

Federal Court



Cour fédérale

Date: 20240612

Docket: T-1625-22

Citation: 2024 FC 891

Ottawa, Ontario, June 12, 2024

PRESENT: The Honourable Madam Justice Tsimberis

BETWEEN:

**PDM PARTHIAN DISTRIBUTER &
MARKETING ADVISER GMBH**

Applicant

and

BREWDOG PLC

Respondent

JUDGMENT AND REASONS

I. Overview

[1] This is an appeal by the Applicant PDM Parthian Distributer & Marketing Adviser GMBH [PDM], under section 56 of the Trademarks Act, RSC 1985, c T-13 [TMA], challenging the decision of the Trademarks Opposition Board [Board] dated June 6, 2022 (2022 TMOB 113) [Decision]. PDM sought to register the trademark BLACK PUNK in association with the goods “non-alcoholic beverages, namely non-alcoholic energy drinks”. The Respondent Brewdog PLC

[Brewdog] successfully opposed PDM's trademark application for BLACK PUNK based on non-entitlement under section 16(3)(a) of the TMA with its previously used trademark PUNK in association with beer. The opposition was based primarily on the allegation that PDM's BLACK PUNK trademark was confusing with Brewdog's PUNK trademark, previously used by Brewdog in Canada in association with beer products.

[2] In its Decision, the Board refused PDM's application No. 1,710,164 for the BLACK PUNK trademark pursuant to sections 38(2)(c) and 16(3)(a) of the TMA as they read immediately before June 17, 2019 (given section 70 of the TMA and that the application was advertised for opposition purposes on December 21, 2016). The Board held that Brewdog had met its initial burden to evidence use of its PUNK trademark in association with beer in Canada prior to the filing date of PDM's trademark application for PUNK, namely January 9, 2015 (the material date). The Board held that PDM did not meet its legal burden to establish, on a balance of probabilities, that there was no reasonable likelihood of confusion between its BLACK PUNK trademark and Brewdog's PUNK trademark as of January 9, 2015. The Board reached the conclusion that the balance of probabilities regarding the likelihood of confusion to be evenly balanced. The Board reached this conclusion due to the degree of resemblance between the trademarks (whether Brewdog's previously used trademark is considered to be PUNK or PUNK IPA), and in the absence of any evidence from the Applicant to otherwise shift the other statutory factors (inherent distinctiveness and extent known, length of time in use, nature of goods or business, nature of trade) from favouring Brewdog.

[3] In this appeal, PDM seeks an Order granting its appeal, setting aside the Decision, and directing the Registrar of Trademarks to allow the application for the BLACK PUNK trademark. PDM filed new evidence on appeal but did not address such new evidence in either its written or oral arguments and did not argue that it would have materially affected the Board's findings of fact.

[4] PDM asserted at paragraph 10 of its Notice of Application that the Board erred in:

- a. holding that any evidenced use of PUNK IPA by Brewdog constituted use of the trademark PUNK, on the basis that the IPA element is descriptive of the goods sold by Brewdog, or otherwise;
- b. holding that the word BLACK adds no inherent distinctiveness to the trademark BLACK PUNK, since it is an adjective and/or modifier of PUNK, or otherwise;
- c. holding that it was incumbent upon PDM to furnish evidence of difference in the channels of trade between the goods of PDM and the goods of Brewdog;
- d. holding that BLACK PUNK may be understood to be the black variety of Brewdog's PUNK or PUNK IPA beverage products;
- e. holding (i) that Mr. Perera made clear assertions of use of Brewdog's PUNK trademark since 2010 in his affidavit and gave representative examples of such; and (ii) that the articles do not clearly contradict said statements of Mr. Perera;
- f. holding that PDM acknowledged that the evidence demonstrated use of Brewdog's trademark in association with draught beer since late 2014;
- g. holding that PUNK was the striking element of both parties' trademarks;
- h. holding that both parties trademarks are dominated by (or entirely consist of) the word PUNK;
- i. treating the trademarks PUNK and PUNK IPA as identical for the purpose of the determination of resemblance;
- j. holding that there is a reasonable likelihood of confusion; and
- k. failing to connotatively construe the BLACK PUNK trademark.

[5] These alleged errors amount to the following issues:

1. What is the applicable standard of review given the new evidence filed by PDM?
2. Did the Board commit any reviewable errors in its finding that Brewdog had satisfied its initial burden to show that it had used its PUNK trademark in Canada prior to the filing date of the application for the BLACK PUNK trademark, namely January 9, 2015?
3. Did the Board commit any reviewable errors in its finding that PDM had not satisfied, on a balance of probabilities, its burden of proof to show that there is no reasonable likelihood of confusion between its BLACK PUNK trademark, as applied for, and Brewdog's previously used PUNK trademark?

[6] For the reasons that follow, PDM's new evidence submitted to the Court is immaterial such that it would not have affected the Board's analysis and does not justify reconsideration of any issues on a *de novo* basis. The applicable standard of review is the appellate standard of review of palpable and overriding error for the alleged errors that are questions of mixed fact and law. I further find, on a review of the Decision described as below, that PDM has not demonstrated any palpable and overriding errors with the Board's findings on the previously used PUNK trademark by Brewdog, on the confusion analysis and that PDM is not entitled to their registration. As such, the Board's Decision is upheld and PDM's appeal is dismissed with costs payable to Brewdog.

II. Background

A. *PDM's Application and Brewdog's Opposition*

[7] On January 9, 2015, PDM filed their application for BLACK PUNK, application no. 1,710,164, based on proposed use in association with non-alcoholic beverages, specifically non-

alcoholic energy drinks. Their application was advertised for opposition purposes on December 21, 2016, and Brewdog filed their Statement of Opposition on February 21, 2018.

[8] The grounds of Brewdog's opposition were based on non-compliance with sections 30(a), 30(e), and 30(i) of the TMA; non-entitlement under section 16(3)(a) of the TMA; and non-distinctiveness under section 2 of the TMA.

[9] PDM filed and served a Counterstatement denying Brewdog's grounds of opposition. In essence, PDM submitted that their BLACK PUNK mark is registrable and is not confusing with Brewdog's trademark, their application complies with section 30 of the TMA, and their BLACK PUNK mark is distinctive.

[10] Before the Board, PDM did not file any evidence or written submissions (but appeared at the oral hearing), while Brewdog submitted evidence (the affidavit of Hershel Perera) and written submissions.

[11] Mr. Perera was Brewdog's International Market Manager for Canada. He states that Brewdog is a British corporation headquartered in Scotland, which began brewing and marketing beer under the name BREWDOG in the UK in 2007. Mr. Perera states that Brewdog started brewing an India pale ale [IPA] under the trademark PUNK in 2009, which has been Brewdog's "most popular beer to this day". Mr. Perera asserts that, in Canada, Brewdog has been using the PUNK trademark in association with beverages, such as beer, since at least as early as September 8, 2010. In this respect, the Perera affidavit evidences, *inter alia*, the following:

- A. Brewdog's history and business;
- B. Use of the PUNK trademark in Canada since September 2010, including sales of PUNK-brand beers through provincial liquor stores and directly to bars and restaurants, with annual sales numbers from 2015 to 2018 (e.g., in excess of \$130,000 in 2015).
- C. Promotion of the PUNK trademark in Canada through: direct in-store marketing campaigns; sales of PUNK-branded merchandise, such as clothing and novelty signs; and print and online advertising.
- D. Press coverage of Brewdog and its PUNK-branded products in Canada, including seven online articles in publications such as Canadian Beer News and The Toronto Star.
- E. Promotion of PUNK beer via social media, through Brewdog's Canadian Facebook and Instagram accounts.

[12] The Board summarily rejected Brewdog's section 30(a) and 30(e) grounds, finding that Brewdog had not put forward any evidence or substantive argument in support of its pleading, and therefore failed to meet its initial evidentiary burden. The Board rejected the section 30(i) ground of opposition because section 30(i) merely required that an applicant include a statement in its application that it is satisfied that it is entitled to use its trademark in Canada in association with the goods or services described in the application. Since PDM's application provided the

requisite statement, this ground was rejected. The Board also found that Brewdog had failed to meet its initial burden in respect of the section 2 distinctiveness ground.

[13] The Board did, however, find that Brewdog had met its initial burden under the 16(3)(a) entitlement ground because: (i) Brewdog's evidence showed its PUNK trademark was typically displayed in the form of a PUNK IPA logo, with the IPA element in the same font as the PUNK element on beer cans or draught tap handles, (ii) the IPA element is descriptive of the goods, (iii) any evidenced use of Brewdog's PUNK IPA logos as constituting use of the PUNK trademark, (iv) Brewdog's affiant makes clear assertions of use of the PUNK trademark since September 2010 and gives representative examples of such, (v) the third-party articles do not clearly contradict those assertions of use prior to the material date of January 9, 2015, (vi) the Applicant acknowledged at a minimum that evidence shows use of Brewdog's IPA trademark in association with draught beers since late 2014, and (vii) there is no evidence that Brewdog abandoned its trademark as of the date of advertisement.

[14] The Board applied the legal test for confusion from section 6(2) of the TMA. Several factors as outlined in section 6(5) of the TMA, were considered, including: the inherent distinctiveness and extent to which the trademarks have become known; the length of time the trademarks have been in use; the nature of the goods, services, or business; the nature of the trade; and the degree of resemblance between the trademarks in appearance, sound, or in the ideas suggested by them. The Board recognized that the section 6(5) factors are not exhaustive and different weight will be given to each one in a context-specific assessment, properly citing

Mattel, Inc v 3894207 Canada Inc, 2006 SCC 22 [*Mattel*] and *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 [*Masterpiece*].

[15] The Board found both parties' trademarks have some degree of resemblance in sound and appearance, given the common PUNK element, which the Board considered the most striking element of both parties' trademarks. While it was not clear what idea was supported by the BLACK PUNK trademark as a whole, the Board held the BLACK PUNK trademark may be understood to be the black variety of Brewdog's PUNK IPA beverage products. The PUNK mark was found to have some inherent distinctiveness, as it was not descriptive of the goods, and there was at least some evidence it had been used in Canada since at least 2010, in contrast to the PDM's trademark that had been filed based upon proposed use. The BLACK PUNK trademark had some inherent distinctiveness that was derived from the identical word PUNK as Brewdog's trademark, with the BLACK element being an adjective and/or modifier of PUNK. While Brewdog's PUNK IPA trademark is used in association with beer and PDM's BLACK PUNK trademark is with energy drinks, the Board found that, on a basic level, they are both in the nature of beverages, and to the extent that the channels of trade differ or would have differed as of the material date, it was incumbent on PDM to furnish evidence of such.

[16] The Board concluded that PDM had not met its legal burden with respect to the likelihood of confusion between the parties' trademarks. After finding each factor favoured Brewdog, and in the absence of any evidence from PDM to the contrary, the Board found that the balance of probabilities regarding the likelihood of confusion was "evenly balanced". As

PDM bore the burden to show, on a balance of probabilities, that there was no likelihood of confusion, the Board found against PDM.

B. *PDM's New Evidence on Appeal*

[17] On appeal, further to section 56(5) of the TMA, PDM filed new evidence in the form of a certified copy of the complete file history for PDM's Canadian trademark application No. 1,710,164 for BLACK PUNK and two (2) new affidavits, namely, the affidavit of Melissa Crawford dated September 2, 2022, and the affidavit of Steve Lockner dated September 3, 2022.

[18] Ms. Crawford's affidavit outlines that she was asked by PDM's counsel to go buy, and bought, a can of Red Bull, and attached as exhibits photographs of the can of Red Bull and the receipt for the purchase thereof. She states that no beer was available at the Husky gas station where she bought the beer. She also states that she was instructed by PDM's counsel to contact, and contacted, Longwood Brewery Ltd. by telephone on September 2, 2022 and inquired if STEAM PUNK ale was available for sale, to which a woman named Tracy responded in the affirmative. She also attached a printout of the extract of a Canadian trademark (registration no. TMA 984 508) for STEAM PUNK in association with beer glasses, beer steins, and t-shirts.

[19] Mr. Lockner's affidavit outlines that PDM's counsel asked him to go to the LCBO at 115 King Street South, Waterloo, Ontario, and purchase, if available, BRIMSTONE PUNK ROCK PILSNER. He purchased two cans of BRIMSTONE PUNK ROCK PILSNER, and provided as an exhibit a photograph of one of the cans thereof.

III. Analysis

A. *General Legal Principles*

(1) Standard of Review

[20] The Federal Court of Appeal settled the applicable standard of review in this type of application for judicial review made under the statutory appeal provision of section 56 of the TMA in *Clorox Company of Canada, Ltd. v Chloretec S.E.C.*, 2020 FCA 76 [*Clorox*]. If the new evidence filed by the parties is not material (or no new evidence is adduced), the Federal Court should apply the Supreme Court's jurisprudence on appellate standards of review when dealing with an appeal under subsection 56(1) of the TMA (see *Clorox* at paras 21-23; see also *Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 [*Miller Thomson*] at paras 41-42, as cited in *Tokai of Canada Ltd v Kingsford Products Company, LLC*, 2021 FC 782 [*Tokai*] at para 22 [*Tokai*]).

[21] Under the Federal Court of Appeal's guidance in *Clorox*, the appellate standards laid out in *Housen v Nikolaisen*, 2002 SCC 33 [*Housen*], are applicable here. For questions of fact and mixed fact and law (except for extricable questions of law), the applicable standard is therefore that of the "palpable and overriding error". For questions of law, the standard is correctness.

[22] "Palpable" means an error that is obvious, and "overriding" means an error that affects the outcome of the case (see *Millennium Pharmaceuticals Inc. v Teva Canada Limited*, 2019 FCA 273 at para 6). Palpable and overriding error is a high threshold (see *Canada (Commissioner of Competition) v Rogers Communications Inc.*, 2023 FCA 16 [*Rogers*] at para 7).

As the Federal Court of Appeal recently stated, the Court must find palpable and overriding error, or an "obvious error" going to the "very core of the outcome of the case", to interfere on factually suffused questions of mixed fact and law (*Rogers* at para 7).

[23] During a TMA section 56 appeal, this Court acts as a court of first instance and considers whether new evidence is material. If it is, the Court "may exercise any discretion vested in the Registrar" and the appeal acts as a de novo review (see *Clorox* at paras 20-21, citing TMA s 56(5)). If the new evidence filed is found to be material, it permits the Court to conduct a de novo analysis in respect of the specific issues to which the new evidence relates, emulating the correctness standard and according no deference to the conclusions of the underlying decision-maker (*Clorox* at para 21). However, admitting new material evidence does not displace the Registrar's findings in respect of every issue: only those specific issues to which the new evidence speaks warrant a de novo analysis by the Court (see *Clorox* at para 21; see also *Seara Alimentos Ltda v Amira Enterprises Inc*, 2019 FCA 63 [*Seara*] at para 22, as cited in *Caterpillar Inc v Puma SE*, 2021 FC 974 [*Caterpillar*] at para 36; *Advance Magazine Publishers, Inc v Banff Lake Louise Tourism Bureau*, 2018 FC 108 at paras 16 and 22).

(2) Materiality of New Evidence

[24] As previously stated, in a TMA section 56 appeal, this Court acts as a court of first instance for the purpose of considering whether newly filed evidence is material and therefore attracts a de novo review of the issues relevant to that material evidence (see *Clorox* at para 20). In order to be material, new evidence must be filed which is "sufficiently substantial and significant" and of "probative value"; evidence that merely supplements or repeats existing

evidence will not surpass this threshold to trigger a de novo review (*Clorox* at para 21; *Scott Paper Limited v Georgia-Pacific Consumer Products LP*, 2010 FC 478 at paras 48-49, as cited in *Caterpillar* at para 33).

[25] Evidence may be "material" where it enhances the overall cogency of the record in a way that may have influenced the Registrar's conclusions on a finding of fact or exercise of discretion (*Seara* at para 24; *Tokai* at para 23) or fills gaps or remedies in a deficiency identified by the Registrar (see for example *Shell Canada Limited v PT Sari Incofood Corporation*, 2008 FCA 279 [*Shell*] at para 12). New evidence may respond to the Registrar's perceived evidentiary deficiencies (see *Mövenpick Holding AG v Exxon Mobil Corporation*, 2011 FC 1397 at para 54, aff'd 2013 FCA 6; see also *Advance Magazine Publishers Inc v Farleyco Marketing Inc*, 2009 FC 153 at paras 93-95, 98, aff'd 2009 FCA 348).

[26] The materiality test is not whether the new evidence would have changed the Registrar's mind or would ultimately change the result or outcome, but rather whether it would have had a material effect on the decision (see *Seara* at paras 23, 25). The question to ask is "could this new evidence, because of its significance and probative value, have had a bearing on a finding of fact or the exercise of discretion of the [Board]" (*Seara* at para 25). Furthermore, it is well understood that when additional evidence is filed, the test is "one of quality, not quantity" (*Canadian Council of Professional Engineers v APA - The Engineered Wood Assn*, (2000), 2000 CanLII 15543 (FC), 184 F.T.R. 55 at para 36, as cited in *ITV Technologies Inc v WIC Television Ltd*, 2003 FC 1056 at para 73; *Wrangler Apparel Corp v Timberland Co*, 2005 FC 722 at para 7, as cited in *Clorox* at para 37).

B. *Materiality & Admissibility of PDM's New Evidence*

[27] These new affidavits were completely unaddressed by the Applicant or the Respondent, both in their written and oral submissions, and this should speak volume about whether the parties consider this evidence to be material. The Respondent indicated a number of times in the Respondent's Memo of Fact and Law that the Applicant did not file any new evidence on appeal, which the Applicant did not take issue with. Without submissions, it is not clear to the Court to which findings of the Board correspond to this new evidence. These affidavits highlight that PDM's counsel asked one witness to buy BRIMSTONE PUNK ROCK PILSNER at the liquor store and take a picture of the beer they purchased, asked the other to buy RED BULL energy beverage at a convenience store with similar pictures included, and also asked the second witness to contact Longwood Brewery Ltd. (the British Columbian craft brewery that brews STEAM PUNK ALE) and inquire as to whether they had any Steam Punk Ale available for sale (which they did).

[28] Borrowing from paragraph 25 of *Seara*, the question I ask of each new affidavit is: could this new evidence, because of its significance and probative value, have had a bearing on the Board's findings of fact or the exercise of its discretion? I am unable to find PDM's newly-filed evidence as material as the evidence of two separate third-party uses of the term PUNK in Canada in association with beer appears to be very limited, namely, (i) the BRIMSTONE PUNK ROCK PILSNER purchased from the LCBO store at a Waterloo, Ontario store on August 31, 2022 and (ii) the STEAM PUNK ale of Longwood Brewery Ltd. being available for sale as of September 2, 2022, and I do not have evidence of the volume of sales in Canada. Similarly, the evidence of one third-party trademark registration for a trademark comprising the word PUNK,

registered in association with beer glasses and t-shirts, is too limited and insufficient to qualify as state of the register evidence to show the commonality or distinctiveness of the PUNK mark or PUNK element in relation to the Trademarks Register as a whole and does not provide valid inferences about the state of the Canadian marketplace. Also, the newly filed evidence of the purchase of a can of RED BULL energy beverage at a Husky gas station in Oakville, Ontario where no beer was available appears to be very limited evidence of channels of trade. As such, they are of limited significance and I am of the view they would not have impacted the Board's findings of fact in this matter on either the distinctiveness of the trademarks or the channels of trade.

C. *Errors of the Board as Alleged by PDM*

(1) *Applicable Standard of Review*

[29] Brewdog submits, and the Court agrees, that the alleged errors raised in the grounds of appeal are not errors of law and should properly be qualified as errors involving questions of fact or questions of mixed fact and law that necessitate the standard of palpable and overriding error. They clearly involve an assessment of the evidence and consideration of the particular circumstances of the case.

[30] Given that I have found PDM's new evidence on appeal to be immaterial and that there are no extricable questions of law in issue, the applicable standard of review on the alleged errors is palpable and overriding error, as per the appellate standard set out in *Housen*. As mentioned in

Clorox at paragraph 38, this is "an even more deferential standard of review than the standard of reasonableness". Justice Stratas recently explained the standard in *Rogers* at paragraph 7:

On the first matter—legal points—we do not defer to the Competition Tribunal: if it is wrong, we can interfere. But on **factually suffused questions of mixed fact and law, we defer to the Tribunal, in fact quite significantly**. To interfere on factually suffused questions of mixed fact and law, we must find palpable and overriding error or an **“obvious error” going to the “very core of the outcome of the case”**. This is a high threshold. **It is “not enough to pull at leaves and branches and leave the tree standing”. Rather, “[t]he entire tree must fall”**. See *Canada v. South Yukon Forest Corporation*, 2012 FCA 165, 4 B.L.R. (5th) 31 at para. 46, adopted by the Supreme Court in *Benhaim v. St-Germain*, 2016 SCC 48, [2016] 2 S.C.R. 352 at paras. 37-38; see also *Mahjoub v. Canada (Citizenship and Immigration)*, 2017 FCA 157, [2018] 2 F.C.R. 344.

[Our emphasis]

[31] In order for PDM to succeed in this application, the entire “tree” of the Decision must fall to the errors they allege and must prove.

(2) Explaining the Structure of the Analysis of the Numerous Alleged Errors

[32] I have grouped like-errors together, since several of them relate to the same paragraphs of the Decision and their findings. I will refer to the alleged errors by the capital letters used as referenced above at paragraph 4. In the interest of demonstrating a logical and intelligible analysis of the issues, this judgment’s analysis shall follow the structure hereafter described:

1. Alleged errors related to Brewdog’s previously used PUNK trademark:
 - a. Alleged error A as it relates to paragraph 23 of the Decision;
 - b. Alleged error E as it relates to paragraph 24 of the Decision;
 - c. Alleged error F as it relates to paragraph 24 of the Decision;

2. Alleged error related to the inherent distinctiveness of PDM's BLACK PUNK trademark:
 - a. Alleged error B as it relates to paragraph 32 of the Decision;
3. Alleged error related to the channels of trade of both parties' goods:
 - a. Alleged error C as it relates to paragraph 39 of the Decision;
4. Alleged errors related to the degree of resemblance of both parties' trademarks:
 - a. Alleged error D as it relates to paragraph 42 of the Decision;
 - b. Alleged error G as it relates to paragraph 42 of the Decision;
 - c. Alleged error H as it relates to paragraph 42 of the Decision;
 - d. Alleged error K as it relates to paragraph 42 of the Decision;
5. Alleged error related to the confusion with Brewdog's PUNK trademark:
 - a. Alleged error J as it relates to paragraph 44 of the Decision;

[33] Brewdog filed very brief written representations on appeal. Brewdog's position is that PDM has not filed any evidence on appeal and has not demonstrated any palpable and overriding error in the Board's Decision. Brewdog points to the high number (10) of alleged errors PDM argues in the Decision, with none alleged to be palpable and overriding errors. Brewdog argues that the Member simply taking a different view of the facts presented by the parties, including the use of Brewdog's PUNK trademark, and PDM's failure to present certain evidence as to the channels of trade of the parties does not amount to a reviewable error that would permit the Court to overturn any of the Board's findings. Brewdog relies on the Court's jurisprudence that deference is owed to a decision of the Board given its expertise in such matters, which is especially true when no new evidence is adduced on appeal (*Jose Cuervo S.A. de C.V. v Bacardi & Co.*, 2009 FC 1166 at para 29).

(3) Alleged Errors related to Brewdog's previously used PUNK trademark – A, E, F

[34] PDM alleges in error A that the Board erred in holding that any evidence of use of PUNK IPA by Brewdog constituted use of the trademark PUNK on the basis that the IPA element is descriptive of the goods sold by Brewdog. In support of the alleged error A, PDM indicates that there exists no jurisprudence upon which the Board may disregard a portion of a relied-upon mark merely on the basis that it is descriptive; PDM argues that the Board may only disregard the IPA portion of the mark if the remaining PUNK portion is determined to create a distinct commercial impression, which the Board did not do. PDM relies on *Moosehead Breweries Limited v Molson Breweries, a Partnership*, 1994 CanLII 10995 (CA TMOB) [*Moosehead*].

[35] The Board considered the Perera affidavit and the exhibits that showed that Brewdog's trademark was typically displayed in the form of a PUNK IPA logo with the IPA element in the same font as the PUNK element on beer cans (Exhibit E) and draught tap handles (Exhibit F). The Board held that the IPA element was descriptive of the goods sold by Brewdog, namely, India Pale Ale, and accepted that any evidenced use of Brewdog's PUNK IPA logos constituted use of the trademark PUNK for the purposes of the non-entitlement ground.

[36] The Court notes that *Moosehead* cites another Board decision in *Nightingale Interloc v Prodesign Ltd.*, 1984 CarswellNat 1063, 2 CPR (3d) 535 [*Nightingale*]. *Nightingale* is an often-cited decision that the use of the trademark in combination with additional words or features constitutes use of a given trademark (applied for or registered) if the public as a matter of first impression, would perceive the trademark *per se* as being used. This is a question of fact dependent on whether the trademark stands out from the additional material and whether the

trademark remains recognizable. *Nightingale* provided some guiding principles of what deviations in a trademark are permissible in a factually similar case where section 16(3)(a) entitlement was the ground of opposition:

The jurisprudence relating to the question of what deviations in a trade mark are permissible is complicated and often contradictory but in my opinion it is best viewed as establishing two basic principles:

Principle 1

Use of a mark in combination with additional material constitutes use of the mark per se as a trade mark if the public, as a matter of first impression, would perceive the mark per se as being used as a trade mark. This is a question of fact depending on such factors as whether the mark stands out from the additional material, for example by the use of different lettering or sizing... or whether the additional material would be perceived as purely descriptive matter or as a separate trade mark or trade name...

Principle 2

A particular trade mark will be considered as being used if the trade mark actually used is not substantially different and the deviations are not such as to deceive or injure the public in any way... In general...this principle would appear applicable only where the variations are very minor.

(Emphasis added).

[37] This is exactly what the Board in this case did, without explicitly citing *Nightingale*. The additional material, in this case the term IPA would be perceived as purely descriptive matter, since it is descriptive of the India Pale Ale goods such that use of the PUNK IPA logo would constitute use of the PUNK trademark.

[38] Based on the evidence before the Board, PDM has not substantiated a palpable and overriding error in the Board's appreciation of the evidence of PUNK IPA logos as used in

association with beer and draught, and the Board's finding that the logos constitute evidence of use of the PUNK trademark, given that IPA stands for India Pale Ale.

[39] Turning to alleged error E, PDM alleges the Board erred in holding (i) that Mr. Perera made clear assertions of use of the Respondent's PUNK trademarks since 2010 in his affidavit and gave representative examples of such, and (ii) that the media articles do not clearly contradict said statements of Mr. Perera. PDM points to an online article from "Ben's Beer Blog" entitled "Scotland's Brew Dog is coming to Ontario" dated November 21, 2014, and an article from *Canadian Packaging* entitled "Craft Beer gets canned" dated September 23, 2015, to suggest that Brewdog did not commence the sale of PUNK IPA beer in cans shown in the Perera affidavit until mid-2015. I have reviewed these articles, alongside other articles submitted, including the Toronto Star article entitled "BrewDog Punk IPA hops to it" dated January 13, 2010, that specifically references "Punk IPA, available in Ontario as part of the LCBO's winter seasonal offerings", which predates the material date.

[40] It was reasonably open to the Board who weighed the evidence to find that these articles *did not clearly contradict* the evidence of use, including the sworn statement of use of Mr. Perera that "[t]he Opponent has been selling its PUNK branded goods in this manner in Canada since at least as early as 2010", in the absence of cross-examination on Mr. Perera's evidence. Upon review of the affidavit of Mr. Perera and in particular paragraphs 11 through 14 thereof, PDM has not substantiated a palpable and overriding error in the Board's findings that, although Brewdog furnished no sales figures prior to 2015, the affiant makes clear assertions of use of Brewdog's PUNK trademark since September 2010 and gives representative examples of such in

its exhibits. While the Applicant points to some packaging where “IPA” was larger than “PUNK” and where “BREWDOG PUNK IPA” was used, there are a myriad of others where the “PUNK” and “IPA” were the same size and where BREWDOG was used in a smaller sized font than and separate from “PUNK IPA”. Similarly, PDM has not substantiated a palpable and overriding error in the Board’s finding that the third-party media articles do not clearly contradict the findings of use of the PUNK trademark.

[41] In alleged error F, PDM alleges the Board erred in holding that PDM acknowledged that the evidence demonstrated use of Brewdog’s PUNK IPA trademark in association with beer since late 2014. PDM alleges the Canadian Beer News article entitled “BrewDog Officially Launched on Draught in Ontario” suggests Brewdog commenced distribution of draught beer in Ontario in late 2014 and PDM acknowledged as much. However, PDM did not acknowledge use of the trademark PUNK in association with the draught beer at all, let alone in late 2014. The Board’s finding was that PDM acknowledged that the evidence shows *use of Brewdog’s PUNK IPA trademark* in association with draught bear since late 2014. Whether or not this may be an error of the Board, PDM has not substantiated how it is a palpable and overriding one.

(4) Alleged Error related to inherent distinctiveness of PDM’s BLACK PUNK trademark – B

[42] PDM alleges in alleged error B that the Board erred in holding that the word BLACK adds no inherent distinctiveness to the trademark BLACK PUNK since it is an adjective and/or modifier of PUNK. In support of alleged error B, PDM indicates there exists no jurisprudence upon which the Registrar may disregard any element of the BLACK PUNK trademark on the

basis that the element is an adjective and/or modifier. PDM also asserts that the finding of the Board is contrary to established jurisprudence, citing *Sealy Canada Ltd v Simmons Canada Inc*, 2012 TMOB 63, 101 CPR (4th) 318 [*Sealy*] where, in its inherent distinctiveness assessment, Board Member Folz stated at paragraph 13:

(...) both of the Opponent's marks, BLACK LABEL and BLACK LABEL COLLECTION, are comprised of ordinary dictionary words. However, in view that the ordinary dictionary meaning of the colour BLACK is not descriptive or suggestive of the Opponent's bedding products, I find that both marks do possess some measure of inherent distinctiveness.

[43] With respect, PDM's characterization of the Board's finding is incorrect. The Board did not find that the word BLACK adds no inherent distinctiveness to the trademark BLACK PUNK. Rather, the Board's assessment of the inherent distinctiveness of BLACK PUNK was as follows:

[32] As such, the applied-for Mark also has some inherent distinctiveness, albeit as a combination of the dictionary words BLACK and PUNK. However, in my view, its inherent distinctiveness is derived from the same word (PUNK) as the Opponent's trademark, with the BLACK element being an adjective and/or modifier of PUNK.

[44] The Board considered the BLACK PUNK trademark as a whole, which is comprised of the ordinary dictionary words BLACK and PUNK. Given that BLACK is not descriptive or suggestive of the applied-for goods, the Board did not find that BLACK added no inherent distinctiveness but rather the Board found that the inherent distinctiveness is derived from the PUNK word with BLACK acting as an adjective and/or modifier of PUNK. The Board's finding is that the most distinctive word in BLACK PUNK is the word PUNK, which is not surprising in the circumstances and, in light of Brewdog's arguments before the Board that "the word PUNK has no associations or connotations when considered in light of the goods, and as such is

distinctive of Brewdog's goods." The Board found that, in essence, BLACK was being used as an adjective for PUNK in PDM's BLACK PUNK trademark, which, as will be discussed below, offers little added distinctiveness. PDM has not substantiated a palpable and overriding error in this finding, and pointing to another decision of the Board in *Sealy* does not make it one.

(5) Alleged Error related to the channels of trade of both parties' goods – C

[45] PDM alleges in error C that the Board erred in finding that it was incumbent upon the Applicant to furnish evidence of difference in the channels of trade between the parties' goods. In support of alleged error C, PDM relies on *Moosehead Breweries Limited v North American Beverage Corporation*, 2000 CanLII 28618 (CA TMOB) for the proposition that, in the absence of evidence, the Registrar is obliged to consider the channels in which the goods of the parties would be expected to trade.

[46] With respect, PDM again mischaracterizes the Board's finding. While I agree in principle that a trademark applicant is under no obligation to lead evidence of the channels of trade in opposition proceedings, and while the Board Member could have been more careful in its wording at paragraph 39 of the Decision, I am satisfied that the wording used is a reference to (or otherwise implicates) the legal onus.

[47] From paragraph 37 of the Decision, it is apparent that PDM argued at the opposition hearing that the channels of trade between the parties' goods were different in that energy drinks are not sold through provincial liquor stores, bars or restaurant, and would likely be sold through convenience stores and other retail outlets. PDM chose not to submit any written arguments or

evidence to the Board, and while they were under no obligation to do so, at least to some extent they did so at their own peril considering the Supreme Court of Canada suggested that, “[i]n opposition proceedings, the onus is on the applicant... to show on a balance of probabilities that there is no likelihood of confusion” (*Mattel* at para 54).

[48] PDM did not limit the channels of trade in its BLACK PUNK trademark application, and provided no evidence as to its channels of trade. In contrast, Brewdog led evidence of its current channels of trade (provincial liquor stores, bars and restaurants) and made written submissions on the nature of trade before the Board that:

“goods also overlap in respect of non-alcoholic beverages, which have broader channels of trade than alcoholic beverages” and “where the parties’ goods are closely related, in the absence of evidence to the contrary, it is reasonable to conclude that the parties’ goods travel through the same channels of trade and be directed to the same types of clientele (*Atlantic Promotions Inc. v Warimex Waren-Import Export Handels GmbH*, 2016 TMOB 179 at paras 44-46; *SA Damn v Hijos de Rivera, SA*, 2015 TMOB 230 at paras 40-41).

[49] The Board found that Brewdog had met their initial evidential burden to prove their ground of opposition on this point, and the legal burden shifted to PDM to establish its entitlement to registration (*Molson Canada v Anheuser-Busch, Inc*, 2003 FC 1287 at para 55). PDM bore the legal burden to demonstrate that there is no likelihood of confusion to the Board, and in the absence of any evidence to that effect, failed to do so. In this circumstance, PDM has not substantiated a palpable and overriding error on the Board’s finding that refers to or implicates the legal onus.

- (6) Alleged Errors related to the degree of resemblance of both parties' trademarks – D, G, H, K

[50] PDM alleges in error D that the Board erred in finding that BLACK PUNK may be understood to be the black variety of Brewdog's PUNK IPA products. In support of alleged error D, PDM only states that it "is per se illogical" (emphasis in original) that there could be a black variety of India Pale Ale because of the word "Pale" in the term "India Pale Ale". The Court's review of the record reveals that the Board made this finding from Brewdog's submissions on the degree of resemblance between the marks. To the Board, Brewdog cited *Nature Path Foods Inc. v Quaker Oats Co. of Canada Ltd.*, 2001 FCT 366 [*Nature Paths*], where it was found that the applicant's mark MULTIGRAIN HONEY PUFFS incorporated the whole of the opponent's mark HONEY PUFFS. The Court concluded that "[c]onsumers may well regard the parties' products as related 'multi-grain' and 'plain' varieties of the same cereal. In these circumstances, the degree of resemblance between the marks is significant" (*Nature Paths* at para 35). Brewdog argued before the Board that PDM has similarly incorporated the entirety of its PUNK mark into PDM's BLACK PUNK mark and merely added an adjective BLACK to Brewdog's PUNK mark as was the case in *Nature Paths*.

[51] From the Decision, it seems PDM's only argument to the Board against a general degree of resemblance between the marks was that Brewdog's mark is not in fact PUNK, but the composite mark PUNK IPA which, as previously discussed following *Nightingale*, is incorrect. Suffering the same insufficiency as alleged error C, it is likewise incorrect for PDM to assert that there cannot be a black variety of IPA, and it is certainly not *per se* illogical, when they again dispute a ground of opposition without meeting their legal burden. PDM offered no evidence nor

legal proposition to the Court for their bald assertion that there cannot be a black India Pale Ale, only that it must be Pale given the term “India Pale Ale”. PDM has not substantiated a palpable and overriding error on this finding.

[52] Similarly, PDM has not substantiated a palpable and overriding error in alleged error K as the Board clearly did not fail to connotatively construe its BLACK PUNK trademark. The Board made a clear finding that, while it is unclear what idea is suggested by the BLACK PUNK trademark as a whole, BLACK PUNK may be understood as the “black variety” of the Opponent’s PUNK or PUNK IPA beverage products.

[53] PDM alleges in error G that the Board erred in finding that PUNK was the striking element of both parties’ trademarks. In support of alleged error G, PDM points to two instances at Exhibit H of the Perera affidavit, showing Brewdog’s apparel bearing “India Punk Ale” (presumably a play on the words “India Pale Ale”) and asserts that “[i]n the circumstances, the trademark asserted by [Brewdog] in these proceedings, to wit, PUNK, has no striking element” (emphasis in original). With the greatest respect, PDM has not substantiated a palpable and overriding error on the Board’s finding that PUNK was the striking element of both parties’ trademarks.

[54] For the reasons mentioned above, the Board did not err in finding PUNK must be the striking element of Brewdog’s PUNK and PUNK IPA trademarks. Regarding PDM’s BLACK PUNK trademark, PDM argued the first word should be determined to be the most significant. With respect, the Board applied the leading case of *Masterpiece*, outlining at paragraph 29 of the

Decision that, “while the first word in the trademark may be the most important in some cases, the preferable approach is to consider whether there is an aspect of the trademark that is particularly ‘striking or unique’” (citing *Masterpiece* at para 64). It appears that PDM favours the first word, BLACK, being their mark’s most striking part, but they offered no evidence and insufficient argument on why the Board should follow their approach as opposed to the Supreme Court of Canada’s preferable approach in *Masterpiece*. PDM has not substantiated a palpable and overriding error on this finding.

[55] PDM alleges in error H that the Board erred in finding that both parties’ trademarks are dominated by (or entirely consist of) the word PUNK. In support of alleged error H, PDM again returns to their general submission that IPA is the most striking part of Brewdog’s PUNK IPA branding given the larger representation of IPA and a relatively smaller representation of PUNK, and since the word BLACK is the first word of PDM’s BLACK PUNK trademark, BLACK should be the most striking part of their mark. These submissions have already been holistically addressed at various instances above, and I need not continue to beat that horse. PDM has not substantiated a palpable and overriding error on this finding.

(7) Alleged Error related to the confusion with Brewdog’s PUNK trademark: J

[56] PDM alleges in error J that the Board erred in finding that there is a reasonable likelihood of confusion between the parties’ trademarks. In support of alleged error J, PDM argued three of the factors weigh in favour of them, and the remainder are neutral. As illustrated above, the Board committed no palpable and overriding errors in their evaluation of the individual confusion criteria under section 6(5) of the TMA. As such, these factors all continue

to favour Brewdog, and PDM has not substantiated a palpable and overriding error on this conclusory finding.

IV. Conclusion

[57] Since PDM has not succeeded in demonstrating that the Board committed any palpable and overriding error, their appeal of the Decision is dismissed with costs payable to Brewdog.

JUDGMENT in T-1625-22

THIS COURT'S JUDGMENT is that:

1. The Applicant's appeal under subsection 56(1) of the *Trademarks Act* of the Trademarks Opposition Board's June 6, 2022 decision, having citation 2022 TMOB 113, is dismissed.
2. The Applicant shall pay costs to the Respondent.

"Ekaterina Tsimberis"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1625-22

STYLE OF CAUSE: PDM PARTHIAN DISTRIBUTER & MARKETING
ADVISER GMBH v BREWDOG PLC

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: DECEMBER 12, 2023

JUDGMENT AND REASONS: TSIMBERIS J.

DATED: JUNE 12, 2024

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