

Federal Court



Cour fédérale

**Date: 20140820**

**Docket: T-433-12**

**Citation: 2014 FC 810**

**[UNREVISED ENGLISH CERTIFIED TRANSLATION]**

**Ottawa, Ontario, August 20, 2014**

**Present: The Honourable Mr. Justice Roy**

**BETWEEN:**

**CAFÉ CIMO INC.**

**Applicant**

**and**

**ABRUZZO ITALIAN IMPORTS INC.**

**Respondent**

**JUDGMENT AND REASONS**

[1] In proceedings in which clarity is not one of its primary characteristics, it seems that Café Cimo Inc., the applicant, seeks to have the registration of the trade-mark registered by Abruzzo Italian Imports Inc. cancelled.

[2] Without relating in detail the twists and turns that resulted in the file ending up before the Court, the motion to amend that was filed *in extremis* by the applicant must first be dealt with.

I. Preliminary issue

[3] The respondent filed its memorandum of facts and law a few days before the hearing on the merits of this matter. It then presented before the Court certain deficiencies of the original application filed by Café Cimo Inc.

[4] Indeed, the notice of application alleged that the trade-mark Espresso Azzuro, as well as Espresso Azzuro and its design, were used by Café Cimo Inc. since 1999 and that the trade-marks registered by the respondent in 2007 were not distinctive. However, the applicant applied on the basis of subsection 16(3) of the *Trade-marks Act*, RSC (1985), c T-13 (the Act) in support of its claim that the respondent's mark could not be registered because it created confusion; paragraphs (a) and (c) were then raised. I reproduce them:

**Proposed marks**

16. (3) Any applicant who has filed an application in accordance with section 30 for registration of a proposed trade-mark that is registrable is entitled, subject to sections 38 and 40, to secure its registration in respect of the wares or services specified in the application, unless at the date of filing of the application it was confusing with

(a) a trade-mark that had been previously used in Canada or

**Marques projetées**

16. (3) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce projetée et enregistrable, a droit, sous réserve des articles 38 et 40, d'en obtenir l'enregistrement à l'égard des marchandises ou services spécifiés dans la demande, à moins que, à la date de production de la demande, elle n'ait créé de la confusion :

a) soit avec une marque de commerce antérieurement

made known in Canada by any other person;	employée ou révélée au Canada par une autre personne;
...	[...]
(c) a trade-name that had been previously used in Canada by any other person.	c) soit avec un nom commercial antérieurement employé au Canada par une autre personne.

[5] Moreover, this provision only targets the proposed trade-mark. The respondent noted in its memorandum of fact and law that its trade-mark registration included two types of wares:

- (a) Coffee products, namely whole roasted beans, grounded roasted coffee beans
- (b) Decaffeinated roasted ground coffee beans, decaffeinated roasted whole coffee beans, organically grown roasted whole coffee beans, roasted ground Turkish style coffee.

Subsection 16(3) could apply only to the second category since the first was subject to an application for registration on the basis of use by the respondent at the time of the application and not a proposed use. The applicant should also have relied on subsection 16(1). I reproduce it below.

**Registration of marks used or made known in Canada**

16. (1) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that he or his predecessor in title has used in Canada or made known in Canada in association with wares or services is entitled, subject to section 38, to secure its registration in respect of those wares or services, unless at the date on which he or his predecessor in title first so

**Enregistrement des marques employées ou révélées au Canada**

16. (1) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce qui est enregistrable et que le requérant ou son prédécesseur en titre a employée ou fait connaître au Canada en liaison avec des marchandises ou services, a droit, sous réserve de l'article 38, d'en obtenir l'enregistrement à l'égard de ces marchandises ou services,

used it or made it known it was confusing with	à moins que, à la date où le requérant ou son prédécesseur en titre l'a en premier lieu ainsi employée ou révélée, elle n'ait créé de la confusion :
(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;	a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;
(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or	b) soit avec une marque de commerce à l'égard de laquelle une demande d'enregistrement avait été antérieurement produite au Canada par une autre personne;
(c) a trade-name that had been previously used in Canada by any other person.	c) soit avec un nom commercial qui avait été antérieurement employé au Canada par une autre personne.

The respondent argued that the result was that only the category of wares (2) could be subject to adjudication.

[6] The applicant could not attempt to use its memorandum of fact and law to claim that there was a clerical error since its memorandum, which was terse, essentially reiterated the same paragraphs as the notice of application. In fact, the memorandum of fact and law did not meet the requirements of section 70 (*Federal Courts Rules*, SOR/98-106).

[7] In any event, the applicant filed a motion to amend its notice of application. This motion had to be presented during the hearing of the application. At the same time, the applicant amended its memorandum of fact and law.

[8] Therefore, the preliminary issue consists in deciding whether the notice of application may be amended to correct the error of only referring to subsection 16(3) of the Act. In my view, it is appropriate to grant this motion. In *Nidek Co v Visx Inc*, 1998 CanLII 8723 (FCA), the Federal Court of Appeal recalled that it had already approved in *Meyer v Canada*, (1986), 62 NR 70 (FCA) this now more than 100-year-old passage taken from *Stewart v North Metropolitan Tramways Co*, (1886), 16 QBD 556:

The rule of conduct of the Court in such a case is that, however negligent or careless may have been the first omission, and however late the proposed amendment, the amendment should be allowed, if it can be made without prejudice to the other side. There is no injustice if the other side can be compensated by costs; but, if the amendment will put them into such a position that they must be injured, it ought not to be made.

(Emphasis added.)

[9] I have no doubt that the parties have known for a long time that the challenge related to the two categories of wares subject to trade-marks registration. This issue has a long history before both the courts and the administrative tribunals. Indeed, the applicant learned of the existence of the respondent's registered trade-mark when it objected to its registration of its mark after the respondent's registration. It is clear that the conflict relates as much and probably more to category (1) than to category (2).

[10] The result is that the amendment required by the applicant does not take the respondent by surprise or cause it any prejudice. The arguments presented on the merits are worth as much for category (1) wares as for category (2). Furthermore, it would be at the least incongruous for the Court to find that the registration in only one category of wares should be struck while the

trade-mark is unique. The motion to amend was made before the hearing began, such that it is in the interest of justice that the matter continue on the basis corresponding with the underlying facts of the issue. Section 75 provides considerable discretion in these matters and consistent case law favours a liberal approach. This oft-cited passage drawn from *Canderel Ltd v Canada*, [1994] 1 FC 3 (FCA) seems to dispose of the matter:

... the general rule is that an amendment should be allowed at any stage of an action for the purpose of determining the real questions in controversy between the parties, provided, notably, that the allowance would not result in an injustice to the other party not capable of being compensated by an award of costs and that it would serve the interests of justice. (page 10)

[11] The motion to amend is therefore allowed. The Court seriously considered awarding costs against the applicant. Other than seeking to thus sanction the applicant, it is difficult to see what reason would weigh in favour of awarding costs against the successful party. In this case, since no harm has been alleged, much less proven, in granting the amendment, the Court will not award any costs.

## II. The merits of the case

### A. *Facts*

[12] This application was presented as though it was made under sections 55 and 57 of the Act. In fact, it is brought by motion under section 58. The applicant seeks an order to strike the entry in the register (section 26). The entry to be struck is, of course, the registration of the trade-mark completed on July 6, 2007 (produced on April 28, 2006).

[13] The registered mark consists in Ara Azzuro and design. The registration informs us that the word “ara” in French is a type of parrot (“macaw” in English) and “azzurro” is an Italian word referring to the colour blue. In fact, the registered mark (LMC/TMA 691479) is a drawing of a parrot above which the words “Ara Azzuro” are superimposed, with the word “Azzuro” presented with singular prominence.

[14] From the applicant, two applications for registration were filed (affidavits of Gerlando Caruana, January 17, 2012). The first, dated September 23, 2008, bears the number 1407689. It covers the following wares and services:

[TRANSLATION]

WARES:

(1) Espresso, Italian coffee either ground or not, for any kind of infuser, filter, percolator, espresso, coffee bean and ground coffee dispensers.

SERVICES:

(1) The distribution and sale of espresso and products derived from coffee and roasting, as well as the roasting, mixing, packaging, distribution and wholesaling of coffee and products derived from coffee.

The application for registration is for ESPRESSO AZZURO and design and specifically claims as a characteristic of the trade-mark, as described in the application:

[TRANSLATION]

COLOUR CLAIM:

The colour is claimed to be characteristic of the trade-mark for which registration is requested. The background is blue. The top of the steam rising from the cup of coffee is green. The bottom of the steam rising from the cup of coffee is red. The saucer and the cup

are white. As for the wavy border at the top, there is black on top and gold on the bottom. The exterior border surrounding the coffee cup is gold. The centre border surrounding the coffee cup is blue. The interior border surrounding the coffee cup is gold. The border at the bottom containing the words “ESPRESSO AZZURO” is gold. The lettering is white.

[15] This application for registration was the subject of an opposition, for which notice was given to the applicant on May 31, 2012. This opposition came from the respondent and it was alleged that, among other things, the applicant’s mark created confusion, insofar as both marks are used in association with similar wares.

[16] A second application for registration, bearing the number 1528732, was filed on May 18, 2011. For the same products and services as for application 1407689, the application for registration of the trade-mark is for the mark ESPRESSO AZZURO. While the opposition for the first application for registration only came in May 2012, the reaction to the second application was significantly quicker.

[17] As of September 30, the respondent imposed a requirement on the applicant to cease using its trade-mark, claiming to be the only one who could use the mark AZZURO since its mark ARA AZZURO was registered. The confusion between marks was alleged specifically since both marks are associated with coffee products. The applicant’s answer came quickly. On October 5, 2011, it replied that the marks AZZURO ESPRESSO and AZZURO ESPRESSO and design had been used since April 1999 in the provinces of Quebec, Ontario and British Columbia.



[18] An action, before the Ontario Superior Court, was subsequently brought. It ended with discontinuance as of November 17, 2011. The “endorsement” of the “notice of discontinuance” notes that counsel for the respondent (who is not counsel in this Court), in our case, the “plaintiff” before the Ontario Superior Court, “informs matter is resolved”. Clearly, it is not resolved in this Court.

[19] Indeed, on November 22, 2011, the applicant, through its counsel, was advised by the Canadian Intellectual Property Office that the proposed mark, ESPRESSO AZZURO, led to confusion with the registered mark by the respondent (LMC/TMA 691,479) and that it would therefore not be registrable. Submissions were requested. The Office’s submission was accompanied by the registration of ARA AZZURO, with the parrot prominently displayed and the word AZZURO in prominent characters.

[20] The respondent withdrew its application for registration on November 21, 2012, reserving the right to file a new application for registration when judgment is made in this case before the Federal Court.

## B. *Arguments*

[21] The applicant claims to have used its trade-marks since 1999. This was not contested. It stated that this use is both for its mark ESPRESSO AZZURO as for the use of the colour blue that should be part of ESPRESSO AZZURO and design. Further, its application for registration in 2008 already included a claim with respect to the colour.

[22] It is argued that the respondent's mark, with its prominent use of the word "azzurro", is not distinctive, within the meaning of the definition of the term at section 2 of the Act, since it does not at all distinguish the wares or services offered.

[23] The applicant's argument is essentially confusion. The wares of both parties, coffee, are sold in the same markets. On reviewing the considerations to determine whether there is any confusion, the applicant claims to fully satisfy them with the evidence before the Court. It also submits that the Court should consider the use that the respondent made of its mark that made the packaging even more confusing.

[24] The respondent argued that there is no confusion for its part. Considering the trade-mark as a whole, as appropriate, there is no confusion for the consumer who should not be considered to be without intelligence. A weak mark will only require small differences to be distinguishable.

### C. *Analysis*

[25] The respondent's argument that the two marks do not lead to confusion is somewhat ironic. It attacked the applicant's mark relating to the two registration attempts. In both cases it raised the confusion argument. Indeed, as for the second application for registration, the evidence shows that the Canadian Intellectual Property Office ruled against registration of the applicant's mark ESPRESSO AZZURO because it would not be registrable given paragraph 12(1)(d) of the Act, which reads:

**When trade-mark  
registrable**

12. (1) Subject to section 13, a

**Marque de commerce  
enregistrable**

12. (1) Sous réserve de l'article

trade-mark is registrable if it is not	13, une marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :
...	[...]
(d) confusing with a registered trade-mark;	d) elle crée de la confusion avec une marque de commerce déposée;

It would not be registrable because of the mark ARA AZZURO, which is registered.

[26] The role of trial judges is to determine disputes on the basis of the evidence submitted. They are not to substitute the parties to reject the evidence that was not challenged (see e.g. article 2859 of the *Civil Code of Québec*).

[27] It was not challenged that the burden of proof for whoever wishes to have a registration expunged is on the applicant, who must satisfy the burden of the balance of probabilities. But this burden is discharged on the basis of the evidence offered.

[28] Moreover, in this case, the evidence only goes in one direction, that of confusion created by two trade-marks operating in relation to the same type of wares in the same markets. Not only did the respondents formally attack the applicants' mark in Superior Court and before the Canadian Intellectual Property Office, but their evidence in defence before this Court, through two affiants, emphasizes the confusion between the marks that would have resulted in them losing business. These testimonies are more than generic: they referred to numerous examples of confusion in the trade. One of them even said in his affidavit of March 30, 2012:

35. If experienced buyers for grocery stores could not distinguish the difference between the products beyond the price, I

am skeptical that a consumer would be able to distinguish Abruzzo's products from Cimo's coffee.

[29] The respondent complained that the applicant had not produced any survey or expert in support of its claims. But the respondent did not produce anything further. The result is that the evidence in the record comes essentially from the respondent, who did not provide anything in reply or otherwise. Indeed, the argument made by the respondent contradicts to a good extent its evidence in defence. In my view, this determines the dispute. The evidence is not to such an extent unsatisfactory that despite the balance of probabilities, which clearly favours the applicant, it may be concluded that the applicant did not satisfy its burden.

[30] However, I reviewed the issue also considering the text of subsection 6(5) of the Act to attempt to satisfy myself that the test was indeed met. This subsection reads as follows:

**What to be considered**

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

- (a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;
- (b) the length of time the trade-marks or trade-names have been in use;
- (c) the nature of the wares, services or business;
- (d) the nature of the trade; and

**Éléments d'appréciation**

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

- a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;
- b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;
- c) le genre de marchandises, services ou entreprises;
- d) la nature du commerce;

<p>(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.</p>	<p>e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux dans la présentation ou le son, ou dans les idées qu'ils suggèrent.</p>
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[31] It is not challenged and I do not believe that it can be challenged at this stage that paragraphs 6(5)(b), (c) and (d) favour the applicant. As was held by case law (*Polysar Ltd v Gesco Distributing Ltd* (1985), 6 CPR (3d) 289; *Leaf Confections Ltd v Maple Leaf Gardens Ltd* (1988), 19 CPR (3d) 331 (FCA)) however the relative weight of the factors to consider will vary.

[32] The test to apply in the comparison of trade-marks (or of trade names) is of course that of the consumer, not lacking intelligence and will vague recollection, as hurried as he or she is and not necessarily reflecting on the question, reacts with his or her first impression. The test was thus articulated in *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltd*, 2006 SCC 23, [2006] 1 SCR 824, at section 20 and endorsed again by the Supreme Court of Canada in *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27, [2011] 2 SCR 387:

20 The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the name *Cliquot* on the respondents' storefront or invoice, at a time when he or she has no more than an imperfect recollection of the VEUVE CLICQUOT trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks. As stated by Pigeon J. in *Benson & Hedges (Canada) Ltd. v. St. Regis Tobacco Corp.*, [1969] S.C.R. 192, p. 202:

It is no doubt true that if one examines both marks carefully, he will readily distinguish them. However, this is not the basis on which one should decide whether there is any likelihood of confusion.

. . . the marks will not normally be seen side by side and [the Court must] guard against the danger that a person seeing the new mark may think that it is the same as one he has seen before, or even that it is a new or associated mark of the proprietor of the former mark.

(Citing in part *Halsbury's Laws of England*, 3rd ed., vol. 38, para. 989, at p. 590.)

To repeat the colourful description of Justice Binnie in *Mattel, Inc c 3894207 Canada Inc*, 2006 SCC 22, [2006] 1 SCR 772 (*Mattel*), the point of view “is not that of the careful and diligent purchaser. Nor, on the other hand, is it the ‘moron in a hurry’ so beloved by elements of the passing-off bar [citation omitted]... . It is rather a mythical consumer who stands somewhere in between, dubbed in a 1927 Ontario decision of Meredith C.J. as the ‘ordinary hurried purchasers’” (para 56).

[33] In my view, this mythical consumer, who “has more money to spend than time to pay a lot of attention to details” (*Mattel*, para 58) and who is purchasing coffee, not a car, is likely to be confused faced with the marks used by the parties. After all, both are selling coffee in the same regions and the evidence presented to the Court tends to show the alleged confusion.

[34] Examining the marks in a general manner, without trying to dissect it, as is appropriate, one may be struck only by the prominent use of the word AZZURO. As stated by the authors of *The Law of Evidence in Canada* (Alan W. Bryant, Sidney N. Lederman and Michelle Fuerst, 3rd ed, Toronto: Lexis-Nexis, 2009): “Simply put, the trier of fact must find that the existence of the contested fact is more probable than its nonexistence.” The packaging of the respondent’s product had changed to show almost as prominently the word “espresso”, very clearly recalling

the applicant's mark, which is ESPRESSO AZZURO. Clearly profiting from the word "azzurro", they both use blue packaging, although the blue tones are somewhat different. Indeed, they both now put on their packaging a steaming coffee cup and the word "espresso". In the end, the consumer buying coffee, who is hurried and is vaguely reminded of the trade-marks, would look for the mark AZZURO. In addition, when it is sold using the colour blue and is associated with espresso, it is understandable why the respondent's representative found in their affidavits that there was confusion between the two marks. Therefore, confusion is more likely than not. The applicant discharged its burden.

[35] The applicant requires in its notice of motion that, under section 57 of the Act, the registered trade-mark by the respondent as ARA AZZURO and design, under number LMC/TMA 1299569, be struck or amended. No argument was presented so that the trade-mark would be amended. Thus, it must be agreed that the only appropriate remedy is that the mark is struck by the registrar of trade-marks.

[36] As regards costs, the applicant did not request any. When the respondent requested its costs and told to the Court that the applicant had not done so, counsel for the applicant, *in extremis* for a second time, made a motion to orally amend its application. Even if the motion to amend had been granted, I would not have ordered costs in favour of the applicant in this case. The fact that costs were not ordered against the applicant, which amended its application the day before the hearing and its proceedings do not comply with the *Federal Courts Rules*, weigh against the awarding of costs, both for the preliminary issue and for the decision on the merits.

**JUDGMENT**

**THE COURT** allows the application to strike the registration of the trade-mark LMC/TMA 1299569 relating to the mark ARA AZZURO and design and orders the registrar of trade-marks to strike the inscription. There is no award of costs, either for the motion to amend or for the application to strike a registration.

“Yvan Roy”

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Judge

Certified true translation

Catherine Jones, Translator



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

**DOCKET:** T-433-12

**STYLE OF CAUSE:** CAFÉ CIMO INC. v ABRUZZO ITALIAN IMPORTS  
INC.

**PLACE OF HEARING:** MONTRÉAL, QUEBEC

**DATE OF HEARING:** APRIL 24, 2014

**JUDGMENT AND REASONS:** ROY J.

**DATED:** AUGUST 20, 2014

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