

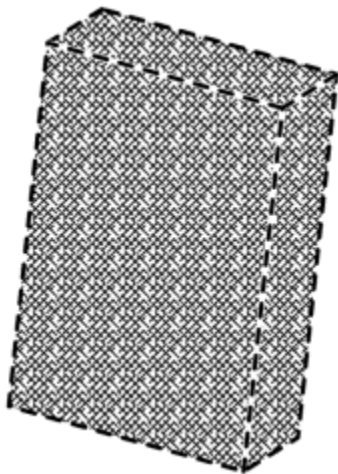


LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADE-MARKS

Citation: 2012 TMOB 117
Date of Decision: 2012-05-31

**IN THE MATTER OF AN OPPOSITION
by JTI-Macdonald TM Corp. to
application No. 1,317,128 for the trade-
mark ORANGE PACKAGE DESIGN in
the name of Imperial Tobacco Products
Limited**

[1] On September 19, 2006, Imperial Tobacco Products Limited (the Applicant) filed an application for the trade-mark ORANGE PACKAGE DESIGN (shown below) based upon use of the trade-mark in Canada since April 10, 2006. The applied for wares, as amended, are: manufactured tobacco products, namely cigarettes. The application was advertised for opposition purposes in the *Trade-marks Journal* of March 14, 2007. The Mark as advertised is 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.

[2] JTI-Macdonald TM Corp. (the Opponent) filed a statement of opposition against the application on August 14, 2007. The grounds of opposition, as pleaded, are reproduced below:

3. (a) Pursuant to paragraph 38(2)(a), the Application does not comply with the requirements of Section 30 in that:

(i) the Applicant has not used the Design (the Mark) in Canada since the date claimed in the Application;

(ii) the Applicant has not used the Design in Canada as a trade-mark, within the meaning of Section 2 of the *Trade-Marks Act*, R.S.C. 1985, c. T-13 (the Act); and

(b) Pursuant to paragraph 38(2)(b), the Design is not registrable on the grounds that the Design is:

(i) in the form of a “distinguishing guise” within the meaning set out in Section 2 of the Act and has not been used by the Applicant as to have become distinctive, as at the date of filing of the Application, as required by paragraph 13(1)(a) of the Act as a precondition of registrability; and

(ii) any grant to the Applicant of exclusivity in the use of the Design is likely to unreasonably limit the development of the industry, more particularly the production, marketing and sale of manufactured products in Canada.

(c) Pursuant to paragraph 38(2)(d), the Design is not distinctive, within the meaning of Section 2, by reason of the fact that the Design is not adapted to distinguish and does not actually distinguish any wares in association

with which it may be used by the Applicant from the wares or services of others.

[3] The Applicant filed and served a counter statement in each opposition in which it denied the Opponent's allegations.

[4] In support of its opposition, the Opponent filed the affidavits of Richard Sue (Manager, Scenario Planning and Forecasting of the Opponent), Michael Bower (Sales Analysis and Administrative Manager for the Western Region of the Opponent), Kevin Tanton (Director of Field Operations for the Central Region of the Opponent), Pierre Fortin (Sales Analysis and Administrative Manager for the Eastern Region of the Opponent), and Chantal Dyal (Portfolio Brand and Trade Strategy – Prestige, Premium and Sub-Premium Manager for the Opponent). The Applicant filed the affidavits of David Bussey (Director, Marketing Strategy of Imperial Tobacco Products Limited), Jayson B. Dinelle (law clerk employed with the Applicant's agent), and Gay Owens (trade-mark searcher employed with the agents for the Opponent). The Opponent obtained an order for the cross-examination of Mr. Bussey and a copy of the transcript of the cross-examination has been made of record.

[5] By letter dated April 16, 2011, the Opponent filed Mr. Bussey's answer to the undertaking provided at p. 11 of the transcript. The Opponent explained that this answer was not filed earlier by the Opponent by reason of inadvertence. I confirm that this written answer to the undertaking is now part of the record. It has also been noted that, given the nature of the answer provided by Mr. Bussey, the Opponent has stated in its letter dated April 16, 2011, that it would not be pursuing the argument that the Mark is not distinctive because of unlicensed use by a third party.

[6] Each party filed a written argument.

[7] An oral hearing was held in which both parties were ably represented.

Summary of Evidence

Opponent's Evidence

[8] The Opponent is the manufacturer and distributor of cigarettes, cigars and other tobacco products. Mr. Sue, as Manager, Scenario Planning and Forecasting for the Opponent, states that he is responsible for preparing sales forecasts, conducting market analysis, administering the Opponent's sales data, preparing detailed forecasts for strategic planning and gathering and analyzing sales data from retailers, wholesalers and third party service providers.

[9] Mr. Sue explains that some wholesalers and retailers voluntarily provide the Opponent with data related to sales volumes of all tobacco products they sell, including products of third parties. Sales data is provided to the Opponent directly from wholesalers and retailers and is inputted by the Opponent's employees into an internal database on a weekly basis. This database is one of the business records of the Opponent.

[10] Mr. Sue provides information concerning the use of colour by the Opponent and others in the parties' field. In this regard, Mr. Sue provides sales data for the following products:

- Amphora Mellow Blend Tobacco
- Bullseye Cigarillos (Peach)
- Hav-A-Tampa Jewels Cigars
- Honey Time (Peach)
- Mini by Colts (peach) – (sales data for which was only provided for the last 9 weeks of 2007 or later)
- Twinkle Kwiki Cigarillos (Peach)

Attached as Exhibits A – F to his affidavit are print outs of digital photos of each of the above products.

[11] Mr. Sue explains that the sales data for the products discussed in his affidavit was based on sales volume information provided by 131 wholesalers and retailers from across Canada, including wholesalers or retailers in every province except Prince Edward Island. He states that he has excluded the sales volume from retailers who purchase from wholesalers. He explains

that the particular wholesalers and retailers represent approximately 50% of retail outlets in Canada.

[12] Mr. Bower and Mr. Tanton were each asked to provide information about the prevalence of the tobacco and tobacco related products for which Mr. Sue provided sales data for, as well as for the following products in their respective regions (i.e. the Western Region of Canada and the Central Region of Canada):

- Brown Sugar Tobacco Wrapper
- Juicy Jay Cigarette Paper (Orange)
- Manta Cigarette Paper (Peach)
- Juicy Blunts Orange Overload
- Roll-N-Save Cigarette Tobacco Pouch
- Smoking Rolling Paper (orange)

[13] In addition to the all above noted products, Mr. Fortin was asked to provide information about the following additional products in the Eastern Region of Canada:

- Mini by Colts (Peach)
- Number 7 Brand Cigarettes
- Peter Jackson Brand Cigarettes

[14] Mr. Bower, Mr. Tanton and Mr. Fortin each asked trade-marketers in their region to identify if the product was offered for sale in his territory and to estimate how long the product had been offered for sale.

[15] While I agree with the Applicant that much of the Opponent's evidence is hearsay, I am prepared to give some weight to the Opponent's evidence because much of it satisfies the criteria of necessity and reliability. In my view, the evidence of Mr. Bower, Mr. Tanton and Mr. Fortin

supports the reliability of the sales data provided by Mr. Sue. Further, in view of the high number of tobacco and tobacco related wholesalers and retailers across Canada, I am satisfied that it was also necessary for Mr. Bower, Mr. Tanton and Mr. Fortin to acquire information about the tobacco and tobacco related products offered for sale in their region through their trade-marketers. Finally, while the sales data provided to the Opponent by wholesalers and retailers may not be the best evidence, I am satisfied that some weight should be given to it in view that Mr. Sue has explained that the database, which is updated on a weekly basis, is one of the Opponent's business records.

[16] The evidence of Ms. Dyal is that in October 2007, the Opponent launched MORE cigarettes in an orange package. Since its launch, the MORE product has been offered for sale in retail outlets in B.C., Alberta, Ontario, Quebec and New Brunswick and over 2.8 million MORE orange cigarette sticks (or 140,000 packages) have been sold in Canada. In the last quarter of 2007, the Opponent commenced a print advertising campaign for its MORE cigarettes. The campaign ran from December 2007 to January 2008, and was expected to generate 510,035 impressions (a term used in advertising to connote one expose to one advertisement). The advertisements appeared in Summum (French), Nightlife, Voir, Hour, Mirror and Ici. Circulation figures for these publications were not provided.

Applicant's Evidence

[17] Mr. Bussey explains that pursuant to a license agreement between the Applicant and Imperial Tobacco Canada Limited (ITCan), ITCan is licensed to use all of the Applicant's trade-marks in association with the manufacture and sale of tobacco products. Pursuant to this license, ITCan has manufactured the Peter Jackson family of cigarettes, including Peter Jackson "smooth flavour" cigarettes in Canada since at least as early as April 2006. The Peter Jackson family of cigarettes is marketed and sold in Canada by ITCan to cigarette retailers such as grocery stores, convenience stores, bars and gas stations, sometimes through wholesalers and sometimes through distributors including Imperial Tobacco Company Limited, which in turn sell the cigarettes to adult smokers.

[18] In April, 2006, ITCan launched the new Peter Jackson "Smooth Flavour" cigarettes. Peter Jackson "Smooth Flavour" cigarettes are sold to both retailers and adult smokers in an

orange package. Attached as Exhibit A to Mr. Bussey's affidavit are photographs of packages and a carton overwrap of Peter Jackson "Smooth Flavour" cigarettes which are representative examples of ITCan's use of the Mark in Canada.

[19] Mr. Bussey states at paragraph 7 of his affidavit that the use of the colour orange for the packaging of Peter Jackson "Smooth Flavour" cigarettes, and the primary use of the colour orange for promoting the Peter Jackson family of cigarettes was specifically chosen by the Applicant and ITCan because the colour orange was considered to be 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.

[20] Since the April 2006 launch of the new Peter Jackson "Smooth Flavour" cigarettes in association with the Mark and the launch of the new marketing campaign focussed on the colour orange, ITCan has sold approximately 25-30 million packs of Peter Jackson "Smooth Flavour" cigarettes in association with the Mark to cigarette retailers, distributors, and wholesalers in Canada, representing sales in excess of \$90 million CAD. Between April 2006 and August 14, 2007, ITCan sold approximately 9 – 11 million packs of Peter Jackson "Smooth Flavour" cigarettes in association with the Mark to cigarette retailers, distributors and wholesalers in Canada, representing sales in excess of \$34 million CAD. Attached as Exhibit B to Mr. Bussey's affidavit are copies of representative invoices of sales of Peter Jackson "Smooth Flavour" cigarettes sold in association with the Mark to various cigarette retailers in Canada.

[21] From April of 2006 to August 14, 2007, ITCan has spent in excess of \$3.5 million in promoting and advertising its new brand. Attached to Mr. Bussey's affidavit were examples of various types of advertising and promotional materials including communication materials, photographs of an ashtray, matchbook, and scratch and win pamphlet, and point of sale merchandising material. Distribution figures for these items were also provided.

[22] In its written argument, the Opponent highlighted the following admissions made by Mr. Bussey on cross-examination:

- The MORE cigarettes are sold in an "orange based package".

- Another third party, Philip Morris, is selling or offering for sale in Canada cigarettes in a predominantly orange package. This product was introduced in the marketplace in March 2008 and the Applicant has taken no action to enjoin the use of an orange package by Philip Morris.
- Another third party, Lanwest, was offering PODIUM Smooth Flavour cigarettes in an orange package in Canada from July 2007.

[23] Mr. Dinelle attaches to his affidavit a copy of the December 6, 2000 Practice Notice entitled “Three-dimensional Marks, Publication Date” that he located on the CIPO website.

[24] Ms. Owens attached to her affidavit about 10 trade-mark registrations for various colour marks for various wares which she printed from the CDName Search Corp system on July 29, 2009.

Onus

[25] 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 Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 (FCTD) at 298].

Section 30 Grounds

[26] The Opponent has pleaded two grounds of opposition under s. 30 of the Act. The material date with respect to s. 30 is the filing date of the application [see *Georgia-Pacific Corp v Scott Paper Ltd* (1984), 3 CPR (3d) 469 at 475 (TMOB)].

[27] With respect to the ground of opposition denoted by 3. (a)(i) above, the evidential burden on the Opponent respecting the issue of the Applicant's non-compliance with s. 30(b) of the Act is a light one [see *Tune Masters v Mr. P's Mastertune Ignition Services Ltd* (1986), 10 CPR (3d) 84 (TMHO) at p. 89]. Further, the Opponent may rely upon the Applicant's evidence to meet its evidential burden in relation to this ground. In such a case, however, the Opponent must show

that the Applicant's evidence is "clearly" inconsistent with the Applicant's claims set forth in its application.

[28] In the present case, the Opponent relies on the Applicant's evidence to satisfy its initial burden. In this regard, the Opponent submits that the evidence set out in the Bussey affidavit does not establish that the Mark has been used in Canada in association with the wares. The Opponent argues that the application claims that the Mark consists of the colour orange applied to the visible surface of the particular packaging box and does not include any word matter, any other design elements or any adornments of any kind. The Opponent therefore submits that the evidence furnished does not show use of the Mark because the packaging attached to Mr. Bussey's affidavit includes the mark PETER JACKSON and a unicorn watermark. The Opponent further submits that the evidence shows that the Mark is not a consistent colour orange, but rather fades from darker to lighter.

[29] I am not satisfied that the Opponent has met its burden under this ground. In this regard, there is nothing in the Applicant's evidence that is clearly inconsistent with its claimed date of first use. The application as filed clearly sets out in dotted outline the surface of the particular package to which the colour orange is to be applied. The Applicant's evidence shows the colour orange on both the front, back and sides of its cigarette packages. While the Applicant's evidence also shows use of the marks PETER JACKSON and the unicorn design on its cigarette packages, it is well established that multiple trade-marks may be used together on the same product, including combinations of word and design trade-marks [see *AW Allen Ltd v Warner-Lambert Canada Inc* (1985), 6 CPR (3d) 270 at 272 (FCTD)]. Finally, s. 28 of the *Trade-mark Regulations* does not require an Applicant to identify the shade of colour being applied for. There is therefore nothing inconsistent with the fact that the Applicant may use the Mark in association with different shades of orange. This ground of opposition is therefore unsuccessful.

[30] With respect to the ground of opposition denoted by 3. (a)(ii) above, I note that the Opponent has not provided any facts to explain why the Mark is not a trade-mark. In its written argument, the Opponent submits that the Mark is not used on packaging for the wares or in any manner such that notice of the association between the Mark and the wares is given to consumers at the time of transfer of possession of the wares. The Opponent further submits that the colour

orange for cigarette packaging is an inherently extremely weak trade-mark and there is no evidence, either on the product packaging provided by the Applicant or on the marketing material attached to the Bussey affidavit that the Applicant has provided, or attempted to provide, notification to the public of its claim that the colour orange is its trade-mark. Absent such notice, especially in the context of other elements on the package, the colour orange is not functioning as a trade-mark but is ornamentation or design and therefore is not the proper subject matter of a trade-mark registration.

[31] In my view, the Opponent's pleading contravenes s. 38(3)(a) of the Act because this ground as pleaded was not set out in sufficient detail to enable the Applicant to reply thereto. Further, I do not consider that the evidence filed by the Opponent cures the deficiency in this ground [see *Novopharm Ltd v AstraZeneca AB et al* (2002), 21 CPR (4th) 289 (FCA)].

[32] If I am wrong in this regard, this part of this ground would have failed on the basis that the Opponent did not satisfy its initial evidential burden. There is no evidence here that the Applicant will be using the Mark for ornamental or decoration purposes, let alone only for such purposes. The evidence shows that the Applicant engaged in an extensive marketing campaign to communicate the availability of the Peter Jackson Smooth Flavour cigarettes to both cigarette retailers and adult smokers in Canada focusing on the colour orange and highlighting the orange package design. I agree with the Applicant that its evidence shows that the Mark has been used as a trade-mark in Canada for the express purpose of distinguishing its wares from those of its competitors. This ground is therefore unsuccessful.

Registrability Grounds

[33] The Opponent has pleaded under paragraph 3.(b)(i) of its statement of opposition that the Mark is not registrable because it is a distinguishing guise. In considering this issue, I had regard to the following comments of former Member Martin in *Simpson Strong-Tie Co. v. Peak Innovations Inc.* (2007), 62 CPR (4th) 390, aff'd 79 CPR (4th) 79 (F.C.) and 90 CPR (4th) 399 (FCA):

If the opponent is also asserting that the applicant's mark is not registrable because it is, in fact, a distinguishing guise and the applicant has not met the requirements of Sections 13 and 32 of the Act, the ground is also unsuccessful on that count. As noted, the *Smith*,

Kline & French decision establishes that the applicant's mark qualifies as an ordinary trade-mark.

Notwithstanding the foregoing, I sympathize with the opponent's position. Given the inherently weak nature of a trade-mark consisting solely of a color applied to the entire visible surface of an object, either such a mark should be considered to be a shaping of the wares and thus a distinguishing guise or the Act should have a provision akin to Section 12(2) or 13(1) to ensure that distinctiveness in fact is established before granting a registration. Furthermore, as discussed in the unreported opposition decision in *Novopharm Ltd. v. Hoffman-La Roche Ltd.* (S.N. 1,006,334; May 5, 2006) [reported at 55 C.P.R. (4th) 226] it would be preferable to require greater specificity regarding a trade-mark consisting of color in order to restrict the exclusive rights to be granted by any eventual registration.

[34] In the present case, I also sympathize with the Opponent with respect to its position on this issue for similar reasons as those set out above. However, the case law is against the Opponent. In general, the decision in *Smith, Kline & French Canada Ltd v Canada (Registrar of Trade-marks)*, [1987] 2 FC 633 (TD), forms the basis for the Canadian Intellectual Property Office's position that a trade-mark consisting only of one or more colours applied to the whole of the visible surface of a particular three-dimensional object is considered to be an ordinary trade-mark, not a distinguishing guise. This ground therefore fails.

[35] With respect to the ground of opposition denoted by paragraph 3(b)(ii), the Opponent has pleaded that, pursuant to s. 38(2)(b) the Mark is not registrable on the grounds that any grant to the Applicant of exclusivity in the use of the Mark is likely to unreasonably limit the development of the industry, more particularly the production, marketing and sale of manufactured tobacco products in Canada.

[36] I have interpreted this part of this ground as pleading that the Mark is not registrable because it contravenes s. 13(3) of the Act. In *Ipex Inc v Royal Group Technologies Limited dba Royal Pipe Company* (2009), 77 CPR (4th) 297 (TMOB), Member Bradbury held that s. 13(3) cannot form the basis of a ground of opposition under s. 38(2)(b) as it is directed to registrations, not applications, and does not refer to registrability. I agree. If I am wrong in this regard, then the Opponent's paragraph 3(b)(ii) ground of opposition would fail on the basis that the Opponent has not met its initial burden in respect thereof.

Distinctiveness Ground

[37] As for the distinctiveness ground of opposition, the material time for considering the circumstances respecting this issue is as of the filing of the opposition (i.e. August 14, 2007): see *Andres Wines Ltd v E & J Gallo Winery* (1975), 25 CPR (2d) 126 (FCA) at 130, and *Park Avenue Furniture Corp v Wickes/Simmons Bedding Ltd* (1991), 37 CPR (3d) 413 (FCA) at 424. The onus or legal burden is on the Applicant to show that the Mark is adapted to distinguish or actually distinguishes its wares from those of others throughout Canada [see *Muffin Houses Inc. v. Muffin House Bakery Ltd.* (1985), 4 CPR (3d) 272 (TMOB)]. Finally, there is an evidential burden on the Opponent to prove the allegations of fact in support of its ground of non-distinctiveness.

[38] In the present case, the Opponent must establish that the colour orange had been used on the packaging of tobacco products by third parties to such an extent and in such a manner that it has become known sufficiently to negate the distinctiveness of the Mark [*Motel 6, Inc v No 6 Motel Ltd* (1981), 56 CPR (2d) 44 (FCTD) at 58]. To put another way, the Opponent needs only to show that orange packages were common to the tobacco trade as of the material date [*Novopharm v Astra Aktiebolag* (2004), 36 CPR (4th) 158 at 174 (TMOB)]. The Opponent does not need to show that purchasers recognized the colour orange for tobacco packages as a trademark [*3M Co. v Tape Specialities Ltd* (2008), 70 CPR (4th) 138 (TMOB)].

[39] The Opponent's evidence of the sale in Canada of two cigarette products which arguably include a shade of the colour orange on their packaging (i.e. the Opponent's MORE cigarettes and Philip Morris' NUMBER 7 cigarettes) post dates the material date for this ground of opposition. In this regard, the Dyal affidavit indicates that the Opponent did not commence selling MORE cigarettes in Canada until October 2007. The only information regarding the NUMBER 7 cigarettes is that they were first sold in Canada in March, 2008 (Bussey cross-examination, q. 62-63). In view that this evidence does not pre-date the filing date of the statement of opposition, I consider it irrelevant to the issue of distinctiveness. I have also not considered Mr. Bussey's admission that another third party, Lanwest, was offering PODIUM Smooth Flavour cigarettes in an orange package from July 2007 to be relevant under this ground. In this regard, in the absence of sales figures or advertising expenses, it is not possible to determine the extent this mark has become known in Canada prior to the material date.

[40] With respect to the remaining evidence of the Opponent, as noted above, the Applicant objected to the Opponent's evidence regarding the sale of non-cigarette products on the basis that it was comprised exclusively of hearsay and double hearsay evidence. While it is acknowledged that the Fortin, Tanton, Bower and Sue affidavits comprise hearsay, I have given some weight to them in view that I consider this evidence to satisfy the requirements of necessity and reliability.

[41] The Applicant also argued that the Opponent's evidence is not relevant because it does not specifically pertain to cigarettes. In my view, since cigarettes, cigars, cigarillos and raw tobacco are all part of the tobacco industry, I consider the evidence of the non-cigarette wares to be relevant to this ground. In this regard, I think an analogy can be drawn between the tobacco industry and the alcoholic beverage industry. It has been held that wines, spirits and other alcoholic beverages such as beers and ales are all part of one industry, namely the liquor industry [*Carling Breweries Ltd v Registrar of Trade-marks* (1972), 8 CPR (2d) at 251]. I think the same can be said for tobacco products. There is also evidence in the present case that the parties wares could be sold in the same retail outlets, if not even side by side.

[42] Of the five third party tobacco products for which Mr. Sue provided sales data for prior to the material date, four of them refer to the word "peach" on their packaging. This suggests to me that this is the flavour consumers would associate with the ware. In my view, it follows that consumers would view the colour being used on the packaging as the colour peach as opposed to the colour orange.

[43] The two remaining products for which Mr. Sue provided sales data for prior to the relevant date included the Amphora Mellow Blend tobacco and the Hav-A-Tampa cigars. The Amphora Mellow Blend tobacco package is dark orange and brown in colour and the Hav-A-Tampa cigar package is white and orange, with other designs. The Amphora Mellow Blend tobacco sales data indicates that 7084 packages were sold in 2006 and 19,535 in 2007. The Hav-A-Tampa cigars sales data indicates that 38,675 packages were sold in 2006 and 40,864 in 2007.

[44] While the affidavits of Mr. Fortin, Mr. Tanton and Mr. Bower, attach several additional packages for tobacco products, the majority of these additional packages also refer to the word peach on their packaging. The exceptions include Juicy Jay Cigarette Paper (identified on its packaging as having an orange flavour), Juicy Blunts Orange Overload tobacco, and Smoking

rolling paper (identified as orange on the package). In any event, while each of these affiants were able to confirm that these tobacco products had been offered for sale in their region prior to the material date, there is no sales data provided for these products.

[45] In my view, while the Opponent did not need to show that the colour orange as applied to packaging was well known for tobacco products in Canada prior to the material date, the Opponent did need to show that the colour orange as applied to packaging had become known by third parties to such an extent and in such a manner that it had become sufficiently known to negate the distinctiveness of the Mark. The jurisprudence is not clear regarding the extent of sales or advertising the Opponent must provide to meet its burden in situations like the present case. The evidence shows sales of between 7,000 and 40,000 orange coloured packages for Amphora Mellow Blend tobacco and Have-A-Tampa cigars between 2006 and 2007. In my view, these sales figures appear to be relatively low, especially when compared to the 9-11 million of packages of the Applicant's product sold during the same time period. As I do not find that the Opponent has established that orange packages were common to the tobacco trade as of the material date, the Opponent has not met its evidential burden under this ground. This ground is therefore unsuccessful.

Disposition

[46] Pursuant to the authority delegated to me under section 63(3) of the Act, I reject the opposition pursuant to section 38(8) of the Act.

Cindy R. Folz
Member,
Trade-marks Opposition Board
Canadian Intellectual Property Office