

Federal Court



Cour fédérale

Date: 20220218

Docket: T-754-21

Citation: 2022 FC 217

Ottawa, Ontario, February 18, 2022

PRESENT: The Honourable Mr. Justice Phelan

APPLICATION UNDER Section 56 of the
Trademarks Act, RSC 1985, c. T-13, in relation to
application no 1,649,383 for the trademark FUNDAWEAR

BETWEEN:

FRUIT OF THE LOOM, INC

Applicant

and

LRC PRODUCTS LIMITED

Respondent

JUDGMENT AND REASONS

I. Introduction

[1] This is the appeal of a decision by the Registrar of Trademarks [Registrar] finding that there was no likelihood of confusion between the FUNDAWEAR [FR] trademark application owned by the Respondent and the registered trademark UNDERWEAR THAT'S FUN TO

WEAR [UFW] owned by the Applicant (so-called here to keep terms consistent with the Registrar's decision but who in fact is the Appellant).

[2] The Applicant has been using its trademark in relation to its Underoos® line of underwear and is concerned about the Respondent's proposed use of its trademark with similar goods.

[3] The Applicant has introduced new evidence on this appeal which it argues is substantially material to justify this Court's *de novo* review of its opposition grounds regarding confusion (s 6(5), *Trademarks Act*, RSC 1985, c T-13 [Act]), entitlement (Act, s 16(3)) and distinctiveness (Act, s 2). The Applicant also seeks Court review of the Registrar's s 30(e) finding.

[4] The Respondent did not appear on this Appeal. For the reasons that follow, the appeal is allowed, and the Registrar's decision is set aside. The Registrar is directed to refuse the Respondent's trademark application (No 1,649,383).

[5] The most pertinent legislative provisions in the Act are:

When mark or name confusing

6 (1) For the purposes of this Act, a trademark or trade name is confusing with another trademark or trade name if the use of the first mentioned trademark or trade name would cause confusion with the last mentioned trademark or trade name in the

Quand une marque ou un nom crée de la confusion

6 (1) Pour l'application de la présente loi, une marque de commerce ou un nom commercial crée de la confusion avec une autre marque de commerce ou un autre nom commercial si l'emploi de la marque de commerce ou du nom commercial en premier lieu

manner and circumstances described in this section.

mentionnés cause de la confusion avec la marque de commerce ou le nom commercial en dernier lieu mentionnés, de la manière et dans les circonstances décrites au présent article.

Confusion — trademark with other trademark

Marque de commerce créant de la confusion avec une autre

(2) The use of a trademark causes confusion with another trademark if the use of both trademarks in the same area would be likely to lead to the inference that the goods or services associated with those trademarks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.

(2) L'emploi d'une marque de commerce crée de la confusion avec une autre marque de commerce lorsque l'emploi des deux marques de commerce dans la même région serait susceptible de faire conclure que les produits liés à ces marques de commerce sont fabriqués, vendus, donnés à bail ou loués, ou que les services liés à ces marques sont loués ou exécutés, par la même personne, que ces produits ou services soient ou non de la même catégorie générale ou figurent ou non dans la même classe de la classification de Nice.

...

[...]

What to be considered

Éléments d'appréciation

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

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

- | | |
|---|---|
| <p>(a) the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known;</p> | <p>a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus;</p> |
| <p>(b) the length of time the trademarks or trade names have been in use;</p> | <p>b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage;</p> |
| <p>(c) the nature of the goods, services or business;</p> | <p>c) le genre de produits, services ou entreprises;</p> |
| <p>(d) the nature of the trade; and</p> | <p>d) la nature du commerce;</p> |
| <p>(e) the degree of resemblance between the trademarks or trade names, including 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, notamment dans la présentation ou le son, ou dans les idées qu'ils suggèrent.</p> |

...

[...]

When trademark registrable

Marque de commerce enregistable

12 (1) Subject to subsection (2), a trademark is registrable if it is not

12 (1) Sous réserve du paragraphe (2), la marque de commerce est enregistable sauf dans l'un ou l'autre des cas suivants :

...

[...]

(d) confusing with a registered trademark;

d) elle crée de la confusion avec une marque de commerce déposée;

...

[...]

Previous use or making known

16 (3) The right of an applicant to secure registration of a registrable trademark is not affected by the previous use or making known of a confusing trademark or trade name by another person, if the confusing trademark or trade name was abandoned on the day on which the applicant's application is advertised under subsection 37(1).

...

Requirements for application

30 (1) A person may file with the Registrar an application for the registration of a trademark in respect of goods or services if they are using or propose to use, and are entitled to use, the trademark in Canada in association with those goods or services.

Contents of application

(2) The application shall contain

(a) a statement in ordinary commercial terms of the

Emploi antérieur ou révélation antérieure

16 (3) Le droit, pour un requérant, d'obtenir l'enregistrement d'une marque de commerce enregistrable n'est pas atteint par l'emploi antérieur, ou la révélation antérieure, par une autre personne, d'une marque de commerce ou d'un nom commercial créant de la confusion, si la marque de commerce ou le nom commercial créant de la confusion a été abandonné à la date de l'annonce de la demande du requérant en application du paragraphe 37(1).

[...]

Demande

30 (1) Une personne peut produire auprès du registraire une demande en vue de l'enregistrement d'une marque de commerce à l'égard de produits ou services si elle emploie ou projette d'employer — et a droit d'employer — la marque de commerce au Canada en liaison avec ces produits ou services.

Contenu de la demande

(2) La demande contient :

a) un état, dressé dans les termes ordinaires du

goods or services in association with which the trademark is used or proposed to be used;

commerce, des produits ou services en liaison avec lesquels la marque de commerce est employée ou en liaison avec lesquels on projette de l'employer;

(b) in the case of a certification mark, particulars of the defined standard that the use of the certification mark is intended to indicate and a statement that the applicant is not engaged in the manufacture, sale, leasing or hiring of goods or the performance of services such as those in association with which the certification mark is used or proposed to be used;

b) dans le cas d'une marque de certification, les détails de la norme définie que son emploi est destiné à indiquer et une déclaration portant que le requérant ne se livre pas à la fabrication, à la vente, à la location à bail ou au louage de produits ni à l'exécution de services, tels que ceux en liaison avec lesquels elle est employée ou en liaison avec lesquels on projette de l'employer;

(c) a representation or description, or both, that permits the trademark to be clearly defined and that complies with any prescribed requirements; and

c) une représentation, une description ou une combinaison des deux qui permettent de définir clairement la marque de commerce et qui sont conformes à toute exigence prescrite;

(d) any prescribed information or statement.

d) toute déclaration ou tout renseignement prescrits.

II. Background

[6] The Applicant has used its UFW registered trademark in Canada since the 1980s in the marketing and sale of its Underoos® line of children's underwear. The clothing line includes top and bottom sets and t-shirts marketed to children and adults, featuring characters from popular

entertainment media (DC and Marvel comics (superheroes like Captain America and Spiderman) as well as such characters as Harry Potter). The marketing for the adult merchandise under this trademark is sometimes more sexually suggestive – one would hope.

[7] The Respondent's trademark application for FR is decidedly more sexually directed. First among the long list of goods to which the trademark applies is contraceptive preparation and substances. It ranges through a cornucopia of sexual products like creams, gels, performance enhancers, but also includes scientific, nautical and surveying goods, data processing equipment, mobile telephones, condoms, etc. It finally concludes with clothing, t-shirts, underwear, nightwear and costumes for use in sexual role playing as well as other apparel.

[8] The Applicant's Statement of Opposition to FR was based on registrability, entitlement and distinctiveness all turning on the likelihood of confusion between the two marks.

[9] The Applicant's evidence before the Registrar was contained in its Vice President's affidavit [1st Dooley Affidavit] attesting to the use of the UFW mark in Canada including images of the products sold and list of sales over a nine-month period. The Respondent was not represented at the hearing but filed evidence of a senior counsel stating that FR is intended to be used as a sub-brand of the DUREX brand of sexual wellbeing products and evidence of third party websites allegedly offering clothing products in Canada using "FUN-formative terms" or the terms "fun to wear".

[10] In the Registrar's decision, it found, in terms of confusion, that UFW possessed a limited degree of distinctiveness based upon its association with underwear and its status as a slogan. It also found FR to be slightly more distinct because it was a coined word but the distinctiveness is only slightly greater because the phrase is fairly suggestive of underwear. It also found that the Applicant had only established limited use of the UFW trademark because of the narrow sales information presented.

[11] The Registrar found some direct overlap in the goods, and some overlap in the channels of trade. While the Registrar recognized the Respondent intended to use its trademark in respect of the DUREX brand, no such restriction appeared in the statement of goods.

[12] Ultimately, having considered these and other s 6(5) factors, the Registrar concluded that the Respondent had met its onus to show that on a balance of probabilities, there is no reasonable likelihood of confusion between the two trademarks in issue. The Registrar had particular regard for the difference between the trademarks in appearance and sound, the limited inherent distinctiveness of the Applicant's trademark, and the limited evidence of acquired distinctiveness and length of time in use of the Applicant's trademark.

[13] The Applicant's assertion that the Respondent was not the person entitled to use the FR trademark due to confusion with the Applicant's trademark was dismissed because the Applicant had not shown any trade name use of UFW in Canada prior to the priority filing date claimed.

[14] The s 2 (**distinctive**, in relation to a trademark, describes a trademark that actually distinguishes the goods or services in association with which it is used by its owner from the goods or services of others or that is adapted so to distinguish them) argument on distinctiveness was dismissed because the Applicant had not shown that as of the opposition filing date, the Applicant's trademark had become sufficiently known in Canada to negate the Respondent's trademark's distinctiveness.

[15] Finally, on the matter of s 30 requirements, the Registrar concluded that the Applicant had failed to adduce evidence as argument that the Respondent did not set out its statement of goods properly and had used the trademark in Canada with its goods prior to the application filing date (had no intention to use the trademark). There was no evidence of bad faith or that the Respondent's use of the trademark would violate federal law.

[16] In an effort to clear up the evidentiary gaps in its case, the Applicant appealed the Registrar's decision and filed a 2nd Dooley Affidavit with evidence of sales in Canada related to UFW, evidence of its promotion and advertising expenses from 1980 to the present. The affidavit dealt with history, reputation, distinctiveness, use and the nature of goods and trade and their overlap.

[17] The affidavit asserts that the trademark has become synonymous with its Underoos® underwear and that the Applicant has launched an adult line of Underoos® underwear.

[18] Again, in an attempt to backfill their inadequate record before the Registrar, the Applicant produced sales figures, both for Canada and the USA as well as promotional expenses.

[19] All of the Applicant's evidence has gone unchallenged and it relies on this new evidence to support its appeal.

III. Analysis

A. *Standard of Review*

[20] I adopt Justice Fuhrer's analysis in *Arterra Wines Canada, Inc v Diageo North America, Inc*, 2020 FC 508 [*Arterra*], of the standard of review on an appeal from the Registrar taking into account the Supreme Court of Canada's decision in *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [*Vavilov*]. As recognized, this is a statutory appeal governed by the standard of correctness for issues of law as per *Housen v Nikolaisen*, 2002 SCC 33 at para 8 [*Housen*], and on the standard of palpable and overriding error for facts and matters of mixed law and fact (*Housen* at paras 10, 19, 26-37).

[21] It is noteworthy, as observed by Justice Fuhrer, that *Vavilov* did not displace (nor address) the previous jurisprudence regarding new evidence filed with this Court on appeal from a decision of the Registrar, a feature somewhat unique to these types of appeals. If the new evidence is considered material to an issue, this Court must consider the outcome of that relevant issue *de novo* or on a correctness basis (see *Arterra* at para 28).

[22] Section 5(5) of the Act permits an appellant to file new evidence in this Court that was not before the Registrar. If such new evidence is sufficiently substantial and significant, it will trigger a *de novo* review – *Arterra* at para 29, citing *Scott Paper Limited v Georgia-Pacific Consumer Products LP*, 2010 FC 478.

[23] As Justice Fuhrer also correctly noted in *Obsidian Group Inc v Canada (Attorney General)*, 2020 FC 586, the Court must assess the nature, significance, probative value and reliability of the new evidence in the context of the record (at paras 27, 29).

[24] The new evidence does not necessarily have to show that the Registrar’s decision would have been different if the Registrar had the new evidence, it need only be such that it would have or shall have had an effect on the Registrar’s decision.

[25] As noted in *Au-Yeung v Taste of BC Fine Foods Ltd*, 2017 FC 299 at para 23, the new evidence must fill a gap or remedy a deficiency in the original decision.

B. *Materiality*

[26] In my view, the 2nd Dooley Affidavit addresses all or nearly all of the evidentiary deficiencies identified by the Registrar. The Registrar’s decision was based on factual deficiency. No one could suggest that the Applicant put its “best foot forward” in respect of the evidence it submitted. Whether this was a tactical decision or not, it left the Applicant’s trademark application exposed.

[27] The 2nd Dooley Affidavit cures the defects in the Applicant's original material. If this affidavit would not have had a material effect on the Registrar's decision, it is difficult to think of what evidence would have.

[28] The new evidence addresses the issue of confusion and shows that there is a greater degree of resemblance between the competing trademarks than recognized by the Registrar. The Registrar took a limited view of distinctiveness because it focused on the phrases used and not on the trademark's use since the 1980s.

[29] The new evidence shows a greater likelihood of confusion because the Applicant's trademark acquired distinctiveness based on use in Canada, became known by longstanding use and was sold through channels of trade which overlapped those used by the Respondent. There was new evidence of channels of trade such as Amazon and Walmart.

[30] There was insufficient evidence that FR had acquired distinctiveness. However, contrary to the Registrar's conclusion of UFW not being sold or no evidence thereof, the new evidence shows sales exceeding \$1 million.

C. *Review*

[31] In my view, this new evidence is sufficiently material as to justify a *de novo* review by this Court.

[32] For many of the reasons referred to above, the new evidence establishes that UFW has acquired the alleged distinctiveness; the channels of trade overlap which favours the Applicant and the degree of reasonableness is particularly striking when one looks at and pronounces quickly “Fun to Wear” and “Fundawear”. The Registrar did not compare this most clear similarity.

[33] The surrounding circumstances have little bearing on the results. The Respondent tends to use the goods in association with DUREX and there is little evidence that the Respondent is likely to use its mark in Canada.

[34] Focussing the Court’s review and distilling the submissions to their most pertinent, the resemblance between the trademarks is usually the sub-factor on which the s 6(5) analysis turns. That resemblance is not based on the studied perceptions of counsel or the Court, but on the casual consumer somewhat in a hurry and having an imperfect recollection of the original trademark. This is a real world test based on the common sense of the common person. In my view, such a person (or persons) could mistakenly believe that the source of a UFW product is the same as a FR product.

[35] On the last matter, s 30, particularly (3), this subparagraph has disappeared from the Act as a distinct item and is subsumed in s 30. The Applicant put in no new evidence on this matter and therefore usually deference is owed to the Registrar.

[36] However, given the other difficulties with the Registrar's consideration (not entirely the responsibility of the Registrar), I am not prepared to defer. In the end result, nothing turns on this issue and it has no effect on the decision.

IV. Conclusion

[37] For all these reasons, this appeal will be allowed and the Registrar will be directed to refuse the Respondent's trademark application. As this appeal was necessary largely because of the Applicant's deficient record before the Registrar in the first instances, no costs will be awarded.

JUDGMENT in T-754-21

THIS COURT ORDERS AND ADJUDGES that:

- a) the decision of the Registrar of Trademarks [Registrar] dated March 1, 2021, rejecting the opposition to application No 1,649,383 [the Application] for the trademark FUNDAWEAR is set aside;
- b) the appeal of the Registrar's decision is granted;
- c) the Registrar is directed to refuse the Application; and
- d) no costs are awarded.

"Michael L. Phelan"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-754-21

STYLE OF CAUSE: FRUIT OF THE LOOM, INC v LRC PRODUCTS LIMITED

PLACE OF HEARING: HELD BY VIDEOCONFERENCE

DATE OF HEARING: FEBRUARY 2, 2022

JUDGMENT AND REASONS: PHELAN J.

DATED: FEBRUARY 18, 2022

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