Expert Witnesses, the Court may exclude some or all of the expert’s affidavit or statement.

(2) Inobservation du Code de déontologie – La Cour peut exclure tout ou partie de l’affidavit ou de la déclaration du témoin expert si ce dernier ne se conforme pas au *Code de déontologie*.

[22] The Chen affidavit was sworn on November 25, 2011. However, the fact that it was not accompanied by the required certificate was only discovered subsequently during cross-examination on August 21, 2012 when Dr. Chen admitted that she had never in fact seen the Code of Conduct. Although this was noted by counsel for the appellant, no further steps were taken until the application record was being prepared prior to the hearing before the judge. Hence, on November 19, 2012, Dr. Chen filed a second affidavit and stated the following:

4. I have reviewed the Code of Conduct for Expert Witnesses as set out in the schedule to the *Federal Court Rules* [sic]. Pursuant to Rule 52.2 of the *Federal Court Rules* [sic], and have signed the Certificate Concerning Code of Conduct for Expert Witnesses, a copy of which is attached to this affidavit as **Exhibit “B”**.

(Appeal Book, Vol. 4, Tab 12 at 2365)

[23] On August 19, 2013, during the hearing before the judge, the respondent objected to the admissibility of the Chen affidavit on the basis that it did not comply with Rule 52.2 when it was sworn on November 25, 2011. The judge agreed with the respondent and concluded that the Chen affidavit was inadmissible finding that “Dr. Chen’s subsequent affidavit dated November 19, 2012 did not cure the defect of her initial affidavit sworn on November 25, 2011” (judge’s reasons at para. 19). In reaching his conclusion, the judge relied on the decision of this Court in *Es-Sayyid* which he interpreted as confirming the mandatory nature of Rule 52.2.

[24] With respect, in my opinion, the judge erred when he found the Chen affidavit to be inadmissible in the circumstances. His finding confuses the particular content requirements of an expert affidavit pursuant to Rule 52.2(1)(c) with the general objective of Rule 52.2(2) regarding compliance with the Code of Conduct for Expert Witnesses. Lack of compliance with the former should not be conflated with a failure to comply with the Code of Conduct for Expert Witnesses. Indeed, whilst Rule 52.2(2) permits the exclusion of some or all of an expert's affidavit for failing to comply with the Code of Conduct, the same cannot necessarily be said for failing to comply with particular content requirements of an expert affidavit set forth by Rule 52.2(1).

[25] The *Es-Sayyid* decision relied upon by the judge was rendered in the context of a stay removal. Our Court in that decision stated that Rule 52.2 “sets out an exacting procedure that must be followed for the admission of expert evidence” (*Es-Sayyid* at para. 42). It also stressed that the procedure was designed among other things “to enhance the independence and objectivity of experts on whom the courts may rely” (*Ibid.*). Without undermining the importance of the requirements set forth by Rule 52.2, I do not read our Court's statement in *Es-Sayyid* as a formalistic interpretation of Rule 52.2 that would prevent a party, in certain circumstances, from curing a defect in order to comply with Rule 52.2(1). Rather, in *Es-Sayyid*, our Court was expressing concern that Rule 52 “had not been followed” (*Ibid.*) resulting in “grave concerns about the objectivity and independence of the opinion” (*Ibid.* at para. 43).

[26] In the present case, there was no evidence that Dr. Chen had failed to comply with the Code of Conduct for Expert Witnesses pursuant to Rule 52.2(2). The only evidence before the judge was the inadvertent absence of the certificate acknowledging that Dr. Chen had read the

Code of Conduct for Expert Witnesses when the Chen affidavit was sworn on November 25, 2011. This absence of certificate was cured by the affidavit dated November 19, 2012. It is also worthy of note that during Dr. Chen's cross-examination on August 21, 2012 - nearly a year prior to the hearing before the judge - the respondent was also aware that Dr. Chen was put forward as an expert and there is no evidence on record that the delay in providing the required certificate caused any prejudice to the respondent.

[27] In the circumstances, I am accordingly of the view that the judge was incorrect in law when he found the Chen affidavit to be inadmissible on the sole basis that it was not accompanied initially by the required certificate which was subsequently produced. Had it not been for this error in law on the part of the judge, the Chen affidavit would not have been deemed inadmissible, and the judge would have been required to consider the nature and the quality of the said affidavit and whether it could have significantly affected the decisions of the Board. Since the judge did not do so, that task falls on this Court.

[28] The Chen affidavit is relied upon heavily by the appellant for purposes of drawing a distinction between fluency in a language and literacy in that language. The appellant's reliance on the Chen affidavit is key to its position on appeal to the effect that there is no confusion between its trade-marks and those of the respondent. Indeed, the appellant makes no less than 37 direct references to the Chen affidavit in its memorandum of fact and law.

[29] I consider it helpful to summarize what I consider to be the relevant allegations made in the Chen affidavit:

- There is a clear distinction between the ability to speak and understand a language when spoken, and the ability to read and understand a language when written. There is thus a difference between fluency and literacy (para. 6);
- The Chinese written language is a logographic writing system meaning that a character represents a meaning and not a sound contrary to the English or French languages that are based on the alphabet (paras. 12 and 13);
- There are two forms of the written Chinese language: Traditional and Simplified (paras. 14 to 16);
- A person educated and literate in Simplified Chinese Characters will not necessarily be able to read Traditional Chinese Characters (para. 17);
- Because the Chinese language is logographic, it needs to be learned by memorization. To become literate involves exposure, repetition and instruction (paras. 19, 20, 24 and 27);
- Characters used in written Chinese language can have different meanings and can sound differently (para. 23);
- It would be incorrect to assume that all or even most Chinese-Canadians who speak a Chinese language are literate in Chinese characters (para. 27);

→ The statistics relied on by the respondent do not reflect the literacy rates of Canadians in reading Chinese characters (paras. 29-37);

(Chen Affidavit, Appeal Book, Vol. 1 at Tab 9)

[30] In my view, the Chen affidavit is not sufficient to overcome the evidence put forward by the respondent before the Board. A review of that evidence demonstrates that the respondent targets the Chinese community in the Greater Vancouver area. Further, on the basis of the evidence, in part unchallenged and undisputed, the inference could reasonably be drawn by the Board that a substantial portion of the respondent's actual consumers would be able to read and understand Chinese characters (Board's decisions at paras. 90-94, 98).

[31] Following a consideration of the Chen affidavit and the evidence adduced before the Board, I find accordingly that the Chen affidavit is not significant and would not have materially affected the decisions of the Board. This brings me to agree with the judge's conclusion – albeit for different reasons - that the Chen affidavit should be afforded little weight. Consequently, a *de novo* analysis is not warranted in this case and the judge was correct not to engage in such a review.

[32] I now turn to the second issue.

2. Did the judge err in finding that the Board was correct in its conclusions with respect to confusion, entitlement to registration and distinctiveness?

[33] Under paragraph 12(1)(d) of the Act, a trade-mark is not registrable if it creates confusion with a registered trade-mark. Pursuant to subsection 6(5) of the Act, in determining whether a

trade-mark is confusing, the Court or the Registrar, as the case may be, must have regard to all surrounding circumstances:

- | | |
|--|--|
| <p>6(5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including</p> <p>(a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;</p> <p>(b) the length of time the trade-marks or trade-names have been in use;</p> <p>(c) the nature of the wares, services or business;</p> <p>(d) the nature of the trade; and</p> <p>(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.</p> | <p>6(5) En décidant si des marques de commerce ou des noms commerciaux créent de la confusion, le tribunal ou le registraire, selon le cas, tient compte de toutes les circonstances de l'espèce, y compris :</p> <p>a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;</p> <p>b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;</p> <p>c) le genre de marchandises, services ou entreprises;</p> <p>d) la nature du commerce;</p> <p>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.</p> |
|--|--|

[34] In his reasons, the judge referred to the legal test for confusion as stated by the Supreme Court of Canada in *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23 at para. 20 the test being “a matter of first impression in the mind of the casual consumer somewhat in a hurry”. This test remains largely a question of fact.

[35] In his analysis on confusion, the judge made the following observations in connection with the evidence and the Board’s findings:

- The Board noted that the respondent targets the Chinese community in the Greater Vancouver area;
- The respondent uses Chinese characters consistently in its material, this suggests that its customers can read and understand them;
- A survey conducted in June and July 2010 demonstrates that 84% of the survey forms returned to the respondent were in Chinese;
- The Board found that the inclusion of the first two Chinese characters in the respondent's trade-marks is pronounced "an na" in Mandarin and "on no" in Cantonese, which translate to "Anna";
- The respondent has used its trade-marks for many years;
- There was direct overlap of the food products that favoured the respondent;
- The evidence before the Board demonstrated that there were similarities in sound, because the Chinese characters of the respondent's trade-marks being "an na bing wu" in Mandarin and "on no bing uk" in Cantonese. The applicant marks are pronounced "sheng an na bing wu" in Mandarin and "sing on no bing uk" in Cantonese. The only difference in sound in pronunciation in the Chinese characters would therefore be the word "sheng" in Chinese and "sing" in Cantonese;

→ The uncontradicted evidence showed that the difference in the styles of the Chinese characters at issue can be compared to a text in Arial font and Times New Roman;

[36] As noted earlier, the Board found that the appellant had not discharged its burden of establishing that there was no likelihood of confusion with the respondent's trade-marks and the judge agreed with the Board's conclusion. The appellant has sought to challenge this mainly on the basis on the Chen affidavit.

[37] As I already found that the Chen affidavit would not have materially changed the decisions of the Board, I can only conclude that the appellant's arguments remain unsupported by evidence and must accordingly fail.

[38] The appellant has not identified any basis upon which the judge's conclusion should be disturbed. I am accordingly satisfied that the judge did not err in finding that the Board could reasonably conclude that there is a likelihood of confusion in the circumstances. It thus follows that the appellant is not entitled to register its trade-marks and pursuant to the conclusion on the issue of confusion, those trade-marks are not distinctive of the appellant.

[39] Finally, the appellant argues before this Court that the judge failed to "consider the Registrar's decision at the Examination stage" to allow the appellant to publish its trade-marks for opposition. This, argues the appellant, is contrary to the Supreme Court of Canada decision in *Masterpiece* at paragraph 112 where it was found that the judge ought to have considered the

examination decision as a relevant surrounding circumstance in the context of the confusion analysis.

[40] The appellant's argument is misplaced and distinguishable given that the issue in *Masterpiece* concerned an expungement case where the Registrar's only decision available was that of the examiner. In the present case, there was a full Opposition Board proceeding. Unlike *Masterpiece*, where the examiner found confusion, and hence refused registration of Masterpiece Inc.'s marks, the examiner did not address the issue of confusion and her decision was in no way determinative (Appeal Book, Vol. 3A at 1482).

[41] For all these reasons, the appeal should be dismissed with costs.

“Richard Boivin”

J.A.

“I agree
M. Nadon J.A.”

“I agree
Wyman W. Webb J.A.”

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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WEBB J.A.

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