MASTERPIECE UNVEILED: WORD "NAKED" FOUND TO BE STRIKING BY OPPOSITION BOARD CASE INVOLVING BEVERAGE ALCOHOLIC

BARRY GAMACHE*
ROBIC, LLP
LAWYERS, PATENT & TRADEMARK AGENTS

A recent decision by the Opposition Board of Canada's Trade-marks Office has applied an important legal principle enunciated by the Supreme Court of Canada in its 2011 landmark decision *Masterpiece Inc. v. Alavida Lifestyles Inc.*, [2011] 2 S.C.R. 387 (hereafter "*Masterpiece*"). In *Masterpiece*, the Supreme Court highlighted the importance of recognizing a trade-mark's striking or unique component when examining alleged likelihood of confusion between two trade-marks under section 6 of Canada's *Trade-marks Act*, R.S.C. 1985, c. T-13 (hereafter the "Act") (*Vincor International Inc. v. Proximo Spirits, Inc.*, 2012 TMOB 44 (T.M.O.B.), C.R. Folz, March 7, 2012).

Proximo Spirits, Inc. (hereafter "Proximo"), a US corporation, sought to register in Canada the trade-mark THREE OLIVES NAKED in association with "alcoholic beverages namely, vodka; premixed alcoholic cocktails". The application was filed on July 23, 2008 on the basis of proposed use of the trade-mark in Canada.

Proximo's application was opposed on November 27, 2009 by Vincor International Inc. (hereafter "Vincor") on various grounds all raising the issue of alleged confusion between the applied for trade-mark and Vincor's own registered trade-marks incorporating the words NAKED GRAPE in association with wines.

The Opposition Board (hereafter the "Board") therefore had to decide whether there existed a likelihood of confusion between Proximo's applied for THREE OLIVES NAKED trade-mark and Vincor's NAKED GRAPE trade-marks. The test for confusion is found in section 6(2) of the Act and provides that use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class. Section 6(5) of the Act further provides that in applying the test for confusion, the Registrar must have regard to all the surrounding circumstances including a) the inherent distinctiveness of the trade-marks and the extent to which they have become known; b) the length of time each has been in use; c) the nature of the wares, services or

* Barry Gamache is a member of ROBIC, LLP, a firm of lawyers, patent and trademark agents.
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business; d) the nature of the trade; and e) the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them.

In its reasons, the Board turned to *Masterpiece* to determine whether likelihood of confusion existed in this case. In *Masterpiece*, the Supreme Court of Canada acknowledged (at paragraph 64) that the first word or part of a trade-mark may be the most important for purposes of distinctiveness when conducting a likelihood of confusion analysis, but that the preferable approach is rather to first consider whether there is an aspect of the trade-mark that is particularly striking or unique. With this in mind, the Board examined the inherent distinctiveness of both trade-marks in order to determine whether there was any aspect of the THREE OLIVES NAKED or NAKED GRAPE trade-marks that was particularly striking or unique. It concluded that both trade-marks were inherently distinctive, even writing that the THREE OLIVES NAKED trade-mark might possess a slightly higher degree of inherent distinctiveness because of its unique linguistic construction. The Board found however that it was the word "NAKED" that was the most striking or unique component of both trade-marks at issue. Moreover, the trade-marks on both sides suggested the idea of a fruit that is bare. While there were differences in both parties' trade-marks in appearance and sound, the degree of resemblance between the marks was described by the Board as "significant".

The evidence filed by Vincor established the use and notoriety of its NAKED GRAPE trade-marks in Canada. On the other hand, Proximo did not file any evidence of use of its trade-mark. Furthermore, while Proximo's "alcoholic beverage, namely vodka; premixed alcoholic cocktails" were found not to be the same as Vincor's wines, both parties' wares could be described as alcoholic beverages and products of a single industry.

In its assessment of all these factors, the Board mentioned other guidelines offered by the Supreme Court of Canada in *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, [2006] 1 S.C.R. 824, another important case where the confusion test was described in the following fashion (at paragraph 20): The test to be applied is a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the name [of the junior mark] on the [junior user's] storefront or invoice, at a time when he or she has no more than an imperfect recollection of the [senior] trade-marks, and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks.

Finally, the Board indicated that Proximo bore the burden of establishing that its applied for trade-mark was not reasonably likely to cause confusion with Vincor's marks. According to the Board, this meant that Proximo had to establish that the absence of confusion was more probable than its existence. The Board concluded that Proximo had not discharged its burden. In reaching this conclusion, it highlighted the fact that Proximo had used the most distinctive aspect of Vincor's marks in its applied for trade-mark *i.e.* the word "NAKED". The Board was therefore unable to conclude that a consumer with a general recollection of Vincor's marks would not be

likely to think that the parties' wares shared a common source upon seeing Proximo's mark. Vincor's opposition was therefore successful.

This decision is a timely illustration of the fresh approach adopted by Canada's Supreme Court when determining if there is likelihood of confusion between trade-marks: one should always look to a trade-mark's most striking or unique element and determine whether its presence in the junior mark is likely to create confusion. For the owner of the senior mark, this could be helpful in cases where the marks at issue might differ somewhat in appearance and sound.

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ROBIC, LLP
www.robic.ca
info@robic.com

MONTREAL
1001 Square-Victoria - Bloc E - 8th Floor
Montreal, Quebec, Canada H2Z 2B7
Tel.: +1 514 987-6242 Fax: +1 514 845-7874

QUEBEC
2828 Laurier Boulevard, Tower 1, Suite 925
Quebec, Quebec, Canada G1V 0B9
Tel.: +1 418 653-1888 Fax.: +1 418 653-0006