CONFUSION BEYOND A REASONABLE DOUBT? FEDERAL COURT OF APPEAL RULES ON BURDEN OF PROOF APPLICABLE TO TRADE-MARK MATTERS

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The Federal Court of Appeal of Canada recently rendered a decision which clearly establishes that an applicant's burden of proof in showing that confusion is unlikely and that hence, it has rights to its trade-mark registration, is one that should not be more onerous than the one applicable in civil proceedings (i.e. balance of probabilities) (*Dion Neckwear Ltd. vs. Christian Dior, S.A. et als.* A-258-00, January 23rd, 2002, Décary, J.A.).

The Facts

On March 6th, 1992, the Appellant, Dion Neckwear Ltd. ("Dion") filed an application in Canada to register the trade-mark DION COLLECTION & Design based on use in Canada in association with neckties, scarves and ascots and based on proposed use in Canada in association with clothes, underwear, wallets, umbrellas, belts, watches and glasses.

On March 24th, 1993, the Respondent, Christian Dior S.A. ("Dior") opposed the proposed registration primarily on the ground that the proposed trade-mark was confusing with its DIOR family of trade-marks (some marks included the words CHRISTIAN DIOR and some included only the word DIOR) in association with clothes and accessories.

On June 1st, 1993, Dion filed its counterstatment of opposition. Both Dion and Dior filed affidavit evidence before the Opposition Board but no cross examinations were conducted.

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The Registrar's Decision

On September 4th, 1996, the Registrar refused the application for Dion's trade-mark based on his finding that the Appellant failed to meet the legal burden upon it to establish that confusion between the DION COLLECTION & Design mark and the DIOR marks was unlikely.

In his decision, the Registrar stated the following: "…I am still left in doubt as to whether there would be a reasonable likelihood of confusion between the applicant's trade-mark DION COLLECTION & Design and the Opponent's registered trade-marks DIOR in view of the degree of visual similarity between the marks as applied to overlapping wares travelling through the same channels of trade."

A Notice of Appeal was filed on November 4th, 1996 . The Appellant adduced additional evidence in the form of two affidavits. The Respondent chose to adduce no further evidence.

The Federal Court Trial Division Decision

The subject of the appeal was whether the Registrar's conclusion that the appellant had not discharged the onus of showing that there was no reasonable likelihood of confusion between the marks at issue, was clearly wrong.

On March 31st, 2000, the Federal Court Trial Division dismissed the Appellant's appeal. Justice Pelletier stated that the Registrar's decision could not be said to be clearly wrong, which is the standard of review applicable to decisions of the Registrar.

The Federal Court of Appeal Decision

The Appellant appealed the decision rendered by the Federal Court Trial Division. The Court stated that the applicable standard of review of the Registrar's decision need not be expanded since it had already been canvassed by the Court of Appeal. The issue on appeal was whether or not the Registrar erred (i.e. was "clearly wrong") in concluding that the Appellant had not discharged the onus of showing that there was no reasonable likelihood of confusion between the marks at issue.

The Federal Court of Appeal allowed the appeal. It ruled that by applying a "still in doubt standard" to an applicant's burden of proof in showing that

confusion is unlikely, the Registrar applied an onus on the Appellant which equated to proof "beyond a reasonable doubt". In doing so, the Court decided that the Registrar imposed a burden on the Appellant that was more onerous that the one applicable in civil proceedings.

The Court recognized that it is well settled in case law that in opposition proceedings, doubt should be resolved in favour of the opponent. However, the Court expressed that this jurisprudence supports the proposition that the onus is on an applicant to prove that confusion is unlikely and not the ancillary proposition that *any* doubt is to be resolved in favour of an opponent. The Court stated that there is no case law where the "beyond a doubt" standard was applied by the courts and as such, confirmed the Court's view that the applicable standard is the balance of probabilities generally applicable to civil matters. It is only where probabilities are equal that a form of doubt may arise and it is in these situations where doubt should be resolved in favour of an opponent.

Therefore, the Court went on to state that the Registrar must be reasonably satisfied that, on a *balance of probabilities*, the registration is unlikely to create confusion and that the Registrar need not be satisfied beyond *any* doubt that confusion is unlikely.

In applying the established principle of the standard of review of the Registrar's decision, the Court concluded that, on a balance of probabilities, there was no likelihood of confusion between the trade-marks at issue, that in finding otherwise, the Registrar was clearly wrong and that such an error warranted the intervention of the Trial Judge.

It is trite law that an applicant for the registration of a trade-mark has to discharge its onus of demonstrating that confusion is unlikely. It is also settled in case law that in opposition proceedings, doubt is to be resolved in favour of an opponent. However, the Federal Court of Appeal has clarified that it is not *any* doubt, but rather the doubt that results from equal probabilities which should be interpreted in favour of an opponent. It is a ruling which trade-mark practitioners should consider in assessing whether or not to appeal the Registrar's decision related to an applicant's burden of proof for establishing that confusion is unlikely.

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