



Canadian Intellectual Property Office

THE REGISTRAR OF TRADEMARKS

Citation: 2024 TMOB 39

Date of Decision: 2024-03-04

IN THE MATTER OF AN OPPOSITION

Opponent: Hi Wines Ltd.

Applicant: Pur Pharmaceuticals Limited

Application: 1860654 for HI & UMLAUT ARC Design

INTRODUCTION

[1] Hi Wines Ltd. (the Opponent) opposes registration of the trademark HI & UMLAUT ARC Design (the Mark) depicted below, which is the subject of application No. 1860654 filed by Pur Pharmaceuticals Limited (the Applicant):



[2] The Mark is applied for in association with alcoholic and non-alcoholic beverages all infused with non-psychoactive cannabis or non-psychoactive hemp (the Goods), the full list of which is attached as Schedule A.

[3] The opposition is based on the grounds that the application was filed in bad faith, non-entitlement to registration of the Mark, non-distinctiveness and non-entitlement to use of the Mark. All grounds are rooted in the alleged likelihood of confusion with the Opponent's trademark HI! (the Opponent's Trademark) which the Opponent claims has been used in Canada since 2007 with wines (the Opponent's Goods).

[4] For the reasons set out below, I reject the opposition.

THE RECORD

[5] The application for the Mark was filed on October 2, 2017 and was advertised for opposition purposes on March 25, 2020.

[6] On September 25, 2020, the Opponent opposed the application by filing a statement of opposition under section 38 of the *Trademarks Act*, RSC 1985, c T-13 as amended June 17, 2019 (the Act).

[7] The Applicant filed a counter statement denying the grounds of opposition.

[8] In support of its opposition, the Opponent filed the affidavit of Olivier Pasquini, dated June 30, 2021 (the Pasquini Affidavit). In support of its application, the Applicant filed the affidavit of Anthony Joel Capin dated November 1, 2021 (the Capin Affidavit). No cross-examinations were conducted.

[9] Only the Applicant filed written representations. No hearing was held.

OVERVIEW OF THE EVIDENCE

Opponent's Evidence - Summary of the Pasquini Affidavit

[10] Mr. Pasquini is the founder and CEO of the Opponent. The contents of his affidavit are based on Mr. Pasquini's personal knowledge and information contained in the Opponent's business records to which he has regular access as a result of his position [paras 1 and 3].

[11] Paragraphs 8 to 18 of the Pasquini Affidavit describe, *inter alia*, the history of the Opponent and its products outside of Canada and are not relevant to these

proceedings. I also note that several of the exhibits to the Pasquini Affidavit as well as statements made by Mr. Pasquini are either undated or post-date the material dates in this proceeding and are therefore not of assistance to the Opponent.

[12] With respect to the Opponent's use of the Opponent's Trademark in Canada, the Pasquini Affidavit contains the following statements and exhibits:

- The Opponent has been distributing and selling wine under the brand of the Opponent's Trademark in Canada since 2007. Sales were initially made to the Liquor Control Board of Ontario (the LCBO) through the distribution company DIVA Spirits, Sarl [para 20]. A purchase order for the Opponents Goods to the LCBO in 2007 is attached as Exhibit OP-5.
- Since 2007, the Opponent's Goods have been sold in approximately 146 locations across Ontario [para 23, Exhibit OP-8].
- Total annual sales of the Opponent's Goods made in Canada for the years 2015 to 2020 were over \$700,000 CDN [para 25].

[13] Paragraphs 26 to 37 of the Pasquini Affidavit discuss the Opponent's intended plans to expand its product lines in Canada, details on the global trademark portfolio for the Opponent's Trademark, and Mr. Pasquini's opinion on likelihood of confusion between the trademarks of the parties. As Mr. Pasquini has not qualified himself as an expert, I am not prepared to give any weight to his opinions on questions of fact and law to be determined by the Registrar in this proceeding. Overall, I do not consider any of this evidence to assist the Opponent in these proceeding and, accordingly, paragraphs 26 to 37 of the Pasquini Affidavit will be given no weight.

Applicant's Evidence - Summary of the Capin Affidavit

[14] Mr. Capin is the founder, sole owner, director and CEO of the Applicant as well as a major shareholder and Secretary of the wine and spirits company Dover Enterprises (Dover) [paras 1 and 2]. By virtue of his positions at the Applicant and Dover, Mr. Capin has personal knowledge of the Applicant's products and "is familiar with and knowledgeable of the wine and spirits business in Canada" [para 4].

[15] The Capin Affidavit contains, *inter alia*, the following statements and exhibits:

- In 2015, the Applicant began discussions with Dover to license the Mark for Dover's use in association with hemp-infused spirits [para 8].
- In March 2018, the LCBO issued a certificate of analysis to Dover for hemp-infused vodka to be offered bearing the Mark [para 10, Exhibit AP-1].
- The Applicant had no knowledge of the Opponent or any of the Opponent's products prior to the filing of the application for the Mark [para 13].
- A list of trademarks that include the word element "hi" or "high" in association with wines, spirits, and related goods in Nice classification 33 is attached as Exhibit AP-6 [para 28].

[16] A significant portion of the Capin Affidavit contains the opinions of Mr. Capin on the Opponent's evidence, the alcoholic beverage industry in Canada and the likely absence of confusion in the marketplace which does not assist the Applicant and, for the same reason as Mr. Pasquini's opinions, will not be given any weight.

PRELIMINARY REMARKS

Evidence of the Parties

[17] In reaching my decision I have considered all the evidence in the file. However, only those portions of the evidence directly relevant to my findings are discussed.

[18] In this respect, as noted above in the summary of the evidence of the parties, I find much of the evidence filed by both parties to have little probative value.

Admissibility of the Pasquini Affidavit

[19] In its written representations, the Applicant submitted that the Pasquini Affidavit should not be considered as evidence as the Applicant twice requested cross-examination of Mr. Pasquini, once with the Opponent's previous counsel and once with current counsel, but no cross-examination was conducted.

[20] However, the record for this proceeding demonstrates that the Applicant was granted several extensions of time to conduct and complete the cross-examination of

Mr. Pasquini, the last being correspondence from the Registrar dated May 1, 2023 in which the Applicant was granted a further extension to June 30, 2023. In the same correspondence, the parties were advised that if they were unable to arrange for the cross-examination on mutual agreement they should advise the Registrar who could then set a date and time for the cross-examination in accordance with section 56(2) of the *Trademark Regulations*, SOR/2018-227. No further request in respect of the cross-examination was submitted by either party. Accordingly, if the Applicant fully intended to cross-examine Mr. Pasquini and was unable to make suitable arrangements with the Opponent, it had the option of filing a request with the Registrar for the setting of the date and time before the June 30, 2023 deadline. As it failed to do so, it cannot now seek to have the Pasquini Affidavit deemed inadmissible.

EVIDENTIAL BURDEN AND LEGAL ONUS

[21] In accordance with the usual rules of evidence, there is an evidential burden on the Opponent to prove the facts inherent in its allegations pleaded in the statement of opposition [*John Labatt Ltd v Molson Companies Ltd*, 1990 CarswellNat 1053 (FC)]. The presence of an evidential burden on the Opponent with respect to a particular issue means that in order for the issue to be considered at all, there must be sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support that issue exist [*John Labatt*, at 298].

[22] For those allegations for which the Opponent has met its evidential burden, the legal onus is on the Applicant to show that the application does not contravene the provisions of the Act as alleged in the statement of opposition. The presence of a legal onus on an Applicant means that, if a determinate conclusion cannot be reached once all the evidence has been considered, then the issue must be decided against it.

ASSESSMENT OF THE GROUNDS OF OPPOSITION

Sections 38(2)(c) and 16(1)(a) – Is the Applicant Entitled to Registration of the Mark?

[23] The Opponent pleads that the Applicant is not entitled to registration of the Mark in association with the Goods as the Mark was and is confusing with the Opponent's Trademark which had been previously used and/or made known in Canada with wines.

[24] The material date for this ground of opposition is the filing date of the application, being October 2, 2017 [*Shell Canada Limited v PT Safari Incofood Corporation*, 2005 FC 1040].

[25] For this ground of opposition, there is an initial burden on the Opponent to evidence use or making known of the trademark relied upon by the Opponent prior to the filing date of the application for the Mark. Once use is established, the Opponent must show non-abandonment of that same trademark as of the date of advertisement of the Application, namely, March 25, 2020 [section 16(3) of the Act].

[26] To demonstrate “use” of its trademark, the Opponent must meet the requirements of section 4 of the Act, which reads as follows:

4 (1) A trademark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.

[27] Mere assertions of use are insufficient to demonstrate use within the meaning of section 4 of the Act [*Plough (Canada) Ltd v Aerosol Fillers Inc* (1980), 1980 CanLII 2739 (FCA), 53 CPR (2d) 62 (FCA)]. A party must present detailed and specific evidence showing how the requirements of section 4 of the Act have been met [*Domaines Pinnacle Inc v Les Vergers de la Colline*, 2016 FC 188 at para 36; *Kamsut Inc v Jaymei Entreprises Inc*, 2009 FC 627 at paras 34-36; *JC Penney Co Inc v Gaberdine Clothing Co Ltd*, 2001 FCT 1333 at para 82]. A mere assertion that a trademark is displayed in a particular context, without any supporting documentation contemporaneous with the

relevant date, lacks probative value [*Les Consultants Trafix inc v Kapsch TrafficCom AG*, 2022 TMOB 110].

Has the Opponent Met its Burden for this Ground?

[28] As noted above, while the Pasquini Affidavit contains several assertions of use of the Opponent's Trademark in Canada, only evidence of one purchase order for the Opponent's Goods was provided, namely a purchase order dated July 15, 2007 to the LCBO for 25 cases of prosecco wine under the brand of the Opponent's Trademark [para 20, Exhibit 5]. Purchase orders are not direct evidence of transfers of goods to Canadian consumers [see *Alliance Apparel Group, Inc v Majora Inc*, 2021 TMOB 138]. There is no indication in the Pasquini Affidavit as to whether the Opponent's wine was actually transferred to the LCBO as required to satisfy the definition of use in section 4(1) of the Act. While in cases where the evidence of record has demonstrated thousands of purchase orders over a period of years it has been determined that "it would go against reason to conclude that none of the 25,000" goods were transferred, in the present case the evidence only contains a single order for 25 cases [see *Riches, McKenzie & Herbert LLP v Park Pontiac Buick GMC Ltd*, 2005 CarswellNat 4408 (TMOB)].

[29] Even reading the Opponent's evidence in its entirety, due to ambiguous statements and evidence that is either undated or post-dates the material date for this ground, I am unable to conclude that the Opponent has met its initial burden. While Mr. Pasquini asserts that the Opponent has been distributing and selling wine in Canada to the LCBO "since 2007", there is a complete absence of supporting evidence for use of the Opponent's Trademark in Canada from 2007 to at least 2015 [Pasquini Affidavit, para 20]. Mr. Pasquini's assertion that the Opponent's Goods have been sold in approximately 146 locations across Ontario "since 2007" attaches an undated list of these locations with no details as to when the sales were made, volume of sales or locations [para 23, Exhibit 8]. I find the frequently used wording "since 2007" in the Pasquini Affidavit to be ambiguous, particularly since no sales volume or dates were provided other than an almost completely redacted chart purporting to show the total annual sales for the years 2015 to 2020 [Pasquini Affidavit, paras 20 and 23].

[30] This redacted chart of “total annual sales” of the Opponent’s Goods “made in Canada” is also ambiguous in that it is not clear from the wording that this chart refers to sales made in Canada or sales of Opponent’s Goods that were made in Canada but not necessarily sold in Canada [Pasquini Affidavit, para 25]. Further, as only the combined total sales figure for the years 2015 through 2020 was provided it is not clear that any of these sales occurred prior to the October 2, 2017 filing date of the application for the Mark since the table is redacted.

[31] It should be noted that even though the Applicant requested cross-examination of Mr. Pasquini and that cross-examination may have resolved some of the ambiguities mentioned above, the Applicant was under no obligation to do so. The Registrar has consistently held that such ambiguities are to be resolved against the party putting forward the evidence in an opposition case [see, for example, *Power Budd, LLP v Beaudry*, 2006 CanLII 80342 (TMOB); *Ben Sherman Group Limited v Knautz*, 2013 TMOB 122 (CanLII); *Hunter Douglas Inc v Blinds To Go Inc*, 2007 CanLII 80854 (TMOB)].

[32] Finally, I see no basis on the evidence of record for the Opponent to successfully claim the Opponent’s Trademark had been made known in Canada as of the material date for this ground. While the Pasquini Affidavit contains references to use of the Opponent’s Trademark outside of Canada, including at trade shows outside of Canada, awards won in Asia, international media coverage, the Opponent’s website and social media sites, there is no evidence as to what, if any, of this information was viewed by or known to Canadians to support an assertion that the Opponent’s Trademark had become known in Canada to any extent.

[33] For all of the above reasons, I find that the Opponent has failed to meet its burden of demonstrating use or making known of the Opponent’s Trademark prior to the filing date of the application for the Mark.

[34] This ground of opposition is therefore dismissed.

Section 38(2)(d) – Is the Mark Distinctive of the Applicant?

[35] Pursuant to section 38(2)(d) of the Act, the Opponent pleads that the Mark is not distinctive of the Applicant, within the meaning of section 2 of the Act, as the Mark does not actually distinguish, nor is it adapted to distinguish, the Applicant's Goods from the goods associated with the Opponent's Trademark which had previously been used and/or made known in Canada.

[36] The material date for this ground of opposition is the date of filing of the statement of opposition, namely, September 25, 2020 [see *Metro-Goldwyn-Mayer Inc v Stargate Connections Inc*, 2004 FC 1185].

[37] Section 2 of the Act defines "distinctive" in relation to trademarks as follows:

"distinctive" in relation to a trademark, describes a trademark that actually distinguishes the goods or services in association with which it is used by its owner from the goods or services of others or that is adapted so to distinguish them.

[38] In order to meet its burden in respect of this ground, the Opponent must show that the reputation of its trademark prevents the Mark from being distinctive and the required level of use must be "substantial, significant" or constitute "sufficient reputation" in association with the relevant goods and services as of the material date [*Hilton Worldwide Holding LLP v Solterra (Hastings) Limited Partnership*, 2019 TMOB 133 citing *Bojangles' International, LLC v Bojangles Café Ltd*, 2006 FC 657].

[39] As discussed above, I find that the Opponent has not established that the Opponent's Trademark had been used in Canada prior to the material date or that its trademark had been made known in Canada. As a result, the Opponent has failed to meet its initial burden of establishing a substantial, significant or sufficient reputation for this ground.

[40] This ground of opposition is therefore dismissed.

38(2)(f) – Was the Applicant Entitled to Use the Mark in Canada?

[41] The Opponent pleads that, as of the filing date, namely October 2, 2017, the Applicant could not have been satisfied that it was entitled to use the Mark in Canada as

the Mark was, and still is, confusing with the Opponent's Trademark which the Applicant knew or should have known was previously used in Canada.

[42] Section 38(2)(f) of the Act addresses an applicant's entitlement to use its trademark (i.e., per relevant federal legislation or other legal obligations) as opposed to an applicant's entitlement to register its trademark (relative to another's trademark, pursuant to section 16 of the Act). In my view, merely pleading that an applied-for trademark was confusing with a previously used or registered trademark is not a fact that can support a section 38(2)(f) ground of opposition [see *DCK Concessions Ltd v Hong Xia Zhang*, 2022 TMOB 200 and *Smarte Carte, Inc v Sandals Resorts International 2000 Inc*, 2023 TMOB 67 for similar findings].

[43] In any event, as I have found the Opponent has not evidenced use of its trademark in Canada, the Opponent would not have met its initial burden for this ground even if I considered it a proper ground of opposition.

[44] Accordingly, this ground of opposition is rejected.

38(2)(a.1) – Was the Application Filed in Bad Faith?

[45] The Opponent pleads that the application for the Mark was filed in bad faith as, at the filing date, the Applicant i) was aware of the Opponent's Trademark that had previously been used, advertised and promoted in Canada and had become well known in Canada, and ii) knew that use of the Mark in Canada with the Goods would likely cause confusion with the Opponent's Trademark.

[46] As no evidence was filed in support of this claim, including evidence establishing use and/or making known of the Opponent's Trademark in Canada as discussed in detail above, and no submissions were made by the Opponent regarding this ground, the Opponent has not met its initial burden. This ground of opposition is therefore rejected.

DISPOSITION

[47] In view of all of the foregoing, pursuant to the authority delegated to me under section 63(3) of the Act, I reject the opposition.

Leigh Walters
Member
Trademarks Opposition Board
Canadian Intellectual Property Office

SCHEDULE A

CL 32 (1) Beer, ale and porter; bottled drinking water; carbonated soft drinks; energy drinks; lager; all of the aforesaid goods being infused with non-psychoactive cannabis or non-psychoactive hemp

CL 33 (1) Alcoholic cocktails; alcoholic coolers; alcoholic fruit beverages; alcoholic lemonade; alcoholic malt-based coolers; alcoholic punches; alcoholic tea-based beverages; alcopops; blended whisky; bourbon whiskey; brandy; liqueurs; rum; tequila; vodka; whisky; all of the aforesaid goods being infused with non-psychoactive cannabis or non-psychoactive hemp

Appearances and Agents of Record

HEARING DATE: No hearing held

AGENTS OF RECORD

For the Opponent: Jennifer Mckay, Dentons Canada LLP

For the Applicant: Kevin E. Holbeche (c/o KMB Law)