

**IN THE MATTER OF AN OPPOSITION  
by Novartis AG and Novartis  
Pharmaceuticals Canada Inc. to application  
No. 1,161,529 for the trade-mark  
ARADERM filed by Arachnova Limited**

On December 11, 2002, Arachnova Limited (the “Applicant”) filed an application to register the trade-mark ARADERM (the “Mark”). The application is based upon proposed use of the Mark in Canada in association with pharmaceutical and veterinary preparations for the treatment of dermatitis and related dermatoses. It claims a convention priority filing date of July 11, 2002.

The application was advertised for opposition purposes in the Trade-marks Journal of January 21, 2004. On March 22, 2004, Novartis AG and Novartis Pharmaceuticals Canada Inc. (collectively the “Opponent”) filed a statement of opposition against the application.

The Applicant filed and served a counter statement in which it denied the Opponent’s allegations.

The Opponent’s evidence consists of the affidavit of Francois Bettez, the Product Manager for the ESTRADERM product of Novartis Pharmaceuticals Canada Inc.

The Applicant’s evidence consists of the affidavits of Donald Netolitzky (a student-at-law) and Raymond Titsing (an employee of Quantum Product Distribution Center Ltd.), plus a certified copy of the trade-mark file for application No. 531,363.

No cross-examinations were conducted.

Each party filed a written argument; an oral hearing was not requested.

**Onus**

The Applicant bears the legal onus of establishing, on a balance of probabilities, that its application complies with the requirements of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the

“Act”). There is however an initial 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 C.P.R. (3d) 293 (F.C.T.D.) at 298; *Dion Neckwear Ltd. v. Christian Dior, S.A. et al.* (2002), 20 C.P.R. (4th) 155 (F.C.A.).]

#### Section 12(1)(d) Ground of Opposition

The Opponent has pleaded that the Applicant’s Mark is not registrable pursuant to s. 12(1)(d) of the Act because the Mark is confusing with the trade-mark ESTRADERM registered in Canada under No. 333,773 for use in association with estradiol administered by means of a patch or bandage attached to the skin of humans.

The material date with respect to this ground of opposition is the date of my decision [see *Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. and The Registrar of Trade Marks* (1991), 37 C.P.R. (3d) 413 (F.C.A.)].

The Opponent has met its initial burden because the ESTRADERM registration is in good standing. (It is owned by Novartis Pharmaceuticals Canada Inc.)

#### *the test for confusion*

The test for confusion is one of first impression and imperfect recollection. 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. In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in s. 6(5) of the Act, namely: 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 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 or trade-names in appearance or sound or in the ideas suggested by them. These enumerated factors need not be attributed equal weight.

The Supreme Court of Canada has discussed the appropriate process for assessing all the surrounding circumstances to be considered in determining whether two trade-marks are confusing in the decisions in *Mattel, Inc. v. 3894207 Canada Inc.* (2006), 49 C.P.R. (4th) 321, [2006] 1 S.C.R. 772, and *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée et al* (2006), 49 C.P.R. (4th) 401, [2006] 1 S.C.R. 824.

It is with these general principles in mind that I shall now address the surrounding circumstances.

*s. 6(5)(a) - inherent distinctiveness of the trade-marks and the extent to which each trade-mark has become known*

ARADERM appears to be more inherently distinctive than ESTRADERM because ARA does not seem to relate to the Applicant's wares whereas ESTRA appears to be a reference to the estradiol in the Opponent's wares. [*Webster's New World Dictionary*, Second College Edition: estradiol: a female sex hormone used in correcting female hormone deficiency] DERM of course is a reference to skin and is therefore suggestive of both parties' products. [*Webster's New World Dictionary*, Second College Edition: -derm: *a suffix meaning skin or covering*]

There is no evidence that the Applicant's proposed use Mark has become known to any extent. In contrast, Mr. Bettez attests that sales of ESTRADERM product in Canada exceeded 100 million dollars in the period of 1997 to 2004 (paragraph 4). (The Applicant does however point out that annual sales of ESTRADERM have been steadily declining on an annual basis, with a high in 1998 of 21 million to a low of 9 million in 2003.) Mr. Bettez says that the ESTRADERM mark was extensively advertised to physicians and other health care providers when it was first introduced in 1987. Although there was no amount spent on advertising in the years 2001 to 2004, in 2000 \$15,045 was spent on advertising ESTRADERM in Canada (paragraph 5) and advertisements from the 1990's have been provided (Exhibits B-E). The ESTRADERM product cannot be advertised directly to the public in Canada, but information is provided for patients on the Opponent's website (Exhibit F). Patient leaflets are also available at hospitals, clinics and doctor's offices throughout Canada (Exhibit G). No details have been provided as to the extent of distribution to Canadians of Exhibits B through G.

*s. 6(5)(b) - the length of time each trade-mark has been in use*

ESTRADERM has been in use continuously in Canada since 1987 (paragraph 4, Bettez affidavit), whereas there is no evidence that ARADERM has been used to date.

*s. 6(5)(c) and (d) - the nature of the wares, services or business; the nature of the trade*

The ESTRADERM wares are described by Mr. Bettez as a hormonal preparation for the treatment of the symptoms of menopause administered by means of a patch. Clearly this product is quite different from the ARADERM product, which is for the treatment of dermatitis and related dermatoses, *i.e.* for the treatment of inflammations of the skin.

Mr. Bettez attests that the ESTRADERM product is only available by prescription. Presumably both parties' products would be available through pharmacies.

*s. 6(5)(e) - the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them*

“It is axiomatic that the first word or the first syllable in a trade mark is far the most important for the purpose of distinction.” [*Conde Nast Inc. v. Union des Editions Modernes* (1979), 46 C.P.R. (2d) 183 (F.C.T.D.) at 188]

Overall, I find that when considering the two marks as a whole, there is only a modest degree of resemblance between ARADERM and ESTRADERM in appearance, sound and idea suggested.

*further surrounding circumstances*

*i) state of the register*

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 C.P.R. (3d) 432; *Del Monte Corporation v. Welch Foods Inc.* (1992), 44 C.P.R. (3d) 205 (F.C.T.D.); *Kellogg Salada Canada Inc. v. Maximum Nutrition Ltd.* (1992), 43 C.P.R. (3d) 349 (F.C.A.)]

Mr. Netolitzky conducted searches of the Trade-marks Office's database in May 2005 directed to registered trade-marks that include DERM. He located 184 trade-marks that include DERM as the final syllable of a single or hyphenated word within the trade-mark. Of these, 157 marks were for skin related products, 96 were for pharmaceutical or medical applications, excluding veterinary applications, 8 were for patches that attach to the skin, and 12 were for non-veterinary pharmaceutical products that contain steroid hormones.

The Opponent has submitted that it would have been more appropriate to focus on marks ending in RADERM, rather than DERM, and notes that only 9 such third party marks were located by Mr. Netolitzky.

*ii) state of the marketplace*

Mr. Titsing's employer is "a warehouse that principally distributes prescription pharmaceuticals, non-prescription drugs, and other drug-store products such as nutritional supplements and vitamins." Mr. Titsing took various steps to determine which of the marks located by Mr. Netolitzky's searches were available for purchase in Canada. He determined that more than 30 were. (Exhibits B and C) He also provides photographs of 8 of these products. (Exhibit D) One such third party product is ANDRODERM patches for transdermal delivery of testosterone hormone.

*iii) argument filed during examination of ESTRADERM application*

The Applicant has evidenced that during the examination of the application that issued to registration for ESTRADERM, the Examiner took the position that ESTRADERM is confusingly similar to ESTRADURIN as registered for pharmaceutical preparations. Novartis Pharmaceuticals Canada Inc. overcame this objection by argument, which included the following submissions:

- After citing 9 registrations for marks starting with EST and 3 starting with E and ending with DERM in the pharmaceutical preparations field, it was submitted that "the foregoing state of the register necessarily means that the scope of protection available to the owner of the cited registration is confined and that small differences will serve to

distinguish... It is well established that where the only similarity in trade marks is found in a prefix which is also common to other trade marks owned by other parties, then the trade marks are not confusing.”

- “Dictionary definitions will show that estradiol (the wares recited in applicant’s application) are a form of the hormone estrogen, and would only likely be used therefore under strict medical control. In other words, the potential purchaser of the applicant’s wares would be skilled and not readily deceived, and this is a factor that must also be taken into account in assessing the likelihood of confusion.”

*conclusion re likelihood of confusion*

The onus is on the Applicant to establish, on a balance of probabilities, that confusion between the marks is not likely. I find that the Applicant has satisfied this onus. The differences between the marks, combined with the differences between their wares, are sufficient to make confusion unlikely. The s. 12(1)(d) ground is therefore dismissed.

Section 16(3)(a) Ground of Opposition

The Opponent has also pleaded that pursuant to s. 16(3)(a) of the Act, the Applicant is not the person entitled to registration of the Mark in that at the date of filing the application, the Mark was confusing with the trade-mark ESTRADERM, which had been used extensively in Canada by Novartis Pharmaceuticals Canada Inc.

The Opponent has met its initial burden with respect to this ground by evidencing use of its ESTRADERM product in Canada prior to the material date of July 11, 2002.

A consideration of the s. 6(5) factors under this ground does not differ significantly from that conducted with respect to the s. 12(1)(d) ground. The outcome of this ground also echoes that of the s. 12(1)(d) ground. The Applicant has satisfied the legal onus on it to establish, on a balance of probabilities, that its Mark was not likely to cause confusion with the Opponent’s ESTRADERM mark as of July 11, 2002, for reasons similar to those set out under my discussion with respect to s. 12(1)(d).

### Distinctiveness Ground of Opposition

The Opponent has also pleaded that the Mark cannot be distinctive of the Applicant because the Mark is confusing with ESTRADERM, which had been extensively used in Canada prior to the filing of the statement of opposition.

In the circumstances of this case, nothing turns on the date at which the issue of confusion is determined and I therefore dismiss the distinctiveness ground of opposition for reasons similar to those set out in my discussion of the s. 12(1)(d) ground.

### Section 30 Grounds of Opposition

Although the Opponent pleaded grounds of opposition under s. 30(e) and (i), it did not direct any evidence or argument towards these grounds. I therefore dismiss these grounds on the basis that the Opponent has not met its initial burden in respect thereof.

With respect to the s. 30(i) ground, I further note that where an applicant has provided the statement required by s. 30(i), a s. 30(i) ground should only succeed in exceptional cases such as where there is evidence of bad faith on the part of the applicant. [*Sapodilla Co. Ltd. v. Bristol-Myers Co.* (1974), 15 C.P.R. (2d) 152 (T.M.O.B.) at 155]

### Disposition

Having been delegated by the Registrar of Trade-marks by virtue of s. 63(3) of the Act, I reject the opposition pursuant to s. 38(8).

DATED AT TORONTO, ONTARIO, THIS 26th DAY OF JULY 2007.

Jill W. Bradbury  
Member  
Trade-marks Opposition Board