

Federal Court



Cour fédérale

**Date: 20131015**

**Docket: T-1573-12**

**Citation: 2013 FC 1041**

**Toronto, Ontario, October 15, 2013**

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

**BETWEEN:**

**INTERNATIONAL STARS S.A.**

**Appellant**

**and**

**SIMON CHANG DESIGN INC.**

**Respondent**

**REASONS FOR ORDER AND ORDER**

[1] The present Application is an appeal under subsection 56(1) of the *Trade-marks Act*, RSC 1985, c T-13 (the *Act*) of the decision of the Registrar of Trade-marks' delegate (the Registrar) dated June 5, 2012, in which the Registrar rejected the opposition of International Stars S.A. (International Stars) and allowed the registration of Canadian Trade-Mark Application No. 1, 302,619, filed by Simon Chang Design Inc.. Although duly notified, Simon Chang Design Inc. did not engage in the present appeal.

[2] Simon Chang applied for registration of the trade-mark ZENERGY BY/POUR SIMON CHANG & Design (the Mark) in association with certain sports clothing. International Stars opposed the registration on the basis of evidence that it had used the trade-mark ENERGIE for similar wares. A key feature of the Registrar's decision was the rejection of International Stars' argument that confusion exists between the Mark and its trade-mark.

[3] The central focus in the present appeal is whether the Registrar's findings with respect to International Stars' grounds of opposition pursuant to s. 16 of the *Act* on the issues of distinctiveness and confusion are made in error of law or are unreasonable.

#### **I. The Test for Distinctiveness and Confusion**

[4] The Registrar correctly stated the test as follows:

The test for confusion is one of first impression and imperfect recollection. In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in section 6(5) of the *Act*, namely:

- (a) the inherent distinctiveness of the trade-marks and the extent to which they have become known;
- (b) the length of time each has been in use;
- (c) the nature of the wares, services or business;
- (d) the nature of the trade; and
- (e) the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them.

These enumerated factors need not be attributed equal weight. [See, in general, *Mattel, Inc v. 3894207 Canada Inc* (2006), 49 CPR (4<sup>TH</sup>) 321 (SCC), *Veuve Cliquot Ponsardin v. Boutiques Cliquot Ltee* (2006), 49 CPR (4<sup>TH</sup>) 401 (SCC) and *Masterpiece Inc v Alavida Lifestyles Inc* (2011), 92 CPR (4<sup>TH</sup>) 361 (SCC).]

## **II. The Application of the Test by the Registrar**

[5] In the Decision under appeal, the Registrar analysed each of the factors specifically enumerated in s. 6(5) of the *Act*, as well as other surrounding circumstances. The key passages from the decision which are presently in contention are as follows:

### **the inherent distinctiveness of the marks**

[18] Both parties' marks are inherently distinctive. However, the Opponent's mark consists solely of an ordinary dictionary word. In contrast, the Mark comprises an invented word, ZENERGY, combined with the name of an individual and coloured design features. As a result, the Mark is inherently stronger than the Opponent's mark.

### **the extent to which each mark has become known**

[19] A mark's distinctiveness may be increased through use and promotion. According to the affidavit of Mr. Wiltzer, sales of ENERGIE wares in Canada in the two years preceding the filing of the application were as follows: 2004 - \$6.4 million; 2005 - \$6.2 million. The bulk of such sales was attributable to clothing. I note that Mr. Wiltzer attests that Canadian sales have been continuous since 1998 but that sales figures prior to 2004 are not available due to a policy of not retaining computerized sales after seven years. ENERGIE wares have been advertised through billboards, flyers, mailers and the like, with \$96,000 being spent on advertising in Canada in 2004 and 2005.

[20] As the Applicant's application was filed based on proposed use, as of the material date the Mark had not become known to any extent. Thus the extent to which the marks had become known clearly favours the Opponent.

### **the length of time the marks have been in use**

[21] As of the material date, the Opponent's mark had been in use for at least seven years, whereas the Mark had not yet been used.

### **the nature of the wares, services, business and trade**

[22] The parties' wares overlap in that both parties sell clothing. The Opponent's wares are sold through ENERGIE retail stores as well as other retail outlets. The Applicant's wares have been sold since March 2009 through a licensee who in turn sells to customers such as Costco.

**the degree of resemblance between the marks**

[23] The marks should be assessed in their entirety but it is still acceptable to "focus on a particular feature of the mark that may have a determinative influence on the public's perception of it" [*United Artists Corp v Pink Panther Beauty Corp* (1998), 80 CPR (3d) 247 (FCA) at 263]. Although the first component of a mark is often considered more important for the purpose of distinction, when a word is a common, descriptive or suggestive word, the significance of the first component decreases [see *Conde Nast Publications Inc v Union des Editions Modernes* (1979), 46 CPR (2d) 183 (FCTD); *Park Avenue Furniture Corp v Wickes/Simmons Bedding Ltd* (1991), 37 CPR (3d) 413 (FCA); *Phantom Industries Inc v Sara Lee Corp* (2000), 8 CPR (4th) 109 (TMOB)].

[24] The most dominant feature of the Mark is the invented word ZENERGY that appears first and in the largest font. However, the designer's name, SIMON CHANG, and the coloured design features are also significant features of the Mark. There is some resemblance between the marks in sound, appearance and idea suggested, due to the common letters ENERGY / IE, but overall the differences between the marks serve to outweigh their similarities.

[...]

**conclusion**

[28] Having considered all of the surrounding circumstances, I find that, on a balance of probabilities, confusion is not likely between the marks. Although the parties' wares and channels of trade overlap, or are related, and only the Opponent's mark has acquired a reputation as of the material date, the differences between the marks suffice to make confusion unlikely. As stated in *Beverley Bedding & Upholstery Co v Regal Bedding & Upholstery Ltd* (1980), 47 CPR (2d) 145 (FCTD) at 149, affirmed 60 CPR (2d) 70: "Realistically appraised it is the degree of resemblance between trade marks in appearance, sound or in ideas suggested by them that is the most crucial factor, in most instances, and is the dominant factor and other factors play a subservient role in the over-all surrounding circumstances."

[Emphasis added]

### **III. Challenge to the Findings in Paragraph 18 of the Decision**

[6] At the hearing of the present Application an error was identified in the Registrar's decision which was not raised by International Stars in written argument. While the Registrar found that both marks are inherently distinctive, I find that a fundamental error exists in the reasoning leading to the conclusion that the Mark is "inherently stronger". ENERGIE does not consist "solely of an ordinary dictionary word" as found by the Registrar. As a result, I find that neither mark is inherently more distinctive than the other. This finding has an impact on the validity of the Registrar's conclusions on difference between the marks.

### **IV. Challenge to the Findings in Paragraphs 23, 24, and 28 of the Decision**

[7] International Stars argues that the Registrar used the wrong legal test when assessing resemblance between the marks. As expressed by the Registrar in the Decision, the test for confusion is based on first impression and imperfect recollection. Thus, the Registrar was required to apply the mind of the casual consumer somewhat in a hurry with imperfect recollection of the trade-marks, who does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks [*Veuve Clicquot Ponsardin Maison Fondée en 1772 v. Boutiques Clicquot Ltee*, 49 C.P.R. (4<sup>th</sup>) 401]. International Stars argues that instead of applying the first impression test, the Registrar erred by doing a side-by-side comparison of the marks that is contrary to law.

[8] In stating the test for distinctiveness and confusion, the Registrar cited the decision in *Masterpiece Inc v Alavida Lifestyles Inc* (2011), 92 CPR (4<sup>TH</sup>) 361 (SCC). An important feature at

paragraph 40 of Justice Rothstein's decision is the confirmation of the first impression test and a warning about an analytical pitfall to be avoided:

At the outset of this confusion analysis, it is useful to bear in mind the test for confusion under the Trade-marks Act. In *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, [2006 SCC 23](#), [\[2006\] 1 S.C.R. 824](#), Binnie J. restated the traditional approach, at para. 20, in the following words:

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 [mark] at a time when he or she has no more than an imperfect recollection of the [prior] 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.

Binnie J. referred with approval to the words of Pigeon J. in *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.*, [\[1969\] S.C.R. 192](#), at p. 202, to contrast with what is not to be done -- a careful examination of competing marks or a side by side comparison.

[9] In paragraph 23, the Registrar acknowledges that the issue is one of public perception, and therefore, was required to determine that perception as one of first impression. With respect to ZENERGY, since it is not a common, descriptive or suggestive word, the Registrar found that the Mark's dominant feature is its "invented word". International Stars argues that, having made this finding, the Registrar should not have proceeded to further search the evidence in order to make the first impression determination. That is, on that evidence alone, the Registrar was required to decide whether confusion would exist. Indeed, the Registrar began to engage in this process by reasonably finding that "there is some resemblance between the marks in sound, appearance, and idea suggested, due to the common letters ENERGY/IE", but went further to consider other "significant features" of the Mark, being the designers name, and coloured design. International Stars argues that by going further to consider such specific additional details, beyond what would give the first

impression, the Registrar erred by conducting a side-by-side comparison. I agree with this argument.

[10] In my opinion, the Registrar's conclusion expressed in paragraph 28 that "the differences between the marks suffice to make confusion unlikely" is the result of a side-by-side comparison and constitutes an error in law. Considering the evidence before the Registrar *de novo*, given what I consider to be a strong resemblance between the marks, and given that the other s. 6(5) factors do not point strongly against a likelihood of confusion, I find that, as a matter of first impression, confusion is likely.

**ORDER**

**THIS COURT ORDERS that** for the reasons provided, I grant the present appeal, set aside the Registrar's decision, and direct the Registrar to refuse Simon Chang Design Inc.'s Application.

I make no order as to costs.

“Douglas R. Campbell”

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Judge



**FEDERAL COURT**

**SOLICITORS OF RECORD**

Docket: T-1573-12

**STYLE OF CAUSE:** INTERNATIONAL STARS S.A. v SIMON CHANG  
DESIGN INC.

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** OCTOBER 9, 2013

REASONS FOR ORDER AND ORDER: CAMPBELL J.

**DATED:** OCTOBER 15, 2013

**APPEARANCES:**

Michael Adams

FOR THE APPLICANT

No appearance

FOR THE RESPONDENT

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N/A

FOR THE RESPONDENT