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LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS

Citation: 2021 TMOB 67

Date of Decision: 2021-04-09

IN THE MATTER OF OPPOSITIONS

Arterra Wines Canada Inc.

Opponent

and

Sundial Growers Inc.

Applicant

1,789,580 for STELLER J'S

Applications

1,789,581 for STELLER J'S & Design

[1] Arterra Wines Canada Inc. (the Opponent) opposes application no. 1,789,580 to register the trademark STELLER J'S (the Word Mark) and application no. 1,789,581 to register the trademark STELLER J'S & Design reproduced below (the Design Mark):

The logo for Steller J's is a stylized, cursive script. The word 'Steller' is written in a large, flowing font, and the 'J's' is written in a smaller, more compact cursive font to the right. The entire logo is enclosed in a thin, light-colored rectangular border.

[2] The oppositions are based primarily on the Opponent's allegation that the Word Mark and the Design Mark (collectively the Marks), which are intended for use in association with various goods and services in the cannabis sector, are confusing with the Opponent's registered trademark STELLER'S JAY (the Opponent's Trademark), registered and used in Canada in association with the goods "alcoholic beverages, namely wines".

[3] For the reasons that follow, the applications for the Word Mark and for the Design Mark (collectively the Applications) are each rejected.

THE RECORD

[4] The Applications were each filed on June 30, 2016 by Sun 8 Holdings Inc. (Sun 8), based on proposed use of the respective Marks in Canada in association with the following goods and services:

Goods:

- (1) Marijuana, namely, dried marijuana.
- (2) Medical cannabis for the relief of nerve pain and general chronic pain, the treatment of muscle spasms and stiffness caused by multiple sclerosis, the relief of nausea caused by chemotherapy, the temporary relief of seizures, treatment of Crohn's disease; medical cannabis for use in the treatment of pain and discomfort relating from physical, psychological and cognitive ailments, and for mood enhancement and to provide an improved sense of wellbeing.
- (3) Cannabis seeds and clones, namely, cannabis plant cuttings, seedlings and plants.
- (4) Cannabis derivatives, namely, butters, oils, hashes, waxes, tinctures, tonics, teas, balms, salves, lotions, sprays, and ointments containing cannabinoids derived from the cannabis plant.

Services:

- (1) Retail and online sale of marijuana, medical cannabis, cannabis clones, namely, cannabis plant cuttings, seedlings and plants, and cannabis derivatives, namely, butters, oils, hashes, waxes, tinctures, tonics, teas, balms, salves, lotions, sprays, and ointments containing cannabinoids derived from the cannabis plant.
- (2) Cultivation, production, processing, and distribution of marijuana, medical cannabis, and cannabis clones, namely, cannabis plant cuttings, seedlings and plants.

[5] The Applications were advertised for opposition in the *Trademarks Journal* on May 17, 2017, and were opposed on July 11, 2017, when the Opponent filed a statement of opposition against each application pursuant to section 38 of the *Trademarks Act*, RSC 1985, c T-13 (the Act). The specific grounds of opposition are based on the following sections of the Act: 30(e) and 30(i) (compliance), 12(1)(d) (registrability), 16(3)(a) (entitlement), and 2 (distinctiveness).

[6] Numerous amendments to the Act came into force on June 17, 2019. Pursuant to the transitional provisions in section 70 of the Act for applications advertised before June 17, 2019,

the grounds of opposition in this case will be assessed based on the Act as it read immediately before amendment, an exception being that the definition of confusion in section 6(2) of the Act as it currently reads will be applied.

[7] Sun 8 filed a counter statement for each of the applications on June 29, 2017, denying each ground of opposition.

[8] The Opponent filed as its evidence two affidavits.

- The first is an affidavit of its Senior Vice-President of Marketing, Steven Bolliger, dated April 18, 2018. Mr. Bolliger worked at marketing-driven companies for 15 years prior to joining the Opponent and has, since 1998, led the Opponent's marketing team for its domestic and imported wines portfolio. He also served on the Board of Directors of the Canadian Vintners Association in 2012 and has since 2015 served as Co-Chair of the Marketing Committee of the Wine Marketing Association of Ontario, which promotes the Vintners Quality Alliance (VQA) wines of Ontario. In his affidavit, he describes the Opponent and its industry and explains how the Opponent's Trademark has been used and promoted in Canada. I am prepared to accept that, by virtue of his position and experience, Mr. Bolliger is knowledgeable about the wine industry in Canada and I am prepared to give weight to his evidence in that regard. I note that Mr. Bolliger also comments on the likelihood of confusion between the Marks and the Opponent's Trademark; however, since Mr. Bolliger has not been qualified as an expert human behaviour and is not independent of the parties, I cannot accord any weight to his opinions on consumer perception and the likelihood of confusion.
- The second affidavit is that of a cannabis business consultant, William Stewart, dated March 29, 2018. Mr. Stuart is the Managing Principal of Navigator Limited (Navigator), a Canadian communications and public affairs firm. His practice involves advising licensed producers and other entities in the legal cannabis sector on regulatory, policy, business, communications, and media relations issues. In addition, Mr. Stuart serves on the board of directors of a publicly traded cannabis company and on the advisory board of a cannabis education organization; publishes a cannabis-focussed newsletter; and speaks regularly to industry associations and the media on the legal cannabis sector in

Canada. Having reviewed Mr. Stuart's *curriculum vitae* (attached as Exhibit A to his affidavit) and the additional credentials he provides in the body of his affidavit, I am satisfied that Mr. Stuart has qualified himself as an expert on the cannabis industry in Canada, but not on human behaviour. His opinions are therefore admissible only insofar as they pertain to regulation and marketing in the cannabis sector.

[9] Neither Mr. Bolliger nor Mr. Stewart was cross-examined.

[10] On May 1, 2019, Sun 8 assigned the Applications to Sundial Growers Inc. (collectively referred to as the Applicant). The assignment was recorded on June 25, 2019 and is not at issue in this proceeding.

[11] No evidence was filed on behalf of the Applicant.

[12] Only the Opponent filed a written argument and was represented at an oral hearing.

EVIDENTIAL BURDEN AND LEGAL ONUS

[13] In an opposition proceeding, the legal onus is on the applicant to show that its application complies with the provisions of the Act. However, for each ground of opposition, 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 that ground of opposition exist. If this initial burden is met, then the applicant must satisfy the Registrar, on a balance of probabilities, that the ground of opposition should not prevent registration of the trademark at issue [*Joseph E Seagram & Sons Ltd v Seagram Real Estate Ltd* (1984), 3 CPR (3d) 325 (TMOB); *John Labatt Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 (FCTD)].

GROUND OF OPPOSITION BASED ON NON-COMPLIANCE SUMMARILY DISMISSED

[14] The grounds of opposition raised under section 30 of the Act against both Applications are summarily dismissed, for the reasons that follow.

Compliance with section 30(e) of the Act

[15] The Opponent pleads that the Applications do not comply with the requirements of section 30(e) of the Act in that the Applicant does not, by itself or through a licensee, or by itself and through a licensee, intend to use the Marks in Canada. The material date for assessing this ground of opposition is the filing date of the Applications [see *Canadian National Railway Co v Schwauss* (1991), 35 CPR (3d) 90 (TMOB)]. However, there is no evidence in the record to support an allegation that, when the Applications were filed, Sun 8 did not have a *bone fide* intention to use the Marks in Canada. Accordingly, this ground of opposition is dismissed, as the Opponent has failed to meet its evidential burden.

Compliance with section 30(i) of the Act

[16] The Opponent also pleads that the Applications do not conform to the requirements of section 30(i) of the Act, because the Applicant could not have been satisfied of its entitlement to use the Marks in Canada in association with the Goods and Services, having known at the Applications' filing date of the existence of the Opponent's Trademark, registered and used in association with alcoholic beverages, namely wines.

[17] However, section 30(i) of the Act only requires an applicant to declare itself satisfied that it is entitled to use its trademark in Canada in association with the goods and services described in the application. Awareness of an allegedly confusing trademark does not preclude an applicant from making the required statement, since the applicant may nevertheless be satisfied of its own entitlement to use the trademark it is applying to register in association with the goods and services in its application. Accordingly, where, as here, the required statement is included in the application, an opponent may only rely on section 30(i) in specific cases, such as where bad faith or fraud on the part of the applicant is alleged or where federal legislation arguably prevents the registration of the mark [see *Sapodilla Co Ltd v Bristol-Myers Co* (1974), 15 CPR (2d) 152 (TMOB); and *Interprovincial Lottery Corp v Western Gaming Systems Inc* (2002), 25 CPR (4th) 572 (TMOB)]. In the present case, there are no allegations of that nature in the statements of opposition and there is no evidence in the record to that effect.

[18] Consequently, this ground of opposition is dismissed as well, as the Opponent has failed to meet its evidential burden.

GROUND OF OPPOSITION BASED ON ENTITLEMENT UNDER SECTION 16(3)(A) OF THE ACT

[19] The Opponent pleads that the Applicant is not the person entitled to registration of the Marks under section 16(3)(a) of the Act because, at the Applications' filing date, the Marks were confusing with the Opponent's Trademark, which had been previously used and made known in Canada by the Opponent and/or its predecessors in title, namely 9941772 Canada Inc., Constellation Brands Canada, Inc., Vincor International Ltd., and Sumac Ridge Estate Winery Ltd., in association with alcoholic beverages, since at least as early as September 1988.

[20] To meet its initial burden under this ground, the Opponent must evidence use of its trademark prior to the Applications' filing date, June 30, 2016, in accordance with section 16(3)(a) of the Act, and also that its trademark had not been abandoned at the date of advertisement of the Applications, May 17, 2017, as stipulated in section 16(5) of the Act.

The Opponent's evidential burden

[21] To meet its evidential burden, the Opponent relies on the affidavit of Mr. Bolliger.

[22] Mr. Bolliger explains that the Opponent is a producer and marketer of globally recognized Canadian and imported wines, with its head office in Mississauga, Ontario (para 8). The company was previously known by a series of other names: Sumac Ridge Estate Winery Ltd., then Vincor International Ltd., then Constellation Brands Canada, Inc., then 9941772 Canada Inc. (para 1). Mr. Bolliger attests that the Opponent's STELLER'S JAY brand of wine has been available in Canada since September 1988 and is sold to liquor control boards in three bottle sizes, each labelled with this trademark (paras 18-19). His evidence in this respect includes the following:

- Sample label artwork from 2015 to 2017, representative of the labels for bottles sold in Canada since the brand's introduction (Exhibit B). The Opponent's Trademark is displayed on the front and back labels, in a cursive font with initial capitals and an underline. The front labels feature a stylized outline of a jay above the trademark. The

labels also specify the type of wine each bottle contains, and I note that the types include Steller's Jay Mountain Jay Brut and Steller's Jay Songbird Brut, said on their respective back labels to be named in honour of British Columbia's official bird.

- Photographs of bottles and packaging representative of those used since the brand's introduction, including photographs of bottles from 1988 and 2016 (Exhibit C). The bottle labelling is consistent with the artwork at Exhibit B and the packaging box features the Opponent's Trademark in the same style, below the image of a jay. The exception is the 1988 bottle, whose labelling displays the trademark "Stellar's Jay" (wherein "Stellar" is spelled with an "a") in a plain font with a realistic drawing of a jay in the background. However, applying the principles of *Promafil Canada Ltée v Munsingwear Inc* (1992), 44 CPR (3d) 59 (FCA), I consider the different spelling of "Stellar" to be a minor deviation, such that use of the 1988 version constitutes use of the Opponent's Trademark.
- Printouts of online listings featuring STELLER'S JAY wine from the liquor stores of British Columbia, Alberta and Manitoba, where this brand of wine has been available since 1988 (para 23, Exhibit D). STELLER'S JAY wine has also been available since 1988 by special order through the Saskatchewan Liquor and Gaming Authority and periodically in the liquor stores of Ontario and other provinces (paras 24-25).
- Representative copies of invoices that Mr. Bolliger confirms are from the Opponent, for sales of STELLER'S JAY wine in British Columbia and Alberta from 2010 to 2018 (para 26, Exhibit E).
- Annual sales figures from the fiscal year ending February 28, 2012, to January 2018, showing over \$1 million in net sales each year (para 20). Although Mr. Bolliger does not specify whether the sales figures are domestic or global, I am prepared to accept, on a fair reading of the affidavit as a whole, that at least a portion of the sales were in Canada.

[23] Based on the foregoing, I am satisfied that the Opponent has met its initial burden to evidence use of the Opponent's Trademark prior to the Applications' filing date and that the Opponent's Trademark was not abandoned at the date of advertisement of the Applications. Accordingly, the onus is now on the Applicant to establish, on a balance of probabilities, that the Marks are not likely to cause confusion with the Opponent's Trademark.

The test for confusion

[24] The relevant test for confusion is outlined in section 6(2) of the Act, which stipulates that the use of a trademark causes confusion with another trademark if the use of both trademarks in the same area would be likely to lead to the inference that the goods or services associated with those trademarks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.

[25] The test is to be applied as a matter of first impression in the mind of a casual consumer somewhat in a hurry, who sees the applicant's mark at a time when he or she has no more than an imperfect recollection of the opponent's trademark and does not pause to give the matter any detailed consideration or scrutiny [see *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée*, 2006 SCC 23 at para 20]. Where it is likely to be assumed that the applicant's goods or services either come from the opponent or are approved, licensed, or sponsored by the opponent, it follows that the trademarks are confusing [see *Glen-Warren Productions Ltd v Gertex Hosiery Ltd* (1990), 29 CPR (3d) 7 (FCTD)].

[26] In applying the test, regard must be had to all the surrounding circumstances, including those set out in section 6(5) of the Act: (a) the inherent distinctiveness of the trademarks and the extent to which they have become known; (b) the length of time the trademarks have been in use; (c) the nature of the goods, services, or business; (d) the nature of the trade; and (e) the degree of resemblance between the trademarks in appearance or sound or in the ideas suggested by them. These criteria are not exhaustive and the weight given to each will vary in a context-specific analysis [see *Veuve Clicquot, supra*; *Mattel USA Inc v 3894207 Canada Inc*, 2006 SCC 22; *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27].

Degree of resemblance between the trademarks

[27] As indicated by the Supreme Court of Canada in *Masterpiece*, the degree of resemblance between the trademarks is generally the most important factor in assessing the likelihood of confusion. The preferable approach is to begin by determining whether there is an aspect of each trademark that is "particularly striking or unique" [*Masterpiece, supra*, at para 64]. In this

respect, the first portion of a trademark is generally considered to be the more important for the purpose of distinction [see *Conde Nast Publications Inc v Union des Editions Modernes* (1979), 46 CPR (2d) 183 (FCTD)]. However, it is not the proper approach to set the trademarks side by side and carefully examine them to find similarities and differences; rather, each trademark must be considered as a whole and assessed for its effect on the average consumer as a matter of first impression [see *Veuve Clicquot, supra*; and *Masterpiece, supra*].

[28] In the present case, I consider the entirety of each trademark to be what is striking or unique about it. Moreover, there is a fairly high degree of resemblance between the Opponent's Trademark and each of the Marks in this regard. The Marks are very close to the Opponent's Trademark in appearance and sound. Visually, there are only two small differences in the word element: the placement of the 'S and the difference between "J" and "Jay" in the final portion of the trademarks. The stylized script in the Design Mark does not, in my view, decrease the degree of visual resemblance to any significant extent. Phonetically, the only difference between the parties' respective trademarks is in the placement of the S sound.

[29] There is also a certain degree of conceptual resemblance. First, I accept that the Opponent's Trademark corresponds to the Steller's jay species of bird. In this respect, although it was not cited by the Opponent, I note that the *Concise Canadian Oxford Dictionary* (Toronto: Oxford University Press, 2005) defines "STELLER'S JAY" as follows: [see *Tradall SA v Devil's Martini Inc*, 2011 TMOB 645, re the Registrar's discretion to take judicial notice of dictionary definitions]:

Steller's jay *noun* a blue jay with a dark crest, *Cyanocitta stelleri*, found in central and western N. America. [*G. Steller*, German naturalist and explorer d.1746]

[30] Moreover, I find that the Opponent's Trademark, by virtue of its construction, would suggest the idea of a jay either belonging to or named after someone called Steller, even to consumers unfamiliar with this particular species.

[31] Similarly, I find that the Marks are likely to evoke the idea of a Steller's jay to consumers who are familiar with this species of bird. I find that this would particularly be the case when the Marks are sounded, but that the impression would also be created when the Marks are displayed visually, given the particular spelling of "STELLER". In this respect, I note that

the *Concise Canadian Oxford Dictionary* contains only one other entry for STELLER, namely a definition of “Steller’s sea lion” (which includes a reference to the definition of “Steller’s jay”). Furthermore, either of the Marks may also suggest the idea of the surname Steller and/or of possession, even to consumers who do not think of a jay.

[32] That said, there is also a conceptual difference between the parties’ respective trademarks, which the Opponent appears to concede by submitting that the Marks are laudatory, suggesting the idea of exceptionally good or outstanding cannabis cigarettes—STELLER being a play on the laudatory meaning of the word “stellar” and J’S being a slang term for “joints”, meaning cannabis cigarettes. However, the Opponent further submits that the Applicant has increased the degree of resemblance by having “purposefully used a misspelling of ‘stellar’ and improperly used an apostrophe where none is needed” [written argument at para 67]. With respect to the misspelling, the Opponent emphasizes that it employed a similar play on words in its 2015 bus shelter advertising campaign featuring the tagline “HERE’S TO STELLER CELEBRATIONS” over an image of the Opponent’s STELLER’S JAY wine (see Exhibit H).

[33] I note that there is no evidence before me regarding the meaning of the term J’S (which does not appear to be a standard dictionary word); however, I am prepared to accept that, in the context of cannabis goods and services, the abbreviation J’ in the expression STELLER J’S may well evoke the idea of a “Joint”, regardless of whether J’ is an accepted slang term. In view of the foregoing, I find that the Marks may be perceived as a play on words that suggests not only the idea of a specific species of bird (and the related ideas of a surname and possession) but also the idea of stellar cannabis cigarettes.

[34] On balance, I find that there is a fairly high degree of resemblance between the Opponent’s Trademark and each of the Marks. As a matter of immediate impression, the differences that may exist in the ideas suggested by the parties’ respective trademarks are insufficient to counterbalance the effects of the close visual and phonetic similarity between the Opponent’s Trademark and each of the Marks, particularly given that one aspect of the Marks’ possible play on words—highlighted by the particular spelling of the word “STELLER”—closely resembles the ideas suggested by the Opponent’s Trademark. In view of the foregoing, this factor favours the Opponent.

Inherent distinctiveness of the trademarks and the extent to which they have become known

[35] The Opponent submits that, since the Marks are a laudatory description of the associated product, letting consumers know that the cannabis or derivative they will receive is of superior quality, the Marks are not inherently distinctive. Conversely, the Opponent submits that its own trademark does not describe any inherent characteristic or quality of alcoholic beverages or wine and that, as such, the Opponent's Trademark *is* inherently distinctive.

[36] I accept that the term STELLER'S JAY has no readily apparent connection to wine and that the Opponent's Trademark therefore has a fairly high degree of inherent distinctiveness. However, given that the Marks may be perceived as a play on words, as discussed above, and in the absence of evidence of consumers' most likely reaction to the phrase "STELLER J'S", I am not prepared to find that the Marks necessarily have a much lower degree of inherent distinctiveness. As for the parties' respective stylized scripts, I do not find that they affect the distinctiveness of either the Design Mark or the Opponent's Trademark (as shown in the evidence) to any significant extent.

[37] A trademark's distinctiveness can be enhanced through use and promotion in Canada [see *Sarah Coventry Inc v Abrahamian* (1984), 1 CPR (3d) 238 (FCTD); *GSW Ltd v Great West Steel Industries Ltd* (1975), 22 CPR (2d) 154 (FCTD)]. Only the Opponent filed evidence in this respect, being the affidavit of Steven Bolliger.

[38] In addition to his evidence of use of the Opponent's Trademark, discussed above, Mr. Bolliger provides the following evidence of the trademark's promotion:

- Annual expenditures for advertising and promotion of wines sold under the trademark for the fiscal years 2014 to 2017, which are in the tens of thousands of dollars each year and total over \$100 000 in each of fiscal 2015 and 2016 (para 28).
- Records about the distribution of a 2012 and 2013 winter holiday billboard and bus shelter advertising campaign in Vancouver, including pictures of such advertisements from 2012 and 2013 (para 30, Exhibits F-G). The images include an example of artwork for complementary print advertising for 2013; however, no particulars regarding distribution of the print advertising are provided.

- Records about a similar 2015 bus shelter advertising campaign in Vancouver, featuring the phrase “HERE’S TO STELLER CELEBRATIONS”, including pictures of such advertisements (para 31, Exhibit H).
- A representative sampling of artwork for point-of-sale promotional materials placed next to STELLER’S JAY wines in retail stores “at various times before July 2017” (para 32, Exhibit I). The samples include artwork for various forms of signage, recipe cards, brochures, and branded shelving, along with photographs of a shelving display. Some of the artwork features the slogan HERE’S TO STELLER CELEBRATIONS. Although Mr. Bolliger is imprecise regarding the timing of the advertisements, I note that a couple of them reference awards won in 2013 and 2014.
- A representative sampling of menus and artwork for restaurant “table talkers” from “various times between 2012 and 2016” (para 33, Exhibit J). Mr. Bolliger specifies that STELLER’S JAY wine is made available in over 150 restaurants and hotels, including all of The Keg’s locations and four Fairmont locations in British Columbia. I note that a couple of the promotional pieces mention that “Steller’s Jay was first produced in 1989 and named after British Columbia’s official bird” and that one example of artwork features the slogan HERE’S TO STELLER CELEBRATIONS.
- A representative summary of traditional press and social media highlights from 2015 and 2016 (para 34, Exhibit K). Mr. Bolliger notes that the Opponent has maintained a distinct social media presence for its STELLER’S JAY wines, including Instagram, Twitter, and Facebook accounts active since 2013 (para 34).
- A summary of awards received from domestic and international wine competitions between 1999 and 2016 and representative examples of the promotion of such victories, including a press release distributed in 2013 and artwork for print and online advertisements that “pre-date July 2017”, featuring awards won in 2011, 2013, and 2014 (paras 35-36, Exhibits G, I, J, L, M).

[39] The aforementioned advertisements and promotional materials generally feature either an image of a bottle of STELLER’S JAY wine or its label, or are branded with the Opponent’s Trademark in the style described above, typically with the jay design.

[40] In the Opponent's submission, given the popularity and sales volumes of its STELLER'S JAY wine, as well as the considerable advertising and promotion of the product in association with the STELLER'S JAY mark, this trademark has become well known in Canada. However, although Mr. Bolliger provides examples of advertising and promotion in Canada, it is largely unclear to what extent the various advertisements and promotional materials were distributed, especially prior to the material date. Moreover, Mr. Bolliger does not specify whether the annual sales figures he provides represent global sales or only sales in Canada, and if the latter, how they are broken down by province. In the circumstances, I am only prepared to find that the Opponent's Trademark had become somewhat known in Canada by the material date, particularly in the Vancouver area. Conversely, there is no evidence that either of the Marks had become known in Canada at all.

[41] In view of the foregoing, I find that the overall consideration of the section 6(5)(a) factor, which involves a combination of the inherent and acquired distinctiveness of the parties' trademarks, favours the Opponent.

Length of time the trademarks have been in use

[42] Although the evidence includes an image of a bottle of STELLAR'S JAY wine from 1988, there are no particulars regarding sales from that era. Nevertheless, the evidence demonstrates continual use and promotion of the Opponent's Trademark since at least 2012, whereas there is no evidence that the Applicant has ever used or promoted either of the Marks in Canada. Accordingly, this factor favours the Opponent.

Nature of the parties' goods, services and trades

[43] The Goods in the present case comprise various cannabis products, including dried marijuana, medical cannabis, and cannabis plants, as well as various cannabis derivatives in the nature of ointments, sprays, tinctures, tonics and teas. The Services comprise retail and online sale of such cannabis products and derivatives, as well as cultivation, production, processing, and distribution of marijuana, medical cannabis, and cannabis plants.

[44] Conversely, the Opponent has shown use of its trademark in association with wines.

[45] However, in its written argument, the Opponent submits that its uncontested and uncontroverted evidence shows that (i) there is significant overlap between cannabis and alcohol products, and between the respective consumers of such products, and (ii) cannabis and its derivative products will be sold and marketed in Canada in a manner and at locations similar or identical to those for wine and other alcoholic beverages.

[46] More specifically, the Opponent argues that both parties' products are "drugs" with mood altering qualities and, at least in recreational settings, are typically consumed for this purpose. The Opponent also argues that the Applications include cannabis derivatives that are beverages or can be used in cooking, and in those ways are comparable to wine. The Opponent notes that the Applicant has provided no evidence that its proposed medicinal products will differ from recreational products in their nature and mind altering effects or in their channels of trade. Although the Opponent does not address cannabis seedlings and clones, I note that there is also no evidence of a different customer base or of different trade channels for that type of product.

[47] The Opponent further submits that the Applicant's retail and online sales services are not particularly distinguishable from the products themselves, such that the same analysis applies. The Opponent submits that the analysis is no different with respect to the cultivation, production, processing, packaging and distribution services, since there is no evidence that the liquor control boards through which cannabis will be sold will purchase anything other than finished products from licensed producers or that medicinal cannabis will be able to be sold in any manner other than as a finished product.

[48] The Opponent's evidence with respect to the above consists of the affidavit of Mr. Stewart, and portions of the affidavit of Mr. Bolliger. As discussed above, I am satisfied that Mr. Stewart is qualified as an expert in Canada's cannabis business sector. In addition, I accept that Mr. Bolliger is knowledgeable about the wine industry sector in Canada and that his factual evidence in that regard may be given some weight.

[49] In his affidavit, Mr. Bolliger explains that in all provinces and territories except Alberta, alcoholic beverage products are sold at retail stores owned and operated by the provincial or territorial liquor control boards (paras 10-11). Some liquor control boards, such as those of Ontario, Manitoba, and British Columbia, offer sales through their websites (para 12). Most

provinces allow some alcoholic beverage products to be sold in privately owned retail stores operated under licence from, or through an agency agreement with, the liquor control board, and many provinces allow wineries, breweries, or distilleries to sell their products at “on-premises” stores (paras 11, 13). In addition, alcoholic beverage products are sold at hotels, bars, and restaurants licensed by the liquor control boards (para 14).

[50] Mr. Bolliger attests that competition in the alcoholic beverage market is “fierce” and that competitors consistently introduce new brands and new promotional ideas in an attempt to attract new customers, increase shelf space in the retail stores, and obtain increased market share at hotels, bars, and restaurants (para 15). Producers and marketers “are careful to target synergies and diversify into new market sectors”, which includes the expansion of wine producers’ operations to other beverages and products; for example, the Opponent also produces ciders, spritzers and coolers (para 16). Although Mr. Bolliger’s observations regarding the desirability of targeting synergies are made after the material date, I consider them likely to be reflective of the general situation existing at the earlier time [see *Speedo Knitting Mills Pty Ltd v Beaver Knitwear (1975) Ltd* (1985), CPR (3d) 176 (TMOB) re drawing inferences about the situation at the material date from matters arising subsequently].

[51] Mr. Bolliger further attests that some producers are “entering the cannabis space”, through investments, product development, or strategic partnerships (para 16). He gives examples of publicity regarding the Opponent’s competitors partnering with marijuana companies to market marijuana-based beverages or taking steps to create such products on their own; however, each of these examples is from after the material date, and I am not prepared to infer that such specific types of partnering or diversification were necessarily occurring earlier.

[52] With respect to the cannabis trade, Mr. Stewart provides a general overview of how legal cannabis products were expected to be sold, distributed, marketed, and used once recreational marijuana is legalized in Canada, based on the information available at the time his affidavit was sworn. At that time, Canada only had a medical cannabis regime, whereby individuals with a prescription were permitted to order from a licensed producer for home delivery (para 17). However, the cannabis industry was preparing for the legal recreational regime contemplated in

Bill C-45, *The Cannabis Act*, which had already undergone second reading in the Canadian Senate and was expected to become law within the next few months (paras 20, 23).

[53] Based on a consideration of Mr. Stewart's affidavit as a whole, I am satisfied that his evidence regarding the specialized cannabis market is relevant and addresses matters outside the Registrar's expertise, and otherwise meets the test for the admissibility of expert evidence set out in *R v Mohan*, [1994] 2 SCR 9. Yet much of Mr. Stewart's evidence post-dates the material date. This includes his evidence with respect to the medical cannabis regime under the *Access to Cannabis for Medical Purposes Regulations* (ACMPR) in force at the date of his affidavit, the proposed terms of *The Cannabis Act*, the proposed provincial and territorial regulations, and examples of complementary marketing and branding for cannabis and alcohol. However, I accept that, at the material date, there would at least have been some expectations regarding a regulated market. In this respect, I note that the *Proposed Approach to the Regulation of Cannabis* document published by Health Canada on March 19, 2018, attached as Exhibit D to Mr. Stewart's affidavit, indicates in the first paragraph that the Government of Canada committed to introducing legislation to legalize, strictly regulate, and restrict access to cannabis in the 2015 Speech from the Throne, although it did not introduce Bill C-45 in the House of Commons until April 13, 2017.

[54] Moreover, I find Mr. Stuart's evidence with respect to overlap in the nature of the products and trades to be of a more general character, and supported by academic research and commentary that is based on data predating the material date. The salient points of Mr. Stewart's evidence in this respect can be summarized as follows:

- In Mr. Stewart's opinion, based on his experience, recreational cannabis in Canada will be a direct competitor to alcohol in consumer sales, marketing, and consumption, with licensed producers and alcoholic beverage producers both seeking to promote lifestyle brands and following many of the same consumer branding processes (para 32). In this respect, cannabis and alcohol consumers "can be seen as the same consumers who are often motivated by the same experience in consuming the product, be it relaxation, social, stress relief or the like" (para 46).

- Academic research and commentary supports the opinion that recreational cannabis in Canada will be a direct competitor to alcohol in consumer sales, marketing and consumption, and that there will be significant overlap in the marketing and branding of these products, as they will ultimately target the same consumers (para 42). Examples of such academic research and commentary includes the following:
 - A 2016 report on the cannabis sector published by Deloitte indicates that many of the motivating factors for the consumption of alcohol could just as easily be associated with cannabis consumption (para 40), such that “recreational marijuana industry aspirants need only look to the beverage alcohol industry for marketing and branding parallels” (Exhibit M).
 - Deloitte’s study found that only 20% of consumers of both alcohol and cannabis consume both at the same time, which indicates that the two substances may be in direct competition and that there is a potential for consumers to migrate away from alcohol to cannabis as the latter is legalized (para 41, Exhibit M).
 - A study published by the University of Connecticut in December 2017, based on data regarding alcoholic beverage purchases across U.S. counties from 2006 to 2015, concluded that alcohol and cannabis are substitutes and that the availability of legal cannabis reduced alcohol sales by at least 13%, which indicates that a significant portion of the target customers in both industries are the same people (para 39, Exhibit L).

[55] In light of the foregoing, although the parties’ goods and services are different in terms of their specific nature, I find that there is some evidence of overlap between cannabis and alcoholic beverages in the general nature of the product and potential for overlap in the target consumer base. Accordingly, I find that the considerations under section 6(5)(c) of the Act, concerning the nature of the goods and services, tend to support the Opponent’s position. However, in the absence of further evidence regarding actual or prospective trade channels at the material date, I find that the considerations under section 6(5)(d) of the Act, concerning the nature of the trade, are a neutral factor.

Conclusion with respect to confusion

[56] The test for confusion does not concern confusion of trademarks themselves but rather confusion as to whether the goods and services associated with each of the trademarks come from the same source. In the present case, the question is essentially whether a casual consumer with only an imperfect recollection of the Opponent's Trademark would, upon encountering the Applicant's Goods or Services in association with the Word Mark or Design Mark, think that those Goods or Services emanate from the Opponent, or are somehow sponsored, licensed, or approved by the Opponent.

[57] As noted above, the onus is not on the Opponent to show that such confusion is likely but rather on the Applicant to satisfy the Registrar, on a balance of probabilities, that there is no likelihood of such confusion. The presence of a legal onus on the Applicant means that, if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against the Applicant.

[58] Having considered all the surrounding circumstances, I find that, at best for the Applicant, the probabilities are evenly balanced between a finding of confusion and a finding of no confusion.

[59] I reach this conclusion bearing in mind in particular the fairly high degree of resemblance between each of the Marks and the Opponent's Trademark and the evidence of overlap in the general nature of the parties' goods, which are also the subject of the Applicant's services. Had there been evidence of significant differences in the nature of the goods, services or trades sufficient to counterbalance the type of overlap evidenced by the Opponent, my conclusion might perhaps have been different.

[60] As the onus is on the Applicant to show, on a balance of probabilities, that there is no reasonable likelihood of confusion, I must find against the Applicant. Accordingly, the ground of opposition based on entitlement to registration under section 16(3)(a) of the Act is successful.

GROUND OF OPPOSITION BASED ON REGISTRABILITY UNDER SECTION 12(1)(D) OF THE ACT

[61] The Opponent pleads that the Marks are not registrable under section 12(1)(d) of the Act because they are confusing with the Opponent's Trademark, registered under no. TMA551,213. A printout of the particulars of this registration (the Opponent's Registration) is attached as Exhibit A to Mr. Bolliger's affidavit.

[62] The material date for the analysis of this ground of opposition is the date of the Registrar's decision [see *Park Avenue Furniture Corporation v Wickes/Simmons Bedding Ltd* (1991), 37 CPR (3d) 413 (FCA)]. The opponent's initial burden is met if the registration relied upon is in good standing on this date and the Registrar has discretion to check the Register in this respect [see *Quaker Oats of Canada Ltd/La Compagnie Quaker Oats du Canada Ltée v Menu Foods Ltd* (1986), 11 CPR (3d) 410 (TMOB)]. Having exercised that discretion, I confirm that the Opponent's Registration is extant.

[63] The Opponent having met its evidential burden, the onus is now on the Applicant to satisfy the Registrar, on a balance of probabilities, that the Marks are not likely to cause confusion with the Opponent's Trademark.

[64] The later material date associated with the section 12(1)(d) ground of opposition does not change the ultimate result of the test for confusion performed under the section 16(3)(a) ground.

[65] Under a section 12(1)(d) ground of opposition, it is the effect of the Opponent's registered trademark itself that must be considered, and not the effect of other indicia that may appear with it, such as the image of a jay or the slogan playing on the word STELLAR. However, actual use is not irrelevant, for example, if it shows a use within the scope of the registration that may be confusing with the applicant's mark. In the present case, I do not find that considering the Opponent's Trademark as registered provides any significant benefit to the Applicant.

[66] I also note that, under section 12(1)(d), it is the statement of goods in the Opponent's Registration rather than the goods with which the Opponent has actually used the Mark that governs the analysis of the sections 6(5)(c) and (d) factors. However, the goods covered by the

Opponent's Registration, being "alcoholic beverages, namely wines", are essentially the same as the goods with which the Opponent's Trademark has been used.

[67] That being said, in this case, the later material date allows consideration of additional evidence with respect to the nature of the parties' respective goods, services and trades. This includes Mr. Stewart's evidence with respect to the medical cannabis regime under the ACMPR, the proposed terms of the *Cannabis Act*, and the proposed provincial and territorial regulations, as well as the evidence of both Mr. Stewart and Mr. Bolliger with respect to examples of complementary marketing and branding.

[68] The salient points of Mr. Stewart's evidence in this respect are as follows:

- At the date of Mr. Stewart's affidavit, medicinal cannabis was routinely sold to the public in Canada through licensed producers under the *Access to Cannabis for Medical Purposes Regulations* (ACMPR) and also through illegal dispensaries (paras 17-19, 43).
- *The Cannabis Act* and subsequent regulations made pursuant to it would allow the federal government to define a minimum age for consumption, packaging rules, production rules, and other aspects of the new legal sector, and also allow each province and territory to define its own retail sales model, minimum age for consumption, and places where cannabis may be sold and consumed (paras 21-22). The federal government released its proposed regulatory requirements for cannabis packaging, labelling, and branding on March 19, 2018 (para 25, Exhibit D).
- When legalized, recreational cannabis would be marketed and distributed in a manner similar to, and in some cases identical to, that for alcohol, with the same minimum age for consumption as for alcohol (paras 27, 43).
- In large measure, recreational cannabis would be controlled by the liquor control boards in each province and territory (including British Columbia, Alberta, Manitoba and Ontario) and thus purchased wholesale from licensed producers by the same provincial crown corporations that purchase alcohol for sale to consumers (paras 28, 44).
- In some Canadian jurisdictions, recreational cannabis would be sold within existing government-owned liquor stores where wine and other alcoholic beverage products are

sold. Often, however, it would be sold by subsidiaries of the same crown corporations, for example, as described in an Ontario news release indicating that dedicated stores would be set up to sell cannabis behind-the-counter, hidden from view (paras 30-31, 44, Exhibits E-H).

- Based on the approach taken thus far in Canada and in other jurisdictions where recreational cannabis is legal, there is expected to be significant overlap between the sale and marketing of alcoholic beverages and cannabis in Canada (para 45). Marketing and branding for both products may even originate from the same or related companies and be specifically designed to be complementary (para 42). Examples of such overlap existing already include the following:
 - In February 2018, the Canadian licensed producer of medicinal cannabis MedReleaf Corporation announced a new recreational cannabis brand called *San Rafael '71* and, in an effort to create brand awareness in advance of legalization, partnered with Toronto craft brewery Amsterdam Brewing Co. to launch *San Rafael '71* beer (para 33). MedReleaf's press release and media coverage explained that the beer's name and 4.20% alcohol content were a nod to cannabis culture; such media coverage in trade publications also highlighted the beer's tag line, "Beer Today. Bong Tomorrow" (paras 33-34, Exhibits I-J).
 - In late 2017, U.S. alcoholic beverage manufacturer Constellation Brands, Inc. announced that it was purchasing a stake in Canada's largest licensed cannabis producer, Canopy Grown Corporation, for whom it would provide broad marketing and brand development support, while collaborating to develop and market cannabis-based beverages (para 35-36, Exhibit K).
 - In California, where recreational cannabis was legal, cannabis-infused beverages were already on the market, an example being an alcohol-removed, cannabis infused wine from Rebel Coast Winery (para 37).

[69] The additional examples in Mr. Bolliger's affidavit, regarding the Opponent's competitors partnering with marijuana companies to market marijuana-based beverages or taking steps to create their own such products (para 16), are the following:

- An August 22, 2017 Business Insider article reporting that a Heineken-owned brewer has released a marijuana-infused beer (Exhibit P);
- An October 30, 2017 Toronto Star article reporting that the Opponent's former parent company, Constellation Brands, Inc., has invested in marijuana company Canopy Grown Corporation, intending to collaborate on cannabis-based beverages (Exhibit Q);
- A March 30, 2018 Globe and Mail article reporting that marijuana producer Medreleaf Corp. has co-branded a beer with Amsterdam Brewing Co. (Exhibit R).

[70] In its written argument and at the hearing, the Opponent urged the Registrar to take judicial notice of the provincial regimes predicted by Mr. Stewart having "largely come to pass" (with one exception) and of the role of two additional provincial liquor control boards. Although I may have been prepared to take judicial notice of a specifically referenced legislative provision, I do not consider it an appropriate exercise of the Registrar's discretion to conduct research into various provincial and territorial regulatory regimes to help the Opponent make its case. The Registrar's expertise does not extend to provincial regulations, whose effects must be established by evidence, and if the Opponent wished to furnish updates in that respect, it was required to seek and obtain leave to file additional evidence.

[71] Nevertheless, Mr. Stewart's evidence to the effect that a regulatory environment similar to that for alcohol was in the process of being established federally and in the various provinces and territories is unchallenged and uncontradicted, and both Mr. Stewart and Mr. Bolliger provide evidence of overlap in branding strategies, marketing, and publicity. Having factored in this additional evidence, I find that the considerations under section 6(5)(d) of the Act, concerning the nature of the trade, now tip the balance for this factor in favour of the Opponent.

[72] Having considered all the surrounding circumstances, I find the Opponent's case is even slightly stronger under the registrability ground of opposition based on section 12(1)(d) of the Act. Accordingly, this ground of opposition is successful as well.

GROUND OF OPPOSITION BASED ON DISTINCTIVENESS OF THE MARK UNDER SECTION 2

[73] The Opponent also pleads that the Marks are not distinctive of the Goods within the meaning of section 2 of the Act, and are not adapted to distinguish such Goods, because the Marks do not distinguish the Goods from the goods in association with which the Opponent's Trademark has been used and made known by the Opponent and/or its predecessors in title. The Opponent further pleads that, as such, the Marks are not adapted to distinguish the Goods from the goods of the Opponent, nor do they actually distinguish the Goods from the goods of others.

[74] I note that, contrary to the characterization of this ground in the Opponent's written argument, the pleading does not include an allegation that the Mark is not distinctive of the Services. Accordingly, such an allegation cannot be considered, as the Registrar has no jurisdiction to deal with a ground not found in the statement of opposition. Moreover, this is not a case where a broad or ambiguous pleading might be clarified by the opponent's evidence; the scope and meaning of the pleading are clear on its face. If, after the statement of opposition was filed, the Opponent wished to add an allegation with respect to the Services, then the Opponent was required to seek and obtain leave to amend its statement of opposition.

[75] In any event, even if I were to interpret the omission of any reference to services in the pleading as an obvious technical error, it would not change the outcome of this ground of opposition, for the reasons set out below.

[76] The material date for this ground of opposition is the date the statement of opposition was filed [*Metro-Goldwyn-Mayer Inc v Stargate Connections Inc*, 2004 FC 1185]. To succeed under this ground, an opponent relying on its own trademark must establish that, as of the material date, its mark had become sufficiently known in Canada to negate the distinctiveness of the applicant's mark [*Motel 6 Inc v No 6 Motel Ltd* (1981), 56 CPR (2d) 44 (FCTD); *Bojangles' International LLC v Bojangles Café Ltd*, 2006 FC 657]. The opponent must show that its mark was known in Canada to some extent, having a "substantial, significant or sufficient" reputation in association with the relevant goods or services to negate distinctiveness, or else well known in a specific area of Canada [*Bojangles, supra*].

[77] In the present case, Mr. Bolliger provides annual advertising expenditures in the tens of thousands of dollars, totalling over \$100 000 in each of fiscal 2015 and 2016. However, there is no breakdown of where and how the money was expended. Notably, although Mr. Bolliger states that the advertising and promotion was of wines “sold under the trademark STELLER’S JAY in Canada” (para 28), he also states that such wines are entered in both domestic and international wine competitions to “generat[e] traditional and social media attention”, and many of those competitions appear to have taken place abroad (see para 35). Yet there is no indication of what percentage of the advertising expenditures was for these competitions abroad. In the circumstances, it is not clear how and to what extent the advertising expenditures translated into public exposure to the Opponent’s Trademark in Canada.

[78] Although examples of advertising and promotion in Canada are provided, the extent of their distribution is unclear. For example, Mr. Bolliger does not specify at how many stores and restaurants and at what “various times” point-of-sale materials and table talkers were displayed; where and when printed advertisements were published; or where articles based on the Opponent’s press release were published. Although certain screenshots and “reach” figures are provided in the social media summary, there is no explanation as to the meaning of these figures, and in particular the extent to which they represent individuals in Canada as opposed to people in other jurisdictions or automated bots. There is also no indication of how the Opponent’s Trademark figured in the traditional media “stories” and “clips” referenced in the media summary.

[79] Mr. Bolliger’s evidence with respect to the extent of the billboard and bus shelter advertising is considerably more detailed; however, there is only evidence of these campaigns running in Vancouver, and only relatively briefly, *i.e.* for the 2012, 2013 and 2015 winter holiday periods. There is no evidence of these campaigns closer to the material date of July 11, 2017.

[80] With respect to the annual net sales figures of over \$1 million each year from the fiscal year ending February 28, 2012, to January 2018 (para 20), as noted above, I am prepared to accept that at least a portion of the sales were in Canada. However, in light of Mr. Bolliger’s statement that the Opponent’s Canadian wines are globally recognized, and in the absence of a

clear statement from Mr. Bolliger as to whether the sales figures provided represent only sales in Canada or global sales, and as to what proportion of the sales were made in the Vancouver area, I do not find that the sales figures provide clear evidence of the extent to which the Opponent's Trademark was known either in Canada or in a specific area of Canada. As explained in *Bojangles*, a trademark owner cannot simply assert that its trademark is known in Canada; there must be *clear* evidence of the extent to which it is known.

[81] In the circumstances, I find that the evidence falls short of demonstrating that, at the material date, the Opponent's Trademark had a reputation in Canada that was substantial, significant, or sufficient to negate the distinctiveness of either the Word Mark or the Design Mark or, alternatively, that the Opponent's Trademark was well known in a specific area of Canada.

[82] Accordingly, this ground of opposition is dismissed, as the Opponent has failed to meet its evidential burden.

DISPOSITION

[83] In view of all the foregoing, pursuant to the authority delegated to me under section 63(3) of the Act, I refuse each of the Applications pursuant to section 38(12) of the Act.

Oksana Osadchuk
Member
Trademarks Opposition Board
Canadian Intellectual Property Office

**TRADEMARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD**

HEARING DATE 2020-10-08

APPEARANCES

Daniel G. Cohen	For the Opponent
No one appearing	For the Applicant

AGENTS OF RECORD

Goodmans LLP	For the Opponent
McCarthy Tetrault	For the Applicant