



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

Reference: 2017 TMOB 8
Date of Decision: 2017-01-20
[UNREVISED ENGLISH
CERTIFIED TRANSLATION]

IN THE MATTER OF AN OPPOSITION

Vitamin Health, Inc. and	Opponent
Santé Naturelle A.G. Ltée	Applicant
1,534,056 for NeoFlex	Application

Introduction

[1] Santé Naturelle A.G. Ltée (the Applicant) filed registration application No. 1,534,056 on June 30, 2011 for the NeoFlex trade-mark (the Mark).

[2] The application is based on a proposed use of the Mark in Canada. The registration application covers the following wares:

Natural health products in the form of capsules, tablets, gelcaps, packets, herbal teas, lozenges, jujubes, liquids, ampoules and syrups, creams and ointments, containing plant extracts and dried herbs, plant extracts and concentrated herbs, plant extracts and standardized herbs, vitamin and mineral supplements, nutritional supplements comprising glucosamine sulfate, type-II collagen, hyaluronic acid, MSM, coenzyme Q10, alpha-lipoic acid, chondroitin, eggshell membrane extracts,

grape seed extracts, for maintaining good articular health, alleviating pain related to arthritis and arthrosis, forming healthy cartilage, reducing inflammation, repairing cartilage, slowing the progression of arthrosis, relieving lumbar pain, arthritic pain, rheumatic disorders (the Goods).

[3] The registration application was published on February 22, 2012 in the *Trade-Marks Journal* for the purposes of opposition.

[4] Vitamin Health, Inc. (the Opponent), on July 23, 2012, filed a statement of opposition, raising the same grounds of opposition based on sections 16(3) and 2 (distinctiveness) of the *Trade-marks Act*, RSC (1985), c T-13 (the Act). These grounds are based essentially on the premise that there was previous use by the Opponent in Canada of the NEOFLEX mark in association with nutritional and dietetic supplements for the bones and joints.

[5] On October 22, 2012, the Applicant filed a counter statement denying each and every ground of opposition argued by the Opponent.

[6] The Opponent filed the affidavits of Mr. Aaron Shepherd, dated February 20, 2013, and Mr. Zhengxiao Yang, dated February 22, 2013. Mr. Shepherd was cross-examined and the transcript is part of the record.

[7] The Applicant filed Audrey Couture's affidavit, made on March 27, 2014. Ms. Couture was cross-examined and the transcript is also part of the record.

[8] The parties each filed written arguments and were represented at the hearing.

[9] For the reasons described below in greater detail, I refuse the registration application.

Preliminary Comments

[10] It should be noted that the originals of the affidavits of Messrs. Yang and Shepherd could not be extracted and the Opponent, at the Registrar's request, filed a copy of these affidavits. The Applicant had the opportunity to consult these copies and, at the hearing, declared it was satisfied with the fact these copies corresponded to the copies that had been served during the

filing of the Opponent's evidence. The Opponent's evidence was analyzed on the basis of these copies.

[11] I have studied all the evidence of record identified above. However, I will refer only to what I consider relevant for the purposes of my decision.

[12] I share the Applicant's opinion when it submits in its written argument [TRANSLATION]:

The Applicant's mark is phonetically and semantically identical to the Opponent's alleged mark and visually similar. The goods are similar. The central question thus is to determine whether the Opponent has rights previous to June 30, 2011 to be exercised to counter the registration of the Applicant's mark.

[13] Essentially, the Applicant submits that the use of the NEOFLEX trade-marks by the Opponent in Canada does not comply with the relevant Canadian legislation regulating the import and sale in Canada of natural products. Thus, this use would not be opposable to the Applicant. If I do not accept the Applicant's arguments, the opposition will be granted.

Evidentiary Burden

[14] Under the procedure in the matter of opposition to the registration of a trade-mark, the legal onus is on the Applicant to show that the application for registration does not contravene the provisions of the Act. However, the Opponent must discharge the initial burden of proving the facts on which it bases its allegations. The fact that an initial evidentiary burden is imposed on the Opponent means that a ground of opposition will be taken into consideration only if sufficient evidence exists to allow a reasonable conclusion of the existence of the facts alleged in support of this ground of opposition [see *John Labatt Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 (FCTD); *Dion Neckwear Ltd v Christian Dior, SA et al* 2002 FCA, 29, 20 CPR (4th) 155 (FCA); and *Wrangler Apparel Corp v The Timberland Company* 2005 FC 722, 41 CPR (4th) 223].

Relevant Dates

[15] The relevant dates for each of the grounds of opposition raised by the Opponent are:

- The filing date of the registration application (June 30, 2011) for the ground of opposition based on section 16(3) of the Act [see section 16(3) of the Act];
- The filing date of the statement of opposition (July 23, 2012) for the ground based on the non-distinctiveness of the Mark [see *Andres Wines Ltd v E&J Gallo Winery* (1975), 25 CPR (2d) 126 (FCA) and *Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* 2004 FC 1185, 34 CPR (4th) 317].

[16] The difference of barely one year between these dates will have no impact on the analysis of the arguments proposed by the Applicant.

Opponent's Evidence

Affidavit by Mr. Yang

[17] Mr. Yang was a student in the employ of the Opponent's agents at the time he signed his affidavit. He explains that on February 19, 2013, he phoned 1-800-NEOFLEX (636-3529). He reproduces what he heard as a prerecorded message. He called back the same number and used another option to be able to speak to a representative.

[18] Mr. Yang affirms that the agent then explained to him that it was possible to order the products identified on the Opponent's website by phone, such as "Neoflex-Glucosamine" and "Neoflex-Calcium Supplement" at the prices indicated on the website, which he could pay by credit card, and that the order could be delivered to Canada within 7 to 14 business days.

[19] Mr. Yang affirms that he then visited the website at *www.neflex.com* on February 21, 2013 and filed the pages of this site as Exhibit A to his affidavit.

[20] I will immediately address the argument raised by the Applicant that the contents of Mr. Yang's affidavit are irrelevant, because the events described occurred after either of the relevant dates.

[21] The Opponent responds to this argument that facts occurring after the relevant dates can prove that the Opponent's commercial activities took place in the normal course of business [see *JC Penney Co v Gaberdine Clothing Co* 2001 FCTD 1333, 16 CPR (4th) 151 (FCTD)]. Although the Applicant argues that the sales proved by the Opponent cannot be considered to have been made in the normal course of business, these are technical arguments and I will address them later. In any event, I do not believe Opponent's business continuity is an issue in this case.

[22] I recognize that in *JC Penney Co*, as in this case, there was evidence of use of the opponent's mark before the relevant date. The Federal Court accepted evidence of sales subsequent to the relevant date to conclude there had been use of the trade-mark in the normal course of business.

[23] In our situation, Mr. Yang's affidavit does not constitute evidence of use of the Opponent's trade-mark within the meaning of section 4(1) of the Act. I do not accept the evidence presented by Mr. Yang for this reason.

Affidavit by Mr. Shepherd

[24] Mr. Shepherd is the President and CEO of the Opponent, a company located in Michigan in the United States. He affirms that the Opponent has distributed and promoted nutritional products since 2003. He explains that the Opponent owns two main product lines: supplements in association with the VITEYES mark and nutritional supplements for the joints and bones in association with the NEOFLEX mark.

[25] Mr. Shepherd explains that the Opponent uses two trade-marks, inter alia, namely NEOFLEX and NEOFLEX & Design. He affirms that the Opponent has used and continues to use the NEOFLEX mark in the United States and Canada in association with: [TRANSLATION] nutraceutical natural health products in capsule or powder form, including nutritional supplements containing calcium, vitamin D, glucosamine, chondroitin, or methylsulfonylmethane (MSM); pill holders; and services for online, telephone and mail order sales of nutraceutical natural products (collectively called "the Opponent's goods and services").

[26] Mr. Shepherd filed as Exhibit A excerpts from the Opponent's website on which information is found on the following NEOFLEX products:

- NEOFLEX Glucosamine chondroitin MSM pills;
- NEOFLEX shellfish-free glucosamine chondroitin MSM powder;
- NEOFLEX Calcium and vitamin D supplement; and
- NEOFLEX/VITEYES pill holder.

[27] Mr. Shepherd also filed, as Exhibit B, evidence of labels bearing the NEOFLEX mark for the NEOFLEX products listed above, which are representative of the labels used by the Opponent, including in Canada, since November 2003. Exhibit C is composed of bottles bearing the NEOFLEX mark.

[28] Mr. Shepherd alleges that the Opponent registered the NEOFLEX mark in the United States and filed a copy of the certificate of registration as Exhibit D. However, this registration is not really relevant for the purposes of this case [see *Quantum Instruments Inc v Elinca SA* (1995), 60 CPR (3d) 264 (TMOB)].

[29] Concerning the advertising and promotion of NEOFLEX products in Canada, Mr. Shepherd filed excerpts from three websites the Opponent operates (Exhibits E, F and G). These websites have been available for consultation since at least 2005 and, through the WayBack Machine site, he filed excerpts of these websites dating back to the period from 2007 to 2012 as Exhibits H, I and J. The NEOFLEX mark appears on these excerpts. He affirms that all these excerpts are representative of the way the NEOFLEX mark appears on the Opponent's websites.

[30] Mr. Shepherd filed a copy of a brochure, Exhibit L, included with the mailing of products bearing the VITEYES mark and promoting NEOFLEX products. To this effect, he filed an invoice for the purchase of products bearing the VITEYES mark, containing a reference to the inclusion of this brochure, Exhibit L.

[31] Mr. Shepherd provides the amounts spent for the promotion of the NEOFLEX products since 2006, but these figures concern expenses incurred worldwide. There are no amounts specified only for Canada.

[32] Mr. Shepherd enumerates the different trade shows in which the Opponent has participated to promote the NEOFLEX products since November 2006. He filed photos of the Opponent's kiosk at two of these trade shows (Exhibits M and N). However, all these events were held in the United States.

[33] Mr. Shepherd provided a partial list of the members of the American College of Rheumatology (Exhibit O) and the American Academy of Orthopedic Surgeons (Exhibit P), in which the names and addresses of Canadian members appear.

[34] Mr. Shepherd affirms that the sale of NEOFLEX goods and services to Canadians, since at least 2005, can be done online, by phone and by mail order. He filed an excerpt from the Opponent's website as Exhibit Q, proving that Canada is a country where these goods can be delivered. He mentions that since 2009, the Opponent's website has received 769 visits from Canadian IP addresses.

[35] Mr. Shepherd adds that the NEOFLEX products are also sold in medical clinics or health centres, but no point of sale in Canada was identified.

[36] Mr. Shepherd provides the global annual sales figures for the period from 2006 to 2012, which range between US\$29,000 and over US\$107,000, but without specifying the amount of sales in Canada.

[37] Mr. Shepherd filed another excerpt from the Opponent's website to prove that a form exists to place a mail order from Canada for the NEOFLEX products (Exhibit R).

[38] Finally, Mr. Shepherd filed as Exhibit S three invoices issued to Canadians for the sale of NEOFLEX products in Canada, all prior to the relevant dates previously identified, the oldest invoice dating from February 2009.

[39] During his cross-examination, Mr. Shepherd admitted that:

- the Opponent has distributed nutritional and nutraceutical products since 2002, and not 2003;
- the Opponent's suppliers comply with the American standards, but he does not know if they comply with the Canadian standards (page 10);
- the Opponent has two suppliers for the three NEOFLEX products (page 13);

- the three NEOFLEX products are:
 - i. "Glucosamine chondroitin MSM pills"
 - ii. "Shellfish-free glucosamine chondroitin MSM powder"
 - iii. "Calcium and vitamin D supplement" (pages 19-20);
- the two labels (Exhibit B) have been used since 2003 (page 23);
- Health Canada has not issued an NPN product number for the NEOFLEX products (page 29);
- he does not know if an application for authorization has been submitted to Health Canada for the sale of the NEOFLEX products (page 30);
- he admits that there are no sales of NEOFLEX products on the invoices filed as Exhibit K;
- if the consumer buys directly from the Opponent, he is responsible for compliance with the rules of the country where the goods will be shipped (page 44).

[40] The Applicant opposed the filing of six invoices in addition to the three invoices filed as Exhibit S, and attached the responses to the undertakings made during Mr. Shepherd's cross-examination. The Applicant argues that it had not requested the filing of these additional invoices as an undertaking. To understand the Applicant's position, I reproduce the relevant passages of the cross-examination on this matter:

133 Q. *Is it fair to say that the three invoices that we can see as Exhibit S of your affidavit are the invoices that you found dated before June 30, 2011 concerning the NEOFLEX products in Canada?*

A. *We didn't do an extensive search for every product that we sold in Canada, so I don't know the answer to that question.*

134 Q. *You don't know the answer?*

A. *No.*

136 Q. *So, who made the retrieval of the invoices?*

A. *Well, we just provided some examples of invoices.*

137 Q. *Okay. So, you have others, or you don't?*

A. *I don't know.*

141 Q. *Okay. Can you please undertake to confirm that these invoices are the only ones that you found when you prepared the affidavit?*

Ms. Joshi-Lomaga: We will take that under advisement. (My underlining)

[41] [TRANSLATION] During the hearing, the Opponent simply mentioned that question 141 had been formulated in the present tense. What was requested as an undertaking was to confirm that the three invoices, Exhibit S, are the only ones Mr. Shepherd had found when he prepared his affidavit. Thus, the undertaking concerned the time when Mr. Shepherd drafted his affidavit.

[42] Such as it appears from this excerpt, the Applicant never asked Mr. Shepherd to file three additional invoices issued by the Opponent before June 30, 2011. By filing six additional invoices via responses to the undertakings, the Opponent is filing additional evidence that should have been the subject of an application in this sense pursuant to Rule 44 of the *Trade-marks Regulations*, SOR/96-195. If the Opponent had acted in this manner, Mr. Shepherd would have been subject to a cross-examination on the contents of these invoices, which could not be done.

[43] In the circumstances, I consider the Applicant's objection well-founded and I do not consider these six additional invoices to be an integral part of the record.

Applicant's Evidence

[44] Ms. Couture has been the Applicant's Chief Scientific and Regulatory Officer since January 4, 2005. She explains that the Applicant operates in the natural products field. She alleges that the Applicant has established a reputation over the past 60 years as a scientific leader in natural health products. She lists four products bearing the NeoFlex mark, namely: NeoFlex Anti-Douleur (Painkiller); NeoFlex Anti-inflammatoire (Anti-inflammatory); NeoFlex Soins Préventifs (Preventive Care); and NeoFlex Soins Réparateurs (Reparative Care) (collectively called the NeoFlex products).

[45] Ms. Couture alleges that around the month of July 2011, the Neoflex (sic) products were sold for the first time in Canada and delivered in August 2011 to the Applicant's customers.

[46] Ms. Couture affirms that the Mark appears on labels, packaging and package inserts and she filed copies of this material as Exhibits AC-1 to AC-4.

[47] Ms. Couture provided the value of the annual sales of the NeoFlex products in Canada in 2012, in 2013 and for the months of January and February 2014, totalling more than \$230,000.

[48] Ms. Couture provided examples of advertising for the promotion of the NeoFlex products, such as:

- Exhibit AC-5: Package insert;
- Exhibits AC-6 and AC-7: Excerpts from the Applicant's website;
- Exhibit AC-8: Promotions (discounts) in pharmacy circulars;

- Exhibit AC-9: Monthly newsletters distributed since October 2011, primarily in Quebec, to the Applicant's customers and potential customers;
- Exhibit AC-10: NeoFlex product monographs distributed to pharmacists and healthcare professionals;
- Exhibit AC-11: Advertising published in magazines and broadcast on radio and television.

[49] Ms. Couture affirms that the NeoFlex products are sold in Quebec, New Brunswick and Ontario in store and pharmacy chains, such as Jean Coutu, Wal Mart, Pharmaprix, Uniprix, Loblaws and Proxim.

[50] Ms. Couture explains how the Applicant supervises the quality control steps of the NeoFlex products. She explains that, since 2004, the health products industry must comply with the standards established by Health Canada. She adds that the regulations on the sale of natural health products stipulates that a natural health product must have received a product licence to be sold legally in Canada.

[51] Ms. Couture explains the approach to follow when a natural health product obtains a Natural Product Number (NPN).

[52] Ms. Couture adds that the regulations prove that the manufacturer of a natural health product must hold a valid operating licence granted by Health Canada. She adds that their import is also regulated.

[53] Ms. Couture affirms that [TRANSLATION] "only a holder of a valid operating licence may obtain a product licence for a given natural health product". She adds that, since June 1, 2010, all imported natural health products must comply with the requirements of the *Food and Drugs Act* and its regulations, and she filed as Exhibit AC-12 a copy of the Health Canada import and export policy for natural health products.

[54] Ms. Couture filed as Exhibit AC-13 an excerpt from the Health Canada website which mentions licences obtained by the Applicant for the sale of the NeoFlex products and affirms that she has not found a licence under the Opponent's name for a NEOFLEX product.

[55] During her cross-examination, Ms. Couture provided the following explanations:

- the acronym NPN means Natural Product Number;
- she was hired by the Applicant in January 2005, but has held her present position since January 2007 (page 20);
- the Goods are also sold at Familiprix;
- the tablets are manufactured by subcontractors, including one located in New Jersey (pages 35-36);
- package inserts AC-4 and AC-5 are not visible when the consumer buys one of the Goods (pages 49 and 52);
- the labels on the first page of AC-1 and AC-2 correspond to the NeoFlex painkiller product (page 57);
- the labels on the second page of AC-1 and AC-2 correspond to the NeoFlex anti-inflammatory product (page 57);
- the NeoFlex painkiller and NeoFlex anti-inflammatory products do not contain glucosamine (page 58);
- the responses to the undertakings contain the number of units of NeoFlex Products sold annually in 2012 (6793), in 2013 (5341) and during the months of January and February 2014 (487).

Ground of opposition based on non-distinctiveness of the Mark

[56] The Federal Court, in *Bojangles' International, LLC v Bojangles Café Ltd*, 2006 FC 657, 48 CPR (4th) 427, ruled that:

- a mark should be known in Canada to some extent at least to negate another mark's distinctiveness; or
- a mark could negate the distinctiveness of another mark if it is well known in a specific region of Canada.

[57] The Opponent thus had the initial burden of proving that its NEOFLEX trade-mark was known in Canada to some extent or was well known in a specific region of Canada on July 23, 2012. For the following reasons, I conclude the Opponent did not discharge its initial burden.

[58] Mr. Shepherd provides the amounts spent worldwide by the Opponent for the promotion and advertising of its NEOFLEX products. We do not have the amounts spent only in Canada.

[59] Mr. Shepherd also provides the worldwide annual sales figures for the NEOFLEX products, again without providing the amount of annual sales in Canada.

[60] As for the three invoices, Exhibit S, which represent sales in Canada for an amount less than \$60, all in Terrace, British Columbia, they are insufficient to satisfy this initial burden.

[61] Mr. Shepherd indicates that the Opponent was present at certain annual meetings of American associations that have Canadian members. However, we do not have the number of Canadian participants at each of these meetings.

[62] Mr. Shepherd's assertion that, since 2009, the Opponent's website has been visited by 769 persons with Canadian IP addresses, does not allow any significant conclusion whatsoever to be drawn concerning the knowledge of the Opponent's NEOFLEX mark in Canada. I recall that Mr. Shepherd made his affidavit on February 20, 2013. It is thereby impossible to infer that all 769 visits occurred before the relevant date. In other words, we do not know how many visits there were between 2009 and July 23, 2012. Moreover, we do not know if several visits were made by the same person. Ultimately, it is my opinion that the evidence of the visits, as presented by Mr. Shepherd, does not allow me to conclude that the Opponent's NEOFLEX mark was known in Canada on the relevant date.

[63] In view of the foregoing, I reject the ground of opposition based on the non-distinctiveness of the Mark, because the Opponent did not satisfy its initial burden.

Ground of opposition based on section 16(3) of the Act

[64] Did the Opponent discharge its initial burden to prove the use of its NEOFLEX mark in Canada in association with natural health products before June 30, 2011 and that it had not abandoned the use of this mark on the date of publication in the *Trade-marks Journal*?

[65] For this purpose, the Opponent, by means of Mr. Shepherd's affidavit, filed three invoices (Exhibit S), all dated prior to June 30, 2011. I can infer these invoices were all issued to the same Canadian customer because, although the postal address has been obliterated, the city and postal code are the same on each invoice. They all refer to the sale of "Neoflex calcium (2 months supply)".

[66] The Applicant submits that the Opponent cannot refer to these three invoices to prove the use of the NEOFLEX mark in Canada, because they represent sales:

- for quantities exceeding the importation exception for "personal" use provided for in the regulations described hereinafter;
- without the Opponent having obtained a product licence;
- without the Opponent having obtained an NPN number;
- without the Opponent having an operating licence; and
- which are not in the normal course of business.

[67] The evidence of record proves that:

- the Opponent does not have an NPN number (see page 29 of Mr. Shepherd's transcript);
- the Opponent refused to file as an undertaking a copy of the site licence and the authorizations issued by Health Canada for the sale of the NEOFLEX products;
- the Opponent refused to verify whether it had applied to Health Canada for an authorization to sell its NEOFLEX products and to file as copy, as the case may be;
- the three invoices (Exhibit S to Mr. Shepherd's affidavit) are for a quantity covering a period of six months of use and not for a quantity covering a period of three months; the latter quantity is excluded from the application of the Natural Health Products Regulations by the import policy for natural health products adopted on June 1, 2010.

[68] I will first decide whether this refusal to answer the questions and/or to provide the documents requested during Mr. Shepherd's cross-examination were well founded.

[69] The Opponent indicated, in the responses to Mr. Shepherd's undertakings, that these questions were "irrelevant to these proceedings". Nothing significant was added during the hearing.

[70] There is no doubt that the Applicant, in its evidence raised the regulations concerning the sale of natural products in Canada. Thus, the questions asked on this subject may appear relevant, *prima facie*.

[71] The Applicant asks me to draw a negative inference following these refusals to answer these questions or to provide the requested documentation, citing the decision in *Mr Goodwrench Inc v General Motors Corp* 1992 CarswellNat 814 (TMOB). It is true that, in this decision, the Registrar had drawn a negative inference following the deponent's refusal to answer questions. However, the questions had been considered relevant by the Registrar.

[72] Although the questions during a cross-examination on affidavit in opposition proceedings may go beyond the contents of the affidavit, [see *Coca-Cola Ltd v Cie Française de Commerce International Cofci SA* (1991), 35 CPR (3d) 406 (TMOB)], there was no indication, at the time of Mr. Shepherd's cross-examination, that the Applicant was going to attack the use of the NEOFLEX mark in Canada by the Opponent on the ground that the sale of natural products by the Opponent contravened the regulations in force in Canada regarding the sale of such products. In any event, during his cross-examination, Mr. Shepherd confirmed that he was unaware of the existence of such regulations [see questions 49, and 151 and following].

[73] I note that the cross-examination of the Applicant, conducted on October 22, 2012, makes no reference to the relevant regulations in force concerning the sale of natural products in Canada. Yet Mr. Shepherd was cross-examined on his affidavit on September 9, 2013. It was only on April 3, 2014 that the Applicant filed Ms. Couture's affidavit, in which the question is raised for the first time of whether the sales of the Opponent's NEOFLEX products in Canada complied with the regulations in force.

[74] In the circumstances, since there was no indication on the record, during Mr. Shepherd's cross-examination, that the question of non-compliance with the regulations in force concerning the sale of natural products in Canada would be raised by the Applicant, I consider that the Opponent's objections were well founded when they were formulated [see *Ottawa Athletic Club Inc DBA The Ottawa Athletic Club v The Athletic Club Group Inc and The Registrar of Trade-marks* 2014 FC 672].

[75] The Applicant submits that the Registrar has already ruled in favour of an applicant when the opponent based its argument on bad faith use or illegal use to oppose a trade-mark registration application. Each case the Applicant cites can be distinguished.

[76] Thus, in *Direct TV Cable Systems Inc v Hughes Communications, Inc* 1999 CanLII 19573 (CA TMOB), the evidence of previous use was based on a single handwritten invoice, on which it was not clear that the Opponent's mark appeared.

[77] In *Becon Pty Ltd v Fast Company Distributors, Inc*, 2012 TMOB 190, the Registrar refers to the Federal Court judgment in *McCabe v Yamamoto & Co (America) Inc* (1983), 23 CPR (3d) 498 (FCTD) to conclude that an illegal use by the opponent could not be invoked in support of a ground of opposition based on section 16(2) of the Act. The illegality of the use of a mark by an opponent, both in *Becon* and in *McCabe*, resulted from the fact that these opponents, in both cases, were the Applicant's licensees or distributors. The Registrar thus wanted to thwart a situation where an opponent attempted to invoke its use of a mark, originating from a licensee or distributor contractual framework, to prevent the real owner of the mark from obtaining its registration.

[78] In *Mister Coffee & Services Inc v Mr Coffee, Inc*, 2002 CanLII 61245 (CA TMOB), the applicant had raised the existence of pending court proceedings before the Federal Court concerning the use of the opponent's mark. The Registrar cites long passages from the *McCabe* decision, finally concluding that there could not be illicit use by the opponent in the absence of a judgment in this sense by the Federal Court.

[79] As indicated in the Applicant's written arguments, *Rezk Hassanin v Uncle Moe's Donair Chicken, Falafel Inc* 2011 TMOB 5 concerned the opposition of a franchisee, who opposed the registration of his franchisor's mark on the basis of his own use as franchisee.

[80] The Applicant also cites the Registrar's decision in *Laboratoire Gemmologique du Canada OG inc v Kuehn (Canadian Institute of Gemmology)*, 1994 CanLII 10048 (CA TMOB) in support of its arguments. However, in this case, the Registrar concluded that the documentary proof of record did not constitute evidence of use of the opponent's mark. The Registrar makes no mention of "illicit" use of a mark. The same is true in the decisions *Pub John Bull Inc v Ind Coppe Limited*, 1994 CanLII 10070 (CA TMOB) and *Yao Tsai Company Limited v Chan*, 2003 CanLII 71291 (CA TMOB).

[81] Finally, the applicant cites the Registrar's decision in *Lunettes Cartier Ltée v Cartier, Inc* (1991) CarswellNat1441 (CA TMOB), 36 CPR (3d) 391(TMOB) to support its argument that an opponent cannot base its opposition on an "illicit" use of a trade-mark. However, in this case, the Federal Court had issued an injunction against the opponent, enjoining it not to sell eyewear in association with the mark on which it based its opposition. It is in this context that the Registrar concluded that the opponent could not base its opposition on a previous use of this trade-mark.

[82] Thus, there is no doubt that an opponent cannot base an opposition on his own use as distributor, licensee or franchisee of goods or services covered by the registration application under opposition. It is fundamentally this aspect that emerges from the *McCabe* decision cited repeatedly in cases where a party claims that the opposing party is basing its position on an "illicit" use of a trade-mark. Although the *McCabe* decision refers to general principles on what could constitute an "illicit" use of a trade-mark and that such use could not generate rights on which a party could base its position, no judgments have been brought to my attention in which these principles would have been accepted in a context other than those defined above and attached to a distribution, franchise or licensing business relationship.

[83] I am perfectly aware that the Registrar, in the past, refused the registration of a trade-mark on the basis that the use of the mark that was the subject matter of the registration application contravened a federal Act or regulations, such as the *Food and Drugs Act*, *Copyright Act*, *Cooperative Associations Act*, etc. [for example, see *Institut national des appellations d'origine v Brick Brewing Co* 1995 CarswellNat 2926, 66 CPR (3d) 351 (TMOB); *E. Remy Martin & Co SA v Magret Trading Corp (HK)* (1988), 23 CPR (3d) 242 (TMOB); and *Co-operative Union of Canada v Tele Direct (Publications) Inc* (1991), 38 CPR (3d) 263 (TMOB)].

[84] In all these cases, the mark that was the subject matter of the registration application contravened a federal legislative provision, either that the use of the mark was prohibited outside this legislative framework, or that the mark violated *prima facie* a statutory right granted to an opponent.

[85] What is the present situation? It concerns the Opponent's sales in Canada of natural products that would have been made without a licence issued by the competent authorities and/or

for quantities greater than those permitted under an import policy for such products, in force since June 1, 2010.

[86] This situation differs from those summarized above. I am not convinced that the legitimacy of the use of the Opponent's NEOFLEX mark is at issue here. Moreover, even if I presumed that the Opponent's sales of natural products in Canada contravened the relevant regulations in force, I have no evidence these regulations prohibit the use of the NEOFLEX mark. The use of the NEOFLEX mark by the Opponent in the circumstances described above is not "illicit" in itself.

[87] The Applicant's position is a false debate. The Opponent's right to use its NEOFLEX mark in association with the goods in question is not the question to be resolved in the context of these opposition proceedings. What I must determine is the Applicant's right to registration of the Mark, in view of the grounds of opposition raised by the Opponent.

[88] In the event I am in error, I would add that I have no expert evidence concerning the consequences of sales of natural products under licence and thus in contravention of the regulations. Is this simply a fine? I am not empowered to substitute for the decision-making authority that must apply these regulations.

[89] Moreover, even if the three sales (invoices in Exhibit S to Mr. Shepherd's affidavit) were made without a licence, the legislator wanted to permit the sale to Canadians of natural products, provided that the quantities sold are for personal use for a period of no more than three months. Yet according to the Applicant, the quantities sold were for a period of six months (twice the quantity for dosage over a three-month period). I find that the sale of quantities greater than those permitted under an import policy for natural products is not an "illicit" use of a trade-mark as defined above.

[90] As for where these sales were made in the normal course of business, Mr. Shepherd clearly explained in his affidavit and in his cross-examination that the Opponent sold natural products in association with the Mark to Canadian consumers who could request them by phone order or by Internet. In the circumstances, the Opponent's sales of natural products in association with the NEOFLEX mark were made in the normal course of the Opponent's business.

[91] Finally, I have no evidence that would allow me to conclude that the Opponent, on February 22, 2012, had abandoned the use of its NEOFLEX mark in Canada [see section 16(5) of the Act)].

[92] On all these grounds, I conclude that the Opponent discharged its initial burden to prove, within the meaning of section 4(1) of the Act, that it had used the NEOFLEX prior to June 30, 2011 in association with natural products.

[93] It is therefore incumbent on the Applicant to prove, on a balance of probabilities, that the use of the Mark in association with the Goods does not risk creating confusion with the Opponent's NEOFLEX mark. The test to be applied to rule on this issue is stated in section 6(2) of the Act. This test does not address confusion between the marks themselves, but rather confusion regarding the source of the Goods. Accordingly, I have to determine whether a consumer who has an imperfect memory of the Opponent's NEOFLEX mark and who sees the Mark used in association with the Goods would believe they are offered or authorized by the Opponent.

[94] I must take into account all relevant circumstances, including those listed in section 6(5) of the Act, i.e. the inherent distinctiveness of the trade-marks and the extent to which they have become known; the period during which the trade-marks have been in use; the nature of the goods, services or business; the nature of the trade; and the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them. This list is not exhaustive and it is unnecessary to assign the same weight to each of these factors [see *Mattel Inc v 3894207 Canada Inc* 2006 SCC 22, 49 CPR (4th) 321 (SCC); *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée* [2006] 1 SCR 824, 2006 SCR 23; and *Masterpiece Inc v Alavida Lifestyles Inc et al* 2011 SCC 27, 92 CPR (4th) 361 (SCC) for a more in-depth analysis of the general principles governing the test for confusion].

[95] As mentioned by the Supreme Court of Canada in *Masterpiece*, in most cases, the most important criterion is the degree of resemblance between the marks involved.

[96] Since the marks involved are virtually identical and the Goods are similar to the NEOFLEX products, I find that the Applicant has not discharged its burden of proving,

according to the balance of probabilities, that use of the Mark on the relevant date was not confusing with the Opponent's NEOFLEX mark.

[97] For all these reasons, I accept this ground of opposition.

Disposal

[98] In exercising the authority delegated to me pursuant to the provisions of section 63(3) of the Act, I refuse the registration application according to the provisions of section 38(8) of the Act.

Jean Carrière
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office

Certified translation
Arnold Bennett

**TRADE-MARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS REGISTERED IN THE CASE**

DATE OF HEARING: 2016-11-08

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