

Federal Court



Cour fédérale

**Date: 20140328**

**Dockets: T-271-13  
T-272-13**

**Citation: 2014 FC 300**

**Ottawa, Ontario, March 28, 2014**

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

**Docket: T-271-13**

**BETWEEN:**

**ROTHMANS, BENSON & HEDGES, INC.**

**Applicant**

**And**

**IMPERIAL TOBACCO PRODUCTS LIMITED**

**Respondent**

**Docket: T-272-13**

**AND BETWEEN:**

**ROTHMANS, BENSON & HEDGES, INC.**

**Applicant**

**And**

**IMPERIAL TOBACCO PRODUCTS LIMITED**

**Respondent**

**REASONS FOR JUDGMENT AND JUDGMENT**

[1] This is an appeal under section 56(1) of the *Trade-marks Act*, RSC 1985, c T-13 (the Act), of a decision by the Trade-marks Opposition Board (the Board) dated November 26, 2012, rejecting oppositions by Rothmans, Benson and Hedges, inc. to the trade-mark applications nos. 1,317,127 ('127 Application) and 1,317,128 ('128 Application) filed by Imperial Tobacco Products Limited.

Factual Background

[2] The two (2) trade-mark applications at the heart of this appeal were filed by Imperial Tobacco Products Limited (ITPL) on September 19, 2006.

[3] Both applications are entitled ORANGE PACKAGE DESIGN. In each application, the trade-marks are described as follows:

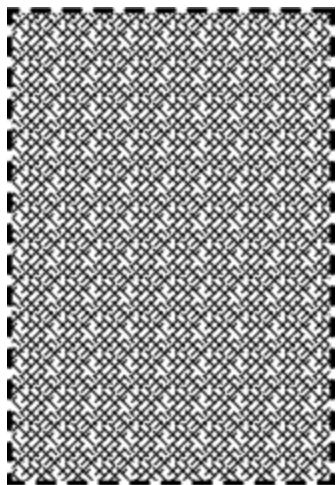
The trade-mark consists of the colour orange applied to the visible surface of the particular packaging as shown in the attached drawing. The drawing has been lined for colour.

[4] ITPL claims that the trademarks have been used in Canada since April 10, 2006, in association with the following applied-for wares:

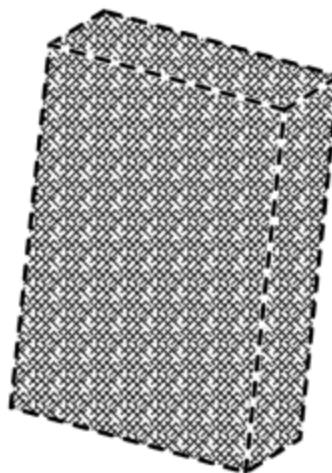
Manufactured tobacco products, namely cigarettes

[5] The only difference between the two (2) applications is that the '127 Application depicts a two-dimensional design, while the '128 Application depicts a three-dimensional one:

'127 Application



'128 Application



[6] The '128 Application and the '127 Application were respectively advertised for opposition on March 14, 2007, and on May 2, 2007.

[7] Rothmans, Benson & Hedges, Inc. (RBH) opposed the '128 Application on August 14, 2007, and the '127 Application on October 2, 2007.

[8] On November 26, 2012, the Board rejected both oppositions pursuant to subsection 38(8) of the Act (*Rothmans, Benson & Hedges, Inc v Imperial Tobacco Products Ltd*, 2012 TMOB 226, [2012] TMOB No 5226 (QL)) [Board's decision].

[9] On February 11, 2013, RBH commenced the present appeal by way of notice of application. Both RBH and ITPL adduced new evidence on appeal.

[10] It is worthy of note that, in distinct proceedings, JTI-Macdonald TM Corp. opposed the same two (2) applications by ITPL on August 14, 2007. On May 31, 2012, the Board rejected the oppositions (*JTI-Macdonald TM Corp v Imperial Tobacco Products Limited*, 2012 TMOB 116, [2012] TMOB No 5116 (QL); *JTI-Macdonald TM Corp v Imperial Tobacco Products Limited*, 2012 TMOB 117, [2012] TMOB No 5117 (QL)). On June 6, 2013, this Court dismissed the appeals by JTI-Macdonald of the Board's opposition decisions (*JTI-Macdonald TM Corp v Imperial Tobacco Products Limited*, 2013 FC 608, [2013] FCJ No 649 (QL) [*JTI*]).

#### Challenged Decision

[11] Pursuant to subsection 38(2) of the Act, RBH opposed ITPL's '128 Application and the '127 Application on the seven (7) following grounds (Board's decision at para 4):

##### *Paragraph 38(2)(a) grounds*

- (1) Non-compliance with section 30 of the Act: the applied-for marks are not "trade-marks" within the meaning of sections 2 and 30 the Act;
- (2) Non-compliance with paragraph 30(b) of the Act: the applied-for marks have not been used in Canada as of the date claimed in the application in association with the wares referred to in the application;
- (3) Non-compliance with paragraph 30(h) of the Act: the applications do not contain an accurate drawing and representation of the trade-mark;
- (4) Non-compliance with paragraph 30(i): at the date of filing, ITPL could not have been satisfied that it was entitled to use the trade-mark in Canada in association with the wares specified in the application;

*Paragraph 38(2)(b) grounds*

- (5) Non-registrability of the trade-mark: if the mark is a trade-mark at all, it is a distinguishing guise; however, the mark does not meet the requirements of section 13 of the Act, in particular because it has not been used by ITPL in Canada so as to have become distinctive; RBH also claimed that granting the exclusivity of the use of the colour orange would be contrary to public policy as leading to the exhaustion of that colour's availability;

*Paragraph 38(2)(c) ground*

- (6) Non-entitlement to registration: the trade-mark was, at the date of the filing, confusing with the trade-marks of others as applied to tobacco products, previously used and known in Canada;

*Paragraph 38(2)(d) ground*

- (7) Non-distinctiveness of the trade-mark: the mark would not distinguish the wares with which it has allegedly been used in Canada from the wares and services of others.

[12] The Board began its analysis with a summary of the evidence submitted by both parties.

[13] Before the Board, RBH's evidence in chief consisted of two (2) affidavits prepared by Simon Hitchens, Legal Intern at RBH's law firm (Applicant's Record, vol 2 at 165ff, Affidavit of Simon Hitchens), and Angelo Di Paolo, Manager, Market Analysis at RBH (Applicant's Record, vol 3 at 489ff, Affidavit of Angelo Di Paolo). The Hitchens affidavit contained sixty-nine (69) digital photographs of tobacco products, including photographs of five (5) cigarette products manufactured and sold by ITPL. The Di Paolo affidavit included sales information for some of the products mentioned in the Hitchens affidavit.

[14] The evidence submitted by ITPL consisted of three (3) affidavits by David Bussey, Director, Marketing Strategy of Imperial Tobacco Products Limited (Respondent's Record at 35ff, Affidavit of David Bussey), Jayson B. Dinelle, Law Clerk at ITPL's agent (Respondent's Record at 2ff, Affidavit of Jayson B. Dinelle), and Gay Owens, trade-mark searcher at the ITPL's agent (Respondent's Record at 15ff, Affidavit of Gay Owens).

[15] The Bussey affidavit explained *inter alia* that Imperial Tobacco Canada Limited (IT Canada) markets and sells the Peter Jackson family of cigarettes in Canada. It also mentions that, in April 2006, IT Canada launched the new PETER JACKSON "Smooth Flavour" cigarettes, which were sold to retailers and to adult smokers in an orange package. Photographs of the packages and a carton overwrap were included as exhibit "A" of the affidavit. Mr. Bussey explained that the use of the colour orange, for the packaging of PETER JACKSON "Smooth Flavour" cigarettes and for promoting the Peter Jackson family of cigarettes, was chosen by ITPL and IT Canada because that colour was "highly distinctive, memorable, and eye catching and because the colour orange was not being used for the packaging of cigarettes by any other manufacturer, importer, or distributor of cigarettes at that time". Finally, the affidavit sets out that, between April 2006 and August 14, 2007, IT Canada had sold between 9 and 11 million packs of PETER JACKSON "Smooth Flavour" cigarettes, representing sales in excess of \$34 million CAD, and spent in excess of \$3.5 million in promoting and advertising its brand. Representative invoices and distribution figures were attached to the affidavit.

[16] The Dinelle affidavit comprised of a copy of the December 6, 2000 Practice Notice: Three-dimensional Marks (online: <<http://www.cipo.ic.gc.ca/eic/site/cipointernet->

[internetopic.nsf/eng/wr00183.html](http://internetopic.nsf/eng/wr00183.html)> [Practice Notice]), as well as a copy of the affidavit of Chantal Dyal, which was served upon RBH by JTI-MacDonald TM Corp., in respect of their own opposition proceedings against ITPL's applications. The Owens affidavit contained around ten (10) trade-mark registrations for various colour marks in association with different wares.

[17] In reply, RBH adduced an affidavit by Mary P. Noonan, a trade-mark searcher (Applicant's Record, vol 3 at 652ff, Affidavit of Mary P. Noonan). The Noonan affidavit included the results of a search of the Canadian Trade-marks Office for active trade-mark applications and registrations including the words PETER JACKSON, as well as the results of a search of the same database for registrations owned by RBH consisting of a colour applied to packaging.

[18] The Board rejected an objection by RBH to the Bussey affidavit based on the former's lack of direct knowledge of the evidence to which he attested. The Board acknowledged that, while Mr. Bussey did not draft himself his affidavit nor did he take the photographs, he still had personal knowledge of ITPL's business. The Board rejected another objection against the Di Paolo affidavit, based on the fact that the sales information were hearsay. The Board did not rely on that information in its decision.

[19] The Board also recalled that ITPL bore the legal onus of establishing, on a balance of probabilities, that its applications complied with the requirements of the Act. However, the extent to which it relied on allegations of fact in its statement of opposition, RBH had an initial evidential burden to adduce sufficient admissible evidence from which it could reasonably be concluded that

the facts of each ground of opposition exist (*John Labatt Ltd v Molson Co*, [1990] FCJ No 533, 30 CPR (3d) 293 at 298 [*Labatt*]).

*Section 30 grounds*

[20] The Board dismissed RBH's four (4) opposition grounds under section 30.

[21] First, the Board was satisfied that ITPL complied with paragraph 30(*h*) of the Act and that the '128 Application and the '127 Application were clearly defined by the drawing and description included in the applications. Paragraph 30(*h*) of the Act provides that an application shall include "... a drawing of the trade-mark and such number of accurate representations of the trade-mark as may be prescribed". The Board found that ITPL's drawings and descriptions clearly set out the surface of the particular package to which the colour orange is applied. The Board also concluded that ITPL's drawings complied with the Practice Notice.

[22] Second, the Board concluded that RBH failed to meet its evidentiary burden with respect to the alleged violation by ITPL of paragraph 30(*b*) of the Act. Paragraph 30(*b*) of the Act requires that an application contain, "of a trade-mark that has been used in Canada, the date from which the applicant or his named predecessors in title, if any, have so used the trade-mark in association with each of the general classes of his wares or services described in the application". The Board observed that there was nothing in ITPL's evidence that was inconsistent with its claimed date of first use. The evidence presented in the Bussey affidavit clearly shows that, between April 2006 and the opposition dates, ITPL sold millions of packages of Peter Jackson "Smooth Flavour" cigarettes and launched an extensive marketing campaign to promote its new product. The colour orange as



applied to the packages, in addition to the words PETER JACKSON and the Pegasus and shield design, was clearly visible to the consumer and nothing suggests that it was not indicative of source.

[23] Third, the Board found that RBH failed to demonstrate that ITPL's marks were not trade-marks within the meaning of section 2 of the Act and that it could therefore not be registered.

Section 2 of the Act defines a "trade-mark" as "(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, ...". The Board noted that RBH failed to prove that the marks were ornamental in nature, that ITPL had to specify the shade or hue of the claimed colour orange or that ITPL was barred from using several trade-marks together on the same product (*AW Allen Ltd v Canada (Registrar of Trade Marks)*, (FCTD), (1985) 6 CPR (3d) 270 at 272, [1985] FCJ No 824 (QL) [*AW Allen*]).

[24] Fourth, the Board dismissed RBH's allegation that ITPL failed to comply with paragraph 30(i) of the Act. Paragraph 30(i) of the Act provides that each application must contain "a statement that the applicant is satisfied that he is entitled to use the trade-mark in Canada in association with the wares or services described in the application". The Board observed that when the required statements are included in an application, a 30(i) ground will succeed only in exceptional cases, such as where there is evidence of bad faith. The Board dismissed this ground of opposition because ITPL provided such statements and RBH failed to demonstrate that the '128 Application and '127 Application were not trade-marks within the meaning of the Act and did not adduce any evidence of bad faith.

*Non-entitlement ground*

[25] The Board found that RBH was precluded from relying on third party uses of the allegedly confusing marks and that it had failed to identify any of its own marks that had previously been used in Canada. This ground of opposition was therefore dismissed.

*Registrability grounds*

[26] The Board dismissed RBH's allegations that the marks were not registrable on the basis that they are in fact distinguishing guises. Section 2 of the Act defines a distinguishing guise as "(a) a shaping of wares or their containers, or (b) a mode of wrapping or packaging wares ...". The Board found that neither the '127 Application nor the '128 Application were distinguishing guises, since a colour applied to a part or the whole of the visible surface of a particular three-dimensional object is considered to be an ordinary trade-mark and not a distinguishing guise (*Simpson Strong-Tie Co v Peak Innovations Inc.*, [2007] TMOB 153 (QL), (2007) 62 CPR (4th) 390; aff'd 2009 FC 1200, 79 CPR (4th) 79; and 2010 FCA 277, 90 CPR (4th) 399 [*Simpson*]).

*Distinctiveness ground*

[27] The Board then concluded that RBH failed to meet its evidentiary burden with regard to the distinctiveness ground. The Board found that, of all the evidence submitted by RBH, only four (4) items were sold in orange packaging arguably similar to the marks at issue prior to the relevant period, i.e. the period before the filing dates of the oppositions: Amphora Mellow Blend Tobacco, Hav-A-Tampa Jewel Cigars, Cohiba Club Cigars and White Owl Slim n Mild Cigars. The Board noted that the sales figures of these products ranged from 400 sticks to 630,000 sticks during the relevant period. Based on that evidence, the Board was of the view that this evidence was not

sufficient to show that orange packages for tobacco products were common to the tobacco trade during the relevant period.

### Issues

[28] The issues raised in the case at bar are as follows:

- (a) Did the Board err in concluding that RBH failed to demonstrate that ITPL's marks do not comply with paragraphs 30(b) and (h) of the Act, pursuant to paragraph 38(2)(a) of the Act?
- (b) Did the Board err in concluding that RBH had not demonstrated that the designs are not distinctive of ITPL, pursuant to paragraph 38(2)(d) of the Act?

### Relevant Provisions

[29] The relevant provisions are referred to in the annex.

### Standard of Review

[30] The parties submit, and the Court agrees, that opposition decisions by the Board are reviewable under the reasonableness standard, but that if new evidence that would have materially affected the Board's findings of fact or the exercise of its discretion is submitted, the Court must come to its own conclusions as to the correctness of the decision (*Molson Breweries v John Labatt Ltd*, (C.A.), [2000] 3 FC 145 at para 51, 5 CPR (4th) 180).

[31] As mentioned above, both parties adduced additional evidence on appeal.

[32] Subsection 56(5) of the Act provides that on appeal from a decision of the Registrar, “evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar”.

[33] In order to determine if the evidence filed on appeal affects the standard of review, this Court has adopted a two-step approach (*Scott Paper Ltd v Georgia-Pacific Consumer Products LP*, 2010 FC 478 at para 44, [2010] FCJ No 568 (QL) [*Scott Paper*]):

[44] ... The first step is to assess the Registrar’s decision and consider whether the new evidence would have materially affected the decision. If not, the decision is to be reviewed against the unified standard of reasonableness. If the evidence would have materially affected the decision, the judge must come to his or her own conclusion as to the correctness of the Registrar’s decision.

[34] In *Vivat Holdings Ltd v Levi Strauss & Co*, 2005 FC 707 at para 27, [2005] FCJ No 893 (QL), this Court stated that, to affect the standard of review:

[27] ...the new evidence must be sufficiently substantial and significant. If the additional evidence does not go beyond what was in substance already before the board and adds nothing of probative significance, but merely supplements or is merely repetitive of existing evidence, then a less deferential standard is not warranted. The test is one of quality, not quantity.

(Citations omitted.)

[35] RBH’s additional evidence consists of a second affidavit by Mary P. Noonan, a trade-mark searcher (Applicant’s Record, vol 1 at 36-64, Affidavit of Mary P Noonan). The second Noonan affidavit contains mostly print-outs of applications for trade-marks made by a subsidiary of ITPL. The application nos 1,580,250 and 1,580,255, as well as application nos 1,605,729 and 1,605,733, confirm that ITPL has applied for a protection similar to that of the current applications, but for the

colours purple and brown. According to RBH, such applications raise serious issues about the availability of a common colour when applied to standard common industry packaging. ITPL submits that this evidence is irrelevant as it post-dates the material dates for all of RBH's grounds of opposition.

[36] ITPL's evidence on appeal consists of an affidavit by Gilbert Janssens, Senior Insight Executive (Applicant's Record, vol 1 at 65-68, Affidavit of Gilbert Janssens). Mr. Janssens made various observations based on an online survey of Canadian smokers for the 2009-2012 period that demonstrates that 90-93% of Canadian adult smokers who smoke cigarettes do not smoke cigars or cigarillos. A further survey confirms that, on average, people who only smoke cigars and cigarillos are approximately thirteen (13) years older than those who only smoke cigarettes. Mr. Janssens believes that those results would have been the same had the surveys been conducted prior to 2009. RBH notes that, on cross-examination, Mr. Janssens admitted that he was not an expert on survey design and methodology and that his evidence was based on surveys conducted by third parties. Mr. Janssens also admitted that cigarettes, cigars, cigarillos and smokeless tobacco are normally sold side-by-side by ITPL and its competitors through the same channels of trade (Applicant's Record, vol 1 at 69-155, Cross-examination on Affidavit Deposition of Gilbert Janssens).

[37] The Court is of the view that the additional evidence submitted by both parties would not have materially affected the Board's decision. RBH's evidence, which post-dates both the application and the opposition dates, merely emphasizes its view that allowing a party to monopolize single colours as applied to standard packages can lead to adverse consequences, especially if the same party monopolizes several colours. As to ITPL's new evidence, while

providing interesting statistics on the habits of smokers of different tobacco products, its probative significance is not very high and does not warrant a less deferential standard.

[38] For these reasons, the Court agrees with the parties that the reasonableness standard is applicable to the issues raised in the current appeal. When reviewing a decision under the reasonableness standard, the court has to limit its examination to “[...] the existence of justification, transparency and intelligibility within the decision-making process” and should be concerned with determining “whether the decision falls within a range of possible, acceptable outcomes which are defensible in respect of the facts and law” (*Dunsmuir v New Brunswick*, 2008 SCC 9 at para 47, [2008] 1 SCR 190).

## Arguments

### *RBH's Arguments*

[39] RBH submits that the Board erred in dismissing its oppositions on the grounds that ITPL's applications did not respect the requirements of section 30, pursuant to paragraph 38(2)(a), and that ITPL's trade-marks are not distinctive, pursuant to paragraph 38(2)(d) of the Act.

#### *38(2)(a): Compliance with paragraphs 30(h) and 30(b) of the Act*

[40] RBH argues that the Board erred in concluding that ITPL complied with paragraph 30(h), as its applications did not contain an accurate depiction of its marks, as well as with paragraph 30(b), since its purported trade-marks were not used as claimed in Canada during the relevant period.

[41] RBH contends that a trade-mark is a statutory monopoly that should be limited in scope (*Apotex Inc v Monsanto Canada, Inc*, [2000] FCJ No 493 at para 7 (QL), 6 CPR (4th) 26 [*Apotex*]), and that there is a public interest in the accuracy of the registration process (*Novopharm Ltd v Bayer Inc*, [2000] FCJ No 1864 at para 5 (QL), 9 CPR (4th) 304 [*Novopharm*]).

[42] In essence, RBH argues that ITPL never used the marks as depicted in the applications, contrary to both paragraphs 30(*h*) and 30(*b*) of the Act.

[43] RBH's main contention, pertaining to the non-compliance with section 30 of the Act, is that the colour orange is merely a background colour to the real marks, namely the words PETER JACKSON and the Pegasus and shield design (see Applicant's Record, vol 4, at 830, Applicant's Memorandum of Fact and Law at para 47). In other words, since the colour was never used alone on the packages, the purported colour mark was never used *per se*.

[44] Furthermore, the applications do not contain any indication of a particular shade or hue of orange, and ITPL used different shades of orange on the same packages.

[45] RBH submits that the Board did not err in recalling that multiple trade-marks can be used together (see *AW Allen*, above). However, the Board failed to apply the relevant principles when assessing the compliance of composite marks with paragraphs 30(*h*) and 30(*b*) of the Act and refers to the principles set out in *Nightingale Interloc Ltd v Prodesign Ltd*, [1984] TMOB No 52 at paras 6-8, 2 CPR (3d) 535 [*Nightingale*]:

*Principle 1*

7 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 dependent upon such factors as whether the mark stands out from the additional material, for example by the use of different lettering or sizing [...]

*Principle 2*

8 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, however, this principle would appear applicable only where the variations are very minor [...].

(Citations omitted.)

[46] RBH further argues that ITPL violated both principles by using a mark that deviates in an important manner from the mark as depicted in the '128 Application and the '127 Application (*Clic Import Export Inc v 3430961 Canada Inc*, [2005] TMOB No 8 (QL)). On the packages used by ITPL, the colour orange is only a background colour, and the surface of the packages is shared by many other components, including the mandatory health warnings, the traditional word marks PETER JACKSON and the Pegasus and shield design.

[47] Hence RBH submits that the Board failed to determine if the public, as a matter of first impression, perceives the mark *per se* as being used as a trade-mark (*Nightingale*, above at paras 7-8). According to RBH, the jurisprudence clearly states that a claimed mark must be distinguishable from the surrounding matter, including composite marks (*Sealy Canada Ltd v Simmons Canada Inc*, 2012 TMOB 63 at para 18, 101 CPR (4th) 318). The fact that a mark is only used as one component of a composite mark suggests that the mark would not be perceived by the



public as a distinct trade-mark (*Sports and Entertainment Inc v SkyDome Corp*, [2002] TMOB No 113 at para 10, 28 CPR (4th) 240).

[48] RBH adds that ITPL also applied for and registered the front panel of the cigarette package, including the words PETER JACKSON, the Pegasus and shield design and orange as the background colour (Applicant's Record, vol 4 at 838, Applicant's Memorandum of Fact and Law at paras 68-69). It is therefore possible to infer from ITPL's actions that the colour orange is not acting as a trade-mark *per se*, and that it would not be perceived as such by the public as a matter of first impression.

[49] Having used a mark substantially different from that for which ITPL applied in the '128 Application and the '127 Application, RBH contends that it failed to comply with paragraphs 30(*h*) and 30(*b*) of the Act.

*38(2)(d): Distinctiveness*

[50] On the issue of distinctiveness, RBH submits that the alleged marks of ITPL are not distinctive because they are merely ornamental and cannot function as trade-marks. In the alternative, even if they were able to function as trade-marks, they are not adapted to distinguish the wares in association with which they are used from those of other, nor do they actually distinguish them. The evidence before the Board established a *prima facie* case and that the Board erred in disregarding it. In particular, Angelo Di Paolo, employed by RBH, stated in his affidavit that, according to his knowledge, the colour orange is frequently used in the industry to sell cigarettes.

[51] The Board erred in dismissing the vast majority of RBH's evidence because the products were not similar enough. It should have adopted an approach analogous to that of the jurisprudence on colour marks distinctiveness in the pharmaceutical area, where distinctiveness is assessed against all tablets and capsules, irrespective of hue or medical indication (*Novopharm Ltd v Purdue Pharma*, [2005] TMOB No 78, 48 CPR (4th) 455) [*Purdue Pharma*]. Since all the tobacco products included in the RBH's evidence are sold through the same trade channels, the Board should not have dismissed cigars, cigarillos and smokeless tobacco products.

[52] RHB also contends that the Board's treatment of its evidence was overly restrictive and ignored the well-established principle that it is often difficult for an opponent to obtain prior marketplace data. In these circumstances, the Board should be able to make inferences from posterior or general data (*Scott Paper*, above at paras 37-38; see also *Novopharm Ltd v Pfizer Products Inc*, [2009] TMOB No 180, 2009 CarswellNat 4120 [*Pfizer*]).

[53] Consequently, argues RBH, the Board should have concluded that ITPL failed to discharge itself of its own burden to show that its marks were distinctive.

[54] At that second stage, RBH is of the view that ITPL had to establish that its mark "actually distinguishes" or that "it is adapted to distinguish" (*AstraZeneca AB v Novopharm Ltd*, 2003 FCA 57 at para 20, [2003] FCJ No 166 (QL) [*AstraZeneca*]). Since colour marks, as merely ornamental features, are rarely inherently distinctive, ITPL had to show that its mark, through use over time, actually distinguishes the wares described in the applications from those of others based on colour alone. Such a burden is not easy to discharge (*AstraZeneca*, above at para 26).

[55] Hence, according to RBH, nothing in ITPL's evidence confirms that the purported marks actually distinguish its wares from those of competitors. The fact that the colour orange is widely used in the sale and distribution of tobacco destroys its ability to distinguish the wares of ITPL. Important sales alone are not sufficient to establish distinctiveness, especially in the case of colour marks (*Novopharm Ltd v Ciba-Geigy Canada Ltd*, [2000] FCJ No 509 at paras 17-19 (QL), 6 CPR (4th) 224 [*Ciba-Geigy*]).

### *ITPL's Arguments*

[56] ITPL submits that the Board's findings that RBH did not establish that the two (2) applications failed to comply with the Act and that it did not meet its evidential burden of proving lack of distinctiveness were reasonable.

#### *38(2)(a): Compliance with paragraphs 30(h) and 30(b) of the Act*

[57] First, ITPL submits that the drawings and descriptions in the applications comply with the paragraph 30(h) of the Act, the *Trade-marks Regulations*, SOR/96-195 (the Regulations) and the jurisprudence.

[58] As required by the Practice Notice, the '127 Application and the '128 Application respectively depict a two (2) dimensional trade-mark and a three (3) dimensional trade-mark, which consist of the colour orange as applied to cigarette packages. The drawings are lined for the colour orange pursuant to the chart included at section 28 of the Regulations. The jurisprudence makes it clear that the drawings did not need to include a particular hue or shade (*Novopharm Ltd v Pfizer Products Inc*, [2009] TMOB No 181 at para 23, 2009 CarswellNat 4119 [*Pfizer*]).

[59] The Board reasonably applied *Simpson*, above at para 44, to conclude that, as long as the applied for wares are adequately described and defined, a colour alone can function as a trade-mark.

[60] ITPL reminds that in the related *JTI* proceedings, above at para 44, this Court found that the application was for the colour orange as applied to cigarettes packages, and not simply for the package itself. Such an application is consistent with the jurisprudence, which upheld similar applications in the past (see *Rothmans, Benson & Hedges Inc v RJ Reynolds Tobacco Co*, (F.C.T.D.), [1993] FCJ No 210 (QL), 47 CPR (3d) 439 [*Reynolds*]).

[61] Also, ITPL distinguishes the present facts from those of *Novopharm*, above, on which RBH relies. In *Novopharm*, the descriptions in the applications referred to the colour pink, but the drawings depicted the trade-marks as blue, (*JTI*, above at paras 47-48). In the present appeals, there is no such inaccuracy.

[62] Second, ITPL submits that the mark was used in Canada as claimed in its applications. The colour orange was chosen not merely as an ornamental feature, but because it was eye-catching, memorable and highly distinctive of the wares of ITPL (Respondent's Record, vol I at 38-39, Affidavit of David Bussey). The evidence also shows that the colour trade-mark was extensively communicated to adult smokers through a large-scale marketing campaign (Respondent's Record, vol I at 39-42, Affidavit of David Bussey).

38(2)(d): *Distinctiveness*

[63] With regards to the issue of distinctiveness, ITPL argues that the Board did not err in finding that RBH failed to meet its evidential burden.

[64] The relevant date for assessing distinctiveness is the date of filing of the statement of opposition. The evidence of third party use of a similar mark in order to establish distinctiveness is not relevant if it is prior to the relevant date (*E & J Gallo Winery v Andres Wines Ltd*, [1975] FCJ No 168 at para 8 (QL), 25 CPR (2d) 126; *Simpson*, FC, above at para 26). In the present appeals, the material dates are August 14, 2007 for the '128 Application and October 2, 2007 for the '127 Application.

[65] RBH submitted evidence of sales of only four (4) other cigarette products which arguably include a shade of the colour orange on their packaging: for three (3) of those products – MORE, NUMBER 7 and ROTHMANS OF PALL MALL – the evidence of sales submitted post-dates the relevant dates. In the case of the fourth one, SPORTSMAN, it only shows minimal sales during the relevant period, i.e. 8400 “sticks” or 420 packs, as opposed to the sales of 9-11 million packs of ITPL’s PETER JACKSON “Smooth Flavour” cigarettes in the orange package design.

[66] The Board’s jurisprudence states that minimal sales of a comparable product during the relevant period are either irrelevant or insufficient to negate distinctiveness (*Jerome Alexander Cosmetics Inc v Giovanni Management Canada Ltd*, [1987] TMOB No 53, 14 CPR (3d) 484 [*Jerome Alexander*]).

[67] ITPL further contends that the evidence concerning non-cigarette products adduced by RBH is not relevant and cannot negate the distinctiveness of its mark (*Kamsut, Inc c Jaymei Enterprises Inc*, 2009 FC 627 at para 67, [2009] FCJ No 803 (QL)).

[68] Even if it were to be considered relevant, most of this evidence pertains to “peach” flavoured products, which are more likely to be perceived as having a “peach” colour than an “orange” one (affirmed by this Court in the related *JTI* case, above at para 58). As for the non “peach” products, their sales are substantially lower than those of ITPL’s products during the relevant period (affirmed in the related *JTI* case, above at para 59).

[69] IPTL concludes in arguing that the ORANGE PACKAGE DESIGN was adapted to distinguish its PETER JACKSON “Smooth Flavour” cigarettes because, when the product was launched, no other cigarette distributor was using orange coloured packaging. That ability was further enhanced by ITLP’s extensive marketing campaign focusing on the colour orange. The fact that ITPL sold between 10 and 12 million packs of the PETER JACKSON “Smooth Flavour” using the ORANGE PACKAGE DESIGN during the relevant period establishes that the marks indeed distinguish ITPL’s wares from those of its competitors.

### Analysis

[70] From the outset, it is worthy of note that the grounds of the appeal in the present case are almost identical to those in *JTI* above. It is also important to recall that this appeal is a judicial review of the Board’s decision. Therefore, the role of the Court is not to engage in its own analysis of the proposed grounds of opposition, but rather to assess the reasonableness of the Board’s

decision on the two (2) grounds that have been challenged by RBH and to determine whether the decision falls within a range of possible, acceptable outcomes.

1. 38(2)(a): *Compliance with paragraphs 30(h) and 30(b) of the Act*

[71] RBH's arguments regarding the non-compliance with paragraphs 30(h) and 30(b) of the Act are essentially intertwined: since the '127 Application and the '128 Application do not accurately depict the purported marks, contrary to paragraph 30(h) of the Act, they were never used as described and claimed, contrary to paragraph 30(b) of the Act.

[72] Paragraph 30(h) of the Act requires that an application for a trade-mark include a drawing of that trade-mark and any prescribed representations of the mark. A trade-mark is a statutory monopoly and that its scope should be limited and described accurately (*Apotex*, above; *Novopharm*, above). The drawings must be a meaningful representations of the design and must allow a reader to determine the limits of the trade-mark (*Apotex*, above at para 7).

[73] Paragraph 30(b) of the Act requires that any application, for a trade-mark that has been used in Canada, include the date from which ITPL or his named predecessors in title, if any, have so used it. Subsection 4(1) provides that:

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

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

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.

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.

[74] The Court adopts the views of Justice Snider in the related *JTI* proceedings, above at para 44, that ITPL's applications were applications for a colour trade-mark as applied to packaging, and not for the packaging itself. The fact that the drawings did not mention the other design elements that typically appear on the packages, namely the words PETER JACKSON and the Pegasus and shield design, does not seem to be relevant, as it is now well established that multiple registrable trade-marks can be used together on the same product (*AW Allen*, above). Given that colours can function as trade-marks (*Simpson*, above at para 44), that no hue or shade needed to be specified (*Pfizer*, above at para 23), and that the drawings in the '127 Application and the '128 Application otherwise comply with the requirements of the Act, the Regulations and the Practice Notice, the Court finds that it was open to the Board to find that the applications complied with paragraph 30(*h*) of the Act.

[75] At hearing before this Court, RBH brought to the attention of the Court the recent decision of the Chancery Court of England in *Société des Produits Nestlé S.A. v Cadbury UK Ltd.*, [2013] EWCA (Civ) 1174 (October 04, 2013). Suffice it to say that the Court is not bound by this decision. Moreover, the decision of the Chancery Court of England turns on requirements and language absent in the Canadian *Trade-marks Act*.



[76] Since it was reasonable for the Board to conclude that the applications complied with paragraph 30(h) of the Act, and since the colour trade-mark (orange) was clearly visible on the cigarette packages at the time of the transfer, the Court is of the view that the Board committed no reviewable error in finding that the evidence did not support the contentions that the mark was not used as described in the applications contrary to paragraph 30(b) of the Act. It was reasonable for the Board to state that the health warnings that covers a percentage of the package of the cigarettes does not affect the mark's ability to distinguish one mark from others (Board's decision, para 42). Indeed, it should be borne in mind that the tobacco industry does not operate in isolation. It operates in a regulated environment and consumers will understand that health warnings on a cigarette pack are not part of the trade-mark.

2. 38(2)(d): *Distinctiveness*

[77] One of the most fundamental principles of the trade-mark law is that each mark for which a monopoly is granted must be "distinctive". Pursuant to section 2 of the Act, a distinctive trade-mark is:

Definitions

2. In this Act,

...

"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;

Définitions

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

[...]

« 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.

[78] Before determining if the applied for marks actually distinguish or are adapted to distinguish, the Board had to assess if RBH had met its initial evidential burden to reasonably establish the existence of the facts supporting each ground of opposition (*Labatt*, above at 298).

[79] The Court is of the view that the Board did not err in concluding that RBH failed to meet its initial evidential burden of establishing lack of distinctiveness.

[80] The Court agrees with ITLP's position and the conclusion of this Court in the related *JTI* case, above, that most of the evidence post-dates the relevant period for assessing the distinctiveness of the respondent's trade-marks, namely the date of the filing of the oppositions (*JTI*, above at para 57).

[81] RBH does not deny that finding of fact, but argues that the Board's dismissal of the majority of its evidence – notably the evidence pertaining to the sales of the MORE, NUMBER 7 and ROTHMANS OF PALL MALL products – was based on an overly restrictive approach. RBH relies on *Scott Paper*, above at para 37, which states that the Board can use evidence post-dating the relevant period to make inferences when data pre-dating the filing date is difficult to obtain.

[82] However, RBH failed to convince the Court that such data was indeed difficult to obtain. Moreover, the evidence concerning those products suggests that the reason why there is little data pre-dating the filing date is that those products were launched afterwards, or at an unspecified date (see *JTI*, above at para 58, for a similar conclusion in the related proceedings). As for the SPORTSMAN product, evidence shows that the sales were very low in comparison to ITPL's

PETER JACKSON “Smooth Flavour” cigarettes and that, as such, they are insufficient to negate the distinctiveness (*Jerome Alexander*, above). On that basis, it was also reasonable for the Board to find that the evidence was not sufficient that some orange packages for tobacco products (*Amphora Mellow Blend Tobacco, Hav-A-Tampa Jewel Cigars, Cohiba Club Cigars and White Owl Slim n Mild Cigars*) were common to the tobacco trade during the relevant period.

[83] Finally, the peach flavoured products, for which data from the relevant period was adduced, were considered by the Board as being more likely to be associated with the “peach” colour than with the “orange” colour. As mentioned above, it is not this Court’s role to determine if such a factual conclusion was the only possible outcome, but nothing suggests that this finding was not open to the Board as it squarely falls within the Board’s area of expertise.

[84] It was thus reasonable for the Board to find that RBH failed to meet its initial evidentiary burden in establishing distinctiveness as a ground of opposition.

[85] For all of these reasons, the Board’s decision is reasonable, as it falls within the range of possible, acceptable outcomes which are defensible in respect of the facts and in law (*Dunsmuir*, above). The Court’s intervention is not warranted.

**JUDGMENT**

**THIS COURT’S JUDGMENT is that** the appeal be dismissed. With costs to be paid by Rothmans, Benson & Hedges, Inc. (RBH) to Imperial Tobacco Products Limited (ITPL).

“Richard Boivin”

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Judge

ANNEX

## TRADE-MARKS ACT

## LOI SUR LES MARQUES DE COMMERCE

## INTERPRETATION

## DÉFINITIONS ET INTERPRETATION

## Definitions

## Définitions

2. In this Act,

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

...

[...]

“distinctive”  
« *distinctive* »

« distinctive »  
“*distinctive*”

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

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

...

[...]

“distinguishing guise”  
« *signe distinctif* »

« signe distinctif »  
“*distinguishing guise*”

“distinguishing guise” means  
(a) a shaping of wares or their containers, or  
(b) a mode of wrapping or packaging wares the appearance of which 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;

« signe distinctif » Selon le cas :  
a) façonnement de marchandises ou de leurs contenants;  
b) mode d'envelopper ou emballer des marchandises, dont la présentation est employée par une personne afin de 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.

...

[...]

“trade-mark”  
« *marque de* »

« marque de  
commerce »

*commerce* »

“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”

« *emploi* » ou « *usage* »

“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.

[...]

## APPLICATION FOR REGISTRATION OF TRADE-MARKS

Contents of application

“trade-mark”

« *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* »

“*use*”

« *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.

[...]

## DEMANDE D’ENREGISTREMENT DE MARQUES DE COMMERCE

Contenu d’une demande

**30.** An applicant for the registration of a trade-mark shall file with the Registrar an application containing

...

(b) in the case of a trade-mark that has been used in Canada, the date from which the applicant or his named predecessors in title, if any, have so used the trade-mark in association with each of the general classes of wares or services described in the application;

...

(h) unless the application is for the registration only of a word or words not depicted in a special form, a drawing of the trade-mark and such number of accurate representations of the trade-mark as may be prescribed;

(i) a statement that the applicant is satisfied that he is entitled to use the trade-mark in Canada in association with the wares or services described in the application.

#### Statement of opposition

**38.** (1) Within two months after the advertisement of an application for the registration of a trade-mark, any person may, on payment of the prescribed fee, file a statement of opposition with the Registrar.

#### Grounds

(2) A statement of opposition may be based on any of the following grounds:  
(a) that the application does not conform to the requirements of section 30;  
(b) that the trade-mark is not registrable;  
(c) that the applicant is not the person entitled to

**30.** Quiconque sollicite l'enregistrement d'une marque de commerce produit au bureau du registraire une demande renfermant :

[...]

b) dans le cas d'une marque de commerce qui a été employée au Canada, la date à compter de laquelle le requérant ou ses prédécesseurs en titre désignés, le cas échéant, ont ainsi employé la marque de commerce en liaison avec chacune des catégories générales de marchandises ou services décrites dans la demande;

[...]

h) sauf si la demande ne vise que l'enregistrement d'un mot ou de mots non décrits en une forme spéciale, un dessin de la marque de commerce, ainsi que le nombre, qui peut être prescrit, de représentations exactes de cette marque;

i) une déclaration portant que le requérant est convaincu qu'il a droit d'employer la marque de commerce au Canada en liaison avec les marchandises ou services décrits dans la demande.

#### Déclaration d'opposition

**38.** (1) Toute personne peut, dans le délai de deux mois à compter de l'annonce de la demande, et sur paiement du droit prescrit, produire au bureau du registraire une déclaration d'opposition.

#### Motifs

(2) Cette opposition peut être fondée sur l'un des motifs suivants :  
a) la demande ne satisfait pas aux exigences de l'article 30;  
b) la marque de commerce n'est pas enregistrable;

registration of the trade-mark; or  
(d) that the trade-mark is not distinctive.

...

Decision

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

...

#### LEGAL PROCEEDINGS

...

Appeal

**56.** (1) An appeal lies to the Federal Court from any decision of the Registrar under this Act within two months from the date on which notice of the decision was dispatched by the Registrar or within such further time as the Court may allow, either before or after the expiration of the two months.

...

Additional evidence

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

#### TRADE-MARKS REGULATIONS

APPLICATION FOR REGISTRATION

c) le requérant n'est pas la personne ayant droit à l'enregistrement;  
d) la marque de commerce n'est pas distinctive.

[...]

Décision

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

[...]

#### PROCEDURES JUDICIAIRES

[...]

Appel

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

[...]

Preuve additionnelle

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

#### RÈGLEMENT SUR LES MARQUES DE COMMERCE

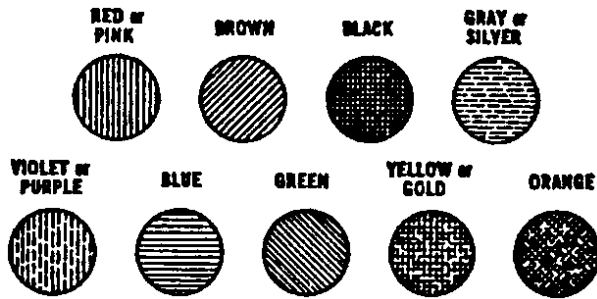
DEMANDE D'ENREGISTREMENT



...

28. (1) Where the applicant claims a colour as a feature of the trade-mark, the colour shall be described.

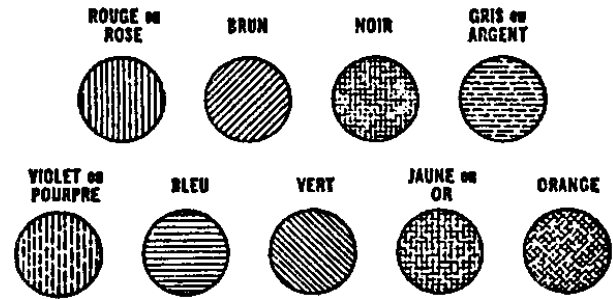
(2) Where the description referred to in subsection (1) is not clear, the Registrar may require the applicant to file a drawing lined for colour in accordance with the following colour chart:



[...]

28. (1) Lorsque le requérant revendique une couleur comme caractéristique de la marque de commerce, la couleur est décrite.

(2) Si la description prévue au paragraphe (1) n'est pas claire, le registraire peut exiger que le requérant produise un dessin ligné qui représente les couleurs conformément au tableau suivant :



**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKETS:** T-271-13 AND T-272-13

**DOCKET:** T-271-13

**STYLE OF CAUSE:** ROTHMANS, BENSON & HEDGES, INC. v  
IMPERIAL TOBACCO PRODUCTS LIMITED

**DOCKET:** T-272-13

**STYLE OF CAUSE:** ROTHMANS, BENSON & HEDGES, INC. v  
IMPERIAL TOBACCO PRODUCTS LIMITED

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** JANUARY 13, 2014

**REASONS FOR  
JUDGMENT AND  
JUDGMENT:**

BOIVIN J.

**DATED:** MARCH 28, 2014

**APPEARANCES:**

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