



LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADE-MARKS

Citation: 2013 TMOB 5
Date of Decision: 2013-01-08

**IN THE MATTER OF AN OPPOSITION
by Vincor International Inc. to
application No. 1,374,988 for the trade-
mark CHARDONAKED in the name of
Meyer Family Vineyards Inc.**

[1] On December 6, 2007, Meyer Family Vineyards Inc. (the Applicant) filed an application to register the trade-mark CHARDONAKED (the Mark) based on proposed use of the Mark in Canada in association with wine and wine coolers. The application was advertised for opposition purposes in the *Trade-marks Journal* of August 13, 2008.

[2] On November 21, 2008, Vincor International Inc. (the Opponent) filed a statement of opposition against the application for the Mark. The Applicant filed and served a counter statement in which it denied the Opponent's allegations.

[3] In support of its opposition, the Opponent filed an affidavit of its Marketing Director, Michael Tutt.

[4] In support of its application, the Applicant filed affidavits of James Cluer (a Wine Master), John Meyer (the Applicant's President) and Kathryn Stewart-Tiralongo (a technical consultant employed by the Applicant's agent). The Opponent cross-examined each of these affiants and the transcripts have been filed.

[5] Both parties filed a written argument and participated in an oral hearing.

Grounds of Opposition

[6] The grounds of opposition pleaded by the Opponent pursuant to the *Trade-marks Act*, RSC 1985, c T-13 (the Act) are summarized below:

1. contrary to section 30(e), the Applicant does not itself intend to use the Mark in Canada;
2. contrary to section 30(i), the Applicant could not have been satisfied that it was entitled to use the Mark in association with wine and wine coolers because the Applicant has known that the trade-marks NAKED GRAPE and NAKED GRAPE & Design were the subject of earlier filed applications by the Opponent (Nos. 1,246,915 and 1,364,214) and resulting registrations No. TMA659,543 and TMA720,829 and used in association with wine;
3. contrary to section 12(1)(d), the Mark is confusing with the Opponent's registered trade-marks NAKED GRAPE and NAKED GRAPE & Design (Nos. TMA659,543 and TMA720,829);
4. contrary to section 16(3)(a), at the filing date, the Applicant was not the person entitled to registration of the Mark because the Mark was confusing with the Opponent's trade-marks NAKED GRAPE and NAKED GRAPE & Design, which had been previously used and made known in Canada in association with wines;
5. contrary to section 2, the Mark is not distinctive and is not adapted to distinguish the wares of the Applicant from the wares of the Opponent.

Onus and Material Dates

[7] The Applicant bears the legal onus of establishing, on a balance of probabilities, that its application complies with the requirements of the Act. However, there is an initial evidential burden on the Opponent to adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exist [see *John Labatt Limited v The Molson Companies Limited* (1990), 30 CPR (3d) 293 (FCTD) at 298].

[8] The material dates for assessing each of the grounds of opposition are as follows:

- section 30 - the date of filing of the application [*Georgia-Pacific Corp v Scott Paper Ltd* (1984), 3 CPR (3d) 469 (TMOB) at 475];
- section 12(1)(d) – today's date [*Park Avenue Furniture Corporation v*

Wickes/Simmons Bedding Ltd and The Registrar of Trade Marks (1991), 37 CPR (3d) 413 (FCA)];

- section 16(3)(a) – the date of filing of the application;

- section 2 - the date of filing of the opposition [*Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* (2004), 34 CPR (4th) 317 (FC)].

Preliminary Comment re Mr. Cluer's Evidence

[9] Mr. Cluer's credentials appear to qualify him as a wine expert; he is a Master of Wine, operates wine schools, provides consumers with advice on buying wine, and consults to the wine industry. He acted as a consultant for the Applicant starting in December 2005 and was working for the Applicant, running the winery, from about 2005-2009. He was there when the name CHARDONAKED was proposed and he encouraged the Applicant to apply to register it as a trade-mark. Given his close relationship with the Applicant, I do not accept Mr. Cluer as an independent witness. I reach this conclusion despite the fact that Mr. Cluer mentioned during cross-examination that he has also done some undisclosed work for the Opponent indirectly through a client.

Section 30(e) Ground of Opposition

[10] The Opponent has made no submissions in support of this ground of opposition. The Applicant has submitted that the ground should be dismissed on the basis that there is nothing in the evidence that satisfies the Opponent's initial onus, and I agree.

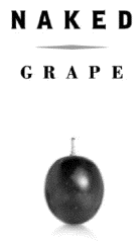
Section 30(i) Ground of Opposition

[11] Where an applicant has provided the statement required by section 30(i), such a ground should only succeed in exceptional cases such as where there is evidence of bad faith on the part of the applicant [see *Sapodilla Co Ltd v Bristol-Myers Co* (1974), 15 CPR (2d) 152 (TMOB) at 155]. The Applicant has provided the required statement and the Opponent did not plead or argue that this is an exceptional case. Therefore, the section 30(i) ground is dismissed.

Section 12(1)(d) Ground of Opposition

[12] The Opponent's initial burden has been satisfied with respect to its section 12(1)(d) ground of opposition because the registrations for NAKED GRAPE and NAKED GRAPE & Design (Nos. TMA659,543 and TMA720,829) are extant. I note that the owner of the registrations is currently identified as Constellation Brands Canada, Inc., pursuant to a change of name.

[13] The Opponent's NAKED GRAPE & Design mark is shown below:



[14] The Opponent's design mark is registered for wine whereas its word mark is registered for wines, wine spritzers and icewine. The right to the exclusive use of the word GRAPE has been disclaimed in the registration for the word mark.

[15] The Opponent's case is arguably stronger based on its word mark than on its design mark and I shall therefore focus my discussion on the likelihood of confusion between NAKED GRAPE and CHARDONAKED.

[16] Section 6(2) of the Act indicates that use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

[17] The test for confusion is one of first impression and imperfect recollection. In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in section 6(5) of the Act, namely: (a) the inherent distinctiveness of the trade-marks and the extent to which they have become known; (b) the

length of time each has been in use; (c) the nature of the wares, services or business; (d) the nature of the trade; and (e) the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them. These enumerated factors need not be attributed equal weight. [See, in general, *Mattel, Inc v 3894207 Canada Inc* (2006), 49 CPR (4th) 321 (SCC), *Veuve Cliquot Ponsardin v Boutiques Cliquot Ltée* (2006), 49 CPR (4th) 401 (SCC) and *Masterpiece Inc v Alavida Lifestyles Inc* (2011), 92 CPR (4th) 361 (SCC).]

the inherent distinctiveness of the marks

[18] Both parties' marks are inherently distinctive.

[19] According to Mr. Meyer, the Applicant chose the Mark because it was "looking for a fun and memorable name that would be a play on the word 'chardonnay'."

[20] Both Mr. Meyer and Mr. Cluer provide evidence concerning the meaning of "naked" in the wine industry, presumably to downplay the distinctiveness of that portion of the two marks.

[21] Mr. Meyer has provided evidence that he categorizes as relating to the common use of the word "naked" in the wine industry at paragraphs 7-43 of his affidavit. He provides items from the Internet, dating from 2003 onward, that use the word "naked" in association with wine as a reference to i) wine made without oak, ii) wine without malolactic/secondary fermentation or iii) wine made from grapes grown organically or using organic practices. None of the websites are .ca websites and there is no evidence that Canadians have accessed them. In fact, Mr. Meyer admitted during cross-examination that he did not have knowledge of most of the websites before they were provided to him by his lawyer for the purpose of his affidavit [Question 78].

[22] The Opponent pointed out that many of the articles introduced by Mr. Meyer provide an explanation of what they are referring to when they use the word "naked" in association with wines, indicating that they did not expect their readers to understand how such word relates to wine.

[23] Mr. Cluer has taught wine courses to over 1500 students and attested during cross-examination that most people who take the wine courses "are familiar with the term 'naked' and its significance with regards to chardonnay" [Question 55]. Mr. Cluer stated at paragraphs 11 and

13 of his affidavit (which was signed in October 2009), “The term ‘naked’ has, for several years, been used in the wine industry by the trade and consumers to describe an ‘unoaked’ wine, namely a wine that is not aged in oak barrels...I have seen the term ‘naked’ or ‘naked chardonnay’ used on several occasions by producers, writers and consumers to describe an unoaked wine, particularly an unoaked chardonnay”; however he has not provided any documentary evidence in support of these statements and it is not clear that he is referring to Canada. During cross-examination, he stated that he has never heard of the term “naked” being used to describe an organically grown grape (despite Mr. Meyer’s evidence of this meaning) and is not familiar with many of the websites that were introduced in Mr. Meyer’s exhibits.

[24] The foregoing evidence does not convince me that the average Canadian would respond to “naked” as having a special meaning with respect to wine.

the extent to which each mark has become known

[25] A mark’s distinctiveness may be increased through use and promotion.

[26] The Applicant’s application was filed based on proposed use and there is no evidence that the Mark has been used or promoted to date. In contrast, there has been significant use and promotion of the Opponent’s mark.

[27] The Opponent’s sales with respect to its NAKED GRAPE wines have been as follows:

<u>Fiscal year</u>	<u>No. of 9 litre cases of wines</u>	<u>Net sales</u>
2009	450,000	\$20,000,000
2008	325,000	\$16,500,000
2007	170,000	\$8,500,000

[28] The Opponent has advertised its mark through television commercials, printed publications, calendars, contests, point of sale materials and consumer shows/events. Sums spent advertising and promoting wines sold under the NAKED GRAPE mark exceeded the following: 2009 - \$1,800,000; 2008 - \$1,300,000; 2007 - \$800,000.

[29] I note that the Opponent's labels and advertisements generally indicate that the product is an unoaked wine (e.g. a label will display NAKED GRAPE at the top and UNOAKED PINOT GRIGIO below) and often make playful references to the image of a "naked grape", for example by use of the slogan "it takes confidence to go unoaked".

the length of time the marks have been in use

[30] The Opponent's mark has been used since 2005, whereas the Mark has not yet been used.

the nature of the wares, services, business and trade

[31] The parties' wares overlap in that both parties sell wine or wine-based beverages. Although the Opponent does not sell wine coolers in association with its NAKED GRAPE marks, it does sell wine coolers under another trade-mark. The Opponent has provided evidence of use of its mark in association with both wine and wine spritzers. I note that The *Oxford Canadian Dictionary* defines wine cooler as "a drink of wine, soda water, and fruit flavours..." and spritzer as "a mixture of wine and soda water".

[32] As of May 2009, when Mr. Tutt signed his affidavit, the Opponent was using NAKED GRAPE in association with eight types of wine (including chardonnay) and two types of wine spritzers (including chardonnay wine spritzer).

[33] The Applicant is a family-owned vineyard in British Columbia that was incorporated in 2006. Since that time, it has produced approximately 600 cases of chardonnay wines which it has sold under the names MICRO CUVÉE and TRIBUTE SERIES for approximately \$30-65 per bottle. (Mr. Meyer mentions that there is a price point difference between the parties' wares but I do not consider that to be a significant factor when assessing the likelihood of confusion in this case.) The Applicant sells its wines through on-line purchases from its website, direct cellar door sales, direct sales to restaurants and private wine stores, as well as through a distributor.

[34] According to Mr. Tutt, the Opponent is Canada's largest producer, marketer and distributor of wine. It carries on business under the business names Vincor Canada and Naked Grape Wines, among others. The Opponent's products are sold across Canada through

government liquor control boards, licensed establishments, grocery stores (in Quebec), over the Internet (in Ontario) and through company operated stores (in Ontario).

[35] Mr. Meyer states, “I believe that it is very unlikely that our CHARDONAKED wine would be sold in the same store or restaurant as Vincor’s NAKED GRAPE wine since: (a) we sell only to high end specialty wine stores and restaurants; and (b) our distributor does not carry any domestic wines other than our wines.” However, the Applicant’s application does not restrict its sales to any channels of trade.

[36] Although there are currently some small differences between the parties’ channels of trade, these are not significant since both parties would be entitled to sell their wines wherever it is legal to sell wines in Canada.

the degree of resemblance between the marks

[37] The marks should be assessed in their entirety but it is still acceptable to “focus on a particular feature of the mark that may have a determinative influence on the public's perception of it” [*United Artists Corp v Pink Panther Beauty Corp* (1998), 80 CPR (3d) 247 (FCA) at 263]. In *Masterpiece*, the Supreme Court of Canada opined that the preferable approach when comparing marks is to begin by determining whether there is an aspect of the trade-mark that is particularly striking or unique.

[38] In the present case, the word “naked” is the most striking or unique component of both parties’ marks. The word “grape” or the play on the word “chardonnay” would be recognized by even an unsophisticated wine consumer as related to wine. At the oral hearing, the Applicant submitted that the first impression given by the word “naked” is playful and that the second impression would be that nothing has been added. Regardless of the meaning that one attributes to the word “naked”, its inclusion in both marks results in there being a resemblance in the ideas that they suggest. Clearly there are differences between the marks in appearance and in sound, but there is nevertheless a fair resemblance between the marks when considered as a whole as a result of the common word “naked”.

other surrounding circumstances

[39] The Applicant has introduced evidence of the state of the register through the Stewart-Tiralongo affidavit. State of the register evidence is only relevant insofar as one can make inferences from it about the state of the marketplace, and inferences about the state of the marketplace can only be drawn where large numbers of relevant registrations are located [*Ports International Ltd v Dunlop Ltd* (1992), 41 CPR (3d) 432; *Del Monte Corporation v Welch Foods Inc* (1992), 44 CPR (3d) 205 (FCTD); *Kellogg Salada Canada Inc v Maximum Nutrition Ltd* (1992), 43 CPR (3d) 349 (FCA)].

[40] Ms. Stewart-Tiralongo has cast her net broadly, reporting on marks that include the word “naked” in various product categories. The Applicant submits that the co-existence of NAKED marks in other categories supports a conclusion that NAKED marks can co-exist in the alcoholic beverages category, but I disagree. The searches reveal that the only NAKED marks registered in association with wine are those of the Opponent. It is true that pending applications were found for NAKED EARTH wines and THREE OLIVES NAKED alcoholic beverages, but no meaningful inference can be drawn about the marketplace based on two pending applications.

[41] Mr. Meyer has also provided some evidence of others using the word “naked” in names of wines or wineries, such as Naked Winery, but this evidence does not show that these names/marks have been used in Canada.

[42] The Opponent has referred to the recent opposition decision *Vincor International Inc v Proximo Spirits, Inc*, 2012 TMOB 44, where it successfully opposed an application to register the trade-mark THREE OLIVES NAKED for alcoholic beverages namely, vodka; premixed alcoholic cocktails. Although that opposition was based on the likelihood of confusion with the Opponent’s NAKED GRAPE marks, the case is distinguishable on several bases, including the fact that there the applicant elected to not file any evidence in support of its application.

conclusion

[43] Having considered all of the surrounding circumstances, I find that the Applicant has not met its legal burden; on a balance of probabilities, confusion is likely between the marks. There

is no evidence that others use NAKED in Canada as part of a trade-mark in the wine industry. Although there is evidence that in Canada a wine master and his students understand “naked” to mean “unoaked”, there is no evidence that “naked” is used in Canada in association with wines, other than the Opponent’s wines, no evidence of Canadian publications that use the word “naked” in reference to wines, and no evidence that the average Canadian consumer of wine understands “naked” to have a meaning with respect to wine. In these circumstances, and given that the Opponent’s mark has acquired some distinctiveness and the Applicant’s Mark has not yet been used, I find that the resemblance between the marks is sufficient to make confusion likely. As stated by the Supreme Court in *Veuve Cliquot*, “The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the [mark] at a time when he or she has no more than an imperfect recollection of the [prior trade-mark], and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.” A casual consumer with an imperfect recollection of NAKED GRAPE wine, upon seeing CHARDONAKED wine would as a matter of first impression be reasonably likely to think that the two wines share a common source.

[44] The Applicant’s evidence and submissions have not led me to conclude that the balance of probabilities weighs in its favour. Therefore, this ground of opposition succeeds.

Section 2 and 16(3)(a) Grounds of Opposition

[45] In order to meet its initial burden with respect to the section 2 ground of opposition, the Opponent was obliged to evidence that one of its marks was known to some extent as of November 21, 2008 [see *Motel 6, Inc v No 6 Motel Ltd* (1981), 56 CPR (2d) 44 (FCTD) and *Bojangles’ International LLC v Bojangles Café Ltd* (2006), 48 CPR (4th) 427 (FC)]. Mr. Tutt’s evidence satisfies the Opponent’s initial burden.

[46] In order to meet its initial burden with respect to the section 16(3)(a) ground of opposition, the Opponent was obliged to evidence that it had used its mark(s) in Canada prior to December 6, 2007 and had not abandoned such use as of August 13, 2008 [section 16(5)]. Mr. Tutt’s evidence does this.

[47] In the circumstances of this case, the date at which the issue of confusion is determined does not change the result of my analysis. Therefore, both the section 2 and 16 grounds of opposition succeed for reasons similar to those set out with respect to the section 12(1)(d) ground of opposition.

Disposition

[48] Pursuant to the authority delegated to me under section 63(3) of the Act, I refuse the application, pursuant to section 38(8) of the Act.

Jill W. Bradbury
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office