

## **Year in Review: 2012**

### **Survey evidence**

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This publication catalogues references to survey evidence, and other types of market evidence, in decisions by Canadian courts and regulators related to intellectual property and other legal matters between January 2012 and December 2012.

#### **Table of Contents:**

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##### **► Surveys in Trade-mark Cases – Trade-marks Opposition Board**

1. Coca-Cola Ltd. (Opponent) v. Industries Lassonde Inc. (Applicant), (Docket 1,336,069) 2012 TMOB 84 (CanLII). April 30, 2012..... 3
2. Sobeys Capital Incorporated (Opponent) v. EDENRED, a société anonyme (Applicant) (Docket 1,340,966) 2012 TMOB 87 CanLII. April 30, 2012..... 3
3. McDonald’s Corporation and McDonald’s Restaurants of Canada Ltd. (Opponent) v. Tong G. Cheah (Applicant), (Docket 1,334,814) 2012 TMOB 138 (CanLII). July 26, 2012..... 4

##### **► Surveys in Trade-mark Cases – Quebec Superior Court, Ontario Superior Court and Federal Court of Canada**

4. Boulangerie St-Méthode Inc. (Plaintiff) v. Canada Bread Company, Limited (Defendant), (Docket 200-17-014945-117) 2012 QCCS 83 (CanLII). January 19, 2012. .... 5
5. The Commissioner of Competition (Applicant) v. Yellow Page Marketing B.V., Yellow Publishing Ltd., Yellow Data Services Ltd., Yellow Business Marketing Ltd., Jan Marks, Steve Green, Brandon Marsh and Backoffice Support S.L. (Respondents), (Docket CV-11-431525), 2012 ONSC 927 (CanLII). March 1, 2012. .... 7

6. Marlboro Canada Limited and Imperial Tobacco Canada Limited (Appellants) v. Philip Morris Products S.A. and Rothmans, Benson & Hedges Inc. (Respondents), (Docket A-463-10) 2012 FCA 201 (CanLII). June 29, 2012. .... 8

▶ **Surveys in Copyright Cases**

7. Statement of Royalties to be collected for the performance in public or the communication to the public by telecommunication, in Canada, of published sound recordings embodying musical works and performers’ performances of such works [Re: Sound Tariff No. 6.B – Use of Recorded Music to Accompany Physical Activities, 2008-2012] Copyright Board of Canada. July 6, 2012. .... 9

▶ **Other applications of survey evidence**

8. Jon Keddy and Keddy Rental Properties (Re), (Docket NSUARB-PL-11-21) 2012 NSUARB 48 (CanLII). April 24, 2012. .... 13

9. Office of the Privacy Commissioner of Canada – Personal Information Protection and Electronic Documents Act (PIPEDA) Report of Findings “Ontario insurance company used credit information to assess risk; calculate premiums” (Docket 2012-005) 2012 CanLII 81343 (PCC). April 27, 2012. .... 14

▶ **Noted absence of survey evidence**

10. Insurance Corporation of British Columbia (ICBC) (Plaintiff) v. Stainton Ventures Ltd. (Defendant), (Docket S095366) 2012 BCSC 608 (CanLII). April 26, 2012. .... 15

▶ **Other types of market evidence in trade-mark cases**

11. International Clothiers Inc. (Opponent) v. Dorna Sports, S.L. (Applicant), (Docket 1,328,691) 2012 TMOB 43 (CanLII). March 6, 2012. .... 16

12. Bodum USA, Inc. and Pi Design AG (Plaintiffs) v. Meyer Housewares Canada Inc. (Defendant), (Docket T-1240-09) 2012 FC 1450 (CanLII). December 10, 2012. .... 18

## Surveys in Trade-mark cases – Trade-marks Opposition Board

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### **1. Coca-Cola Ltd. (Opponent) v. Industries Lassonde Inc. (Applicant), (Docket 1,336,069) 2012 TMOB 84 (CanLII). April 30, 2012.**

The Applicant filed an application in February 2007 for the trade-mark POWERJUICE for non-alcoholic energy drinks and non-alcoholic fruit juices and fruit drinks.

Coca-Cola Ltd. (the Opponent) filed a statement of opposition in January 2008 arguing that the mark was confusing with its POWER trade-marks.

*[15 o] ... [One survey found that] for the 24 week period ending August 2, 2008, the total brand awareness of POWERADE brand sport drink beverages expressed as percentages of the Canadian population is as follows: Population 12-24 years of age - 93%; Males 12-24 years of age - 91.5%; Population 12-64 years of age - 86.6% and males 12-64 years of age - 87.4%.*

*[16] I am satisfied, based on this evidence, that the Opponent has used its POWERADE trade-marks (in particular the word mark for wares and services as listed above as well as the two POWERADE & Design marks TMA584,214 and TMA584,276) extensively in Canada. Further, there has been significant advertising and promotion, including at the FIFA U-20 soccer games televised in Canada, and as the Official Sports Drink of the 2008 Olympic Games. Based on the evidence as a whole, I am of the view that it is reasonable to infer that the Opponent's trade-marks are well known in Canada.*

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### **2. Sobeys Capital Incorporated (Opponent) v. EDENRED, a société anonyme (Applicant) (Docket 1,340,966) 2012 TMOB 87 CanLII. April 30, 2012.**

The Applicant filed an application in March 2007 to register the trade-mark COMPLIMENT in association with services and wares including, among many, magnetic credit cards, memory payment cards, cards, namely electronic prepaid gift cards, but excluding all such wares for the acquisition of food products.

Sobeys filed a statement of opposition in October 2008, arguing, in part, that the proposed mark was identical to one of Sobeys' registered marks, and *"is confusing with the Opponent's other COMPLIMENTS trade-marks that are the subject of the registrations and applications for registration identified. [4- 2])"*

Sobeys commissioned a survey of the Canadian public's recognition of the COMPLIMENTS mark, which is submitted as evidence. The Board rejected it on the grounds that a copy was not provided for examination, and that it was not filed by a qualified expert.

[28] ... The survey, entitled “Private Label Brand Analysis”, was conducted during the last quarter of 2007 and the first quarter of 2008. According to [Sobeys’ general counsel] this survey confirms that the mark COMPLIMENTS enjoys significant recognition among the Canadian population. More specifically, she states that the mark COMPLIMENTS was recognized by approximately 80% of the Canadian population.

... I am not prepared to give any weight to this survey, given that it was not filed in evidence by a qualified expert and there is no way for me to determine whether this survey was properly designed and conducted in an impartial manner [to this effect, see *Mattel*, supra, in which the admissibility of survey evidence is also discussed]. I should also add that, under [s. 45\(2\)](#) of the [Trade-marks Regulations, SOR/96-195](#), all of the documents filed in an opposition are open to public inspection, such that the confidentiality of any document filed cannot be ensured by the Registrar, as proposed by [Sobeys’ general counsel].

The Board ruled that even without the survey, it was reasonable to conclude from all the evidence filed by Sobeys’s general counsel that “the mark COMPLIMENTS was used by Sobeys such that it has become well known in Canada. The question that must then be asked is whether this use by Sobeys accrues to the benefit of the Opponent in accordance with [s. 50](#) of the [Act](#). [29]”

[32] To conclude on this point, the evidence of use filed by [Sobeys’ general counsel] is too vague and incomplete to allow me to infer that the Opponent has direct or indirect control of the character or quality of the wares and services associated with the mark COMPLIMENTS under a licence for its use. Thus, the evidence of use of the mark COMPLIMENTS by Sobeys cannot accrue to the Opponent’s benefit under [s. 50](#) of the [Act](#).

The Board ultimately rejected the Opponent’s application.

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### **3. McDonald’s Corporation and McDonald’s Restaurants of Canada Ltd. (Opponent) v. Tong G. Cheah (Applicant), (Docket 1,334,814) 2012 TMOB 138 (CanLII). July 26, 2012.**

The Applicant filed an application for the trade-mark MACDIMSUM in February 2007 based on proposed use in association with a large number of food and drink items.

McDonald’s Corporation (the Opponent) filed a statement of opposition in May 2008.

In its counter statement, the Applicant argued that the mark MACDIMSUM would not create any confusion “to the Canadian public since McDonald’s does not own ‘MAC’ or sell dim sum.”

The Opponent disagreed and submitted a survey designed to test confusion as part of its evidence. The Board said the survey was reliable.

[11] ... [the] survey intended to determine whether consumers would identify a particular individual, business or company as the source of products listed in the subject trade-mark application, if those

products were branded with the trade-mark MACDIMSUM. Twenty nine of one hundred and one survey respondents (that is, 29%) answered that they believe McDonald's manufactures or sells MACDIMSUM food products. The most common reason given for identifying McDonald's was the presence of the element "MAC" in MACDIMSUM.

[12] The methodology of the survey is fully explained by [the Opponent's expert witness] and the original responses are attached as one of many exhibits detailing the conduct of the survey. Having reviewed [the Opponent's expert witness] testimony and the exhibit material, I have no reason to doubt the reliability of the survey findings.

[...]

[21] ... Further, in the instant case, the opponents' survey evidence supports the opponents' contention that a significant portion of the population would believe that the applicant's wares sold under the mark MACDIMSUM originate with the opponents.

## **Surveys in Trade-mark cases – Quebec Superior Court, Ontario Superior Court and Federal Court of Canada**

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### **4. *Boulangerie St-Méthode Inc. (Plaintiff) v. Canada Bread Company, Limited (Defendant)*, (Docket 200-17-014945-117) 2012 QCCS 83 (CanLII). January 19, 2012.**

This case required the Superior Court of Quebec to determine whether a "no fat no sugar added" button, or symbol, on the packaging of some of the plaintiffs products was distinctive of its trade-mark, or descriptive as argued by the defendants.

To test consumer perception, the defendant submitted two surveys (one conducted online and one conducted in-person), plus two additional independent sources of evidence to support its case that "button" was descriptive not distinctive. All four sources of evidence presented by the defendant's expert witness showed that consumers viewed the symbol as descriptive and not a brand name.

[102] Indeed, the expert report adduced seeks to describe the perception of a casual consumer. This issue, however, is one that should be resolved by Court.

[...]

[106] Indeed, it is clear that, when taken in isolation, the words "no fat no sugar added" are descriptive.

[107] The prohibition sign, the colour used, and the words "no fat no sugar added" are not distinctive when used separately; when taken together, however, the whole that is the button becomes a distinctive sign.

[108] *And indeed, it is this button as a whole that St-Méthode claims, not the prohibition sign or the words used.*

[109] *In Masterpiece, the Supreme Court also notes that the trade-mark must be considered as a whole:*

[83] *Neither an expert, nor a court, should tease out and analyze each portion of a mark alone. Rather, it should consider the mark as it is encountered by the consumer — as a whole, and as a matter of first impression.*

[111] *Second, [the defendant’s expert] described the results of an Internet search that indicated that the prohibition sign is used frequently and that it cannot belong to anyone.*

[112] *The plaintiff does not dispute the fact that the defendant could use the prohibition sign on its packaging or advertising, however. What it objects to is the defendant's copying of its button and including it in its advertising, leading, as we shall see, to confusion in the mind of consumers.*

[113] *Third, [the defendant’s expert] relies on the results of an Internet survey administered by the Léger and Léger firm, which asked respondents whether, in their view, the St-Méthode button appeared descriptive or distinctive.*

[114] *The fourth point presented in her report is also based on a survey, this one carried out in person, where respondents were also asked to indicate whether they perceived the button as descriptive or distinctive.*

[115] *Once again, the survey questions presented were pointless, since the results were clearly foreseeable.*

[116] *The Court is not particularly shocked to see that the survey indicates that 98% or 99% of the respondents think that the button is descriptive.*

[117] *It should be noted, however, that the respondents did not have the option to indicate that the button could be distinctive as well as descriptive.*

The Court said the survey should have had an option of allowing respondents to say that the button was also distinctive [119], instead of the “I don’t know” option [118].

The Defendant has filed an appeal.

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**5. *The Commissioner of Competition (Applicant) v. Yellow Page Marketing B.V., Yellow Publishing Ltd., Yellow Data Services Ltd., Yellow Business Marketing Ltd., Jan Marks, Steve Green, Brandon Marsh and Backoffice Support S.L. (Respondents), (Docket CV-11-431525), 2012 ONSC 927 (CanLII). March 1, 2012.***

The Commissioner launched an action against the Respondents alleging that they had been involved in a scheme of false and misleading representations, since January 2010, that caused thousands of Canadian businesses, individuals, and organizations, including charities and non-profit organizations, to inaccurately believe that the corporate “Yellow” Respondents were the well-known “Yellow Pages Group” (“YPG”).

The Respondents commissioned a survey in support of their claim that they had “*not falsely or misleadingly represented a connection between their internet business directories and YPG [29].*”

The survey found that:

*[29 a)] 50% of Canadians surveyed in a study performed by market survey experts ... identify YELLOW PAGES as a descriptive term associated with more than one company or do not associate it with YPG and, therefore, is no longer distinctive of its registered owner;*

*[...]*

*[42] The Respondents submit that the respondent YPMBV has an application pending in the Federal Court of Canada to expunge the “YELLOW PAGES” and “Walking Fingers” design trademark registrations mainly on the basis that the term “YELLOW PAGES” is synonymous with business directories, and as such has become generic in relation to those goods and services and are thus not “distinctive” of YPG. They submit that their position is backed up by the survey of 400 Canadians conducted by [the defendants market survey experts] filed in the Federal Court. The Respondents submit that if successful in Federal Court, it would show that YPG is not associated with the particular name and logo and thus would show that they have made no material false or misleading representations.*

*[43] However, in the instant proceeding, the Commissioner is not alleging trademark violation as the trademarks were valid when the Unsolicited Faxes were sent out. Rather, the Commissioner alleges in this application that the Respondents made materially false or misleading representations as part of a concerted effort on their part to appear to be related to YPG.*

*[44] Whatever the outcome of the Federal Court of Canada proceedings, the evidence on this application demonstrates that the respondents have traded on the reputation of YPG and have falsely represented that they had a pre-existing relationship with the consumers to whom they sent the Unsolicited Faxes and who believed were merely updating information.*

[45] Moreover, the [defendants' market research expert] survey filed by the respondents in the Federal Court proceeding is not fully supportive of their position as 66% of the test group participants identified the term "YELLOW PAGES" as a brand name not associated with the respondents and 23% of that group identified YPG as the brand source.

The Court found in favour of the Commissioner.

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**6. *Marlboro Canada Limited and Imperial Tobacco Canada Limited (Appellants) v. Philip Morris Products S.A. and Rothmans, Benson & Hedges Inc. (Respondents), (Docket A-463-10) 2012 FCA 201 (CanLII). June 29, 2012.***

This case was brought forward to the Federal Court of Appeal by both parties, competing manufacturers of cigarettes.

The Federal Court had dismissed the claim of the Appellants that their MARLBORO trade-mark had been infringed by the Respondents by virtue of its ROOFTOP design marks. The Court of Appeal ruled their case should be heard, but dismissed the cross-appeal of the Respondents.

In its analysis, the Court of Appeal reviewed the survey evidence presented.

[26] *It is not disputed that in Philip Morris (1987), although the dates at which the distinctiveness of the MARLBORO mark in Canada was to be assessed were different, a fundamental question before this Court was clearly whether the MARLBORO mark of ITL [Marlboro Canada Limited and Imperial Tobacco Canada Limited], the lawful assignee of the said mark for Canada, had lost its distinctiveness due to the fact that PM's Marlboro was, as the number one selling cigarette brand in the world, known even in Canada despite being used solely outside of Canada. The Federal Court had accepted that Canadian consumers knew of PM's foreign mark because of the spill-over effect of PM's American advertising and had acknowledged the fact that Canadians were exposed to it when abroad (Philip Morris Inc. v. Imperial Tobacco Ltd. et al. (1985), 7 C.P.R. (3d) 254 (F.C.), at paragraph 90, in fine).*

[27] *Indeed, PM had then presented even stronger expert evidence than in the present case, for its survey was more extensive. This is not surprising, considering that this aspect of the present proceeding was, as mentioned, added at the very last minute and the parties did not file additional evidence after the amendment.*

[...]

[66] *In the present case, the trial judge gave little weight to most of the evidence presented by either side with respect to confusion. This includes the evidence of lay witnesses as well as expert evidence based on surveys, which he found generally flawed. He stated precisely what could be made of the survey evidence.*

[67] I shall thus proceed to compare ITL's registered word-mark MARLBORO with each version (red, gold and silver) of PM's no-name get-up as proposed by ITL. This combination of elements on the package (the whole label including the sides of the package) is used to distinguish PM's wares from those of others offered on the Canadian market and as such, falls within the definition of a trade-mark in section 2 of the Act.

[...]

[108] In any event, the surveys filed in evidence were not specifically designed to test whether consumers associated the name Marlboro to cigarette packages bearing only each individual ROOFTOP design mark essentially as registered. What was presented to the participants in the survey by both parties' experts was the no-name package as a whole.

The Court of Appeal overturned the Federal Court decision and found that Philip Morris infringed Marlboro's MARLBORO trade-mark with its ROOFTOP design trade-mark (no-name packages, red, gold and silver version).

## Surveys in Copyright Cases

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### **7. Statement of Royalties to be collected for the performance in public or the communication to the public by telecommunication, in Canada, of published sound recordings embodying musical works and performers' performances of such works [Re: Sound Tariff No. 6.B – Use of Recorded Music to Accompany Physical Activities, 2008-2012] Copyright Board of Canada. July 6, 2012.**

In 2007, Re:Sound Music Licensing Company ("Re:Sound") filed its first proposed statement of royalties for the use of recorded music to accompany dance and fitness. The Copyright Board of Canada issued a decision in July 2011 with respect to the "Use of Recorded Music to Accompany Dance" (Tariff 6.A). This decision, issued in July 2012, is in respect to the remaining part "Use of Recorded Music to Accompany Physical Activities" (Tariff 6.B).

The core of Re:Sound's case rested on two reports, including one done by a market research expert who conducted a qualitative exercise, a focus group, and a quantitative exercise, a survey, to determine the value that clients of fitness centres attribute to recorded music to accompany fitness. Information from the focus groups was used to design the survey.

[17] Participants in the survey were recruited by telephone using standard random sampling techniques. People who qualified for participating in the survey and agreed to participate were sent an email with a link to the online survey itself.

[18] *In addition to the usual demographic information, the survey asked questions about the respondent's current club. The responses were then used to create two sets of choice tasks. In the first, respondents had to choose between two hypothetical clubs the one they preferred. The clubs differed in their characteristics, including how crowded they were, how experienced the instructors, and (most importantly for our purposes) the nature and extent of the use of recorded music. In the second, respondents were required to assume that their current club would no longer use recorded music. They were then asked questions aimed at finding out how much the price of their membership would have to drop for them to remain at their current, music-less club instead of leaving for the alternative, music-using club.*

[19] *[Re:Sound's market research expert] estimated a standard discrete choice model using the data collected from the survey. For each individual, she computed the likelihood of remaining at their current club. After averaging these likelihoods across the respondents, she computed the percentage drop in membership fee required to bring the average likelihood back to the point where it would have been had recorded music been played. In other words, the percentage measures the amount that respondents would have required as a refund in order to remain at their current, music-less club instead of moving to the alternative, music-using club. Her estimate was 32 per cent of membership fees, or approximately \$15 of the average monthly fee of \$45. According to [her], this is a measure of the value of recorded music to fitness centre users.*

The Objectors relied on three expert witnesses, including a market research expert and university professor who both criticized the study.

The Objectors' market research expert's analysis addressed the use of focus groups, the survey sampling, the likelihood of guessing, and lack of respondent validation.

[35] *[She] critiqued [the] use of focus groups. Moderators repeatedly prompted participants to speak about music. Music was mentioned without prompting only once during the focus groups, yet music figured prominently in the survey design. This prominent placement introduced order bias: survey respondents tend to pay more attention to items that appear higher on a page or computer screen.*

[36] *[She] considered that the sampling for the survey was not random, noting that less than 0.1 per cent of potential respondents chose to participate in the survey. No one was asked to complete the survey who did not engage in at least one activity where recorded music was played. That is, people who attended a club to play tennis or swim laps were excluded from the target population.*

[37] *[She] emphasized the high likelihood of guessing at various questions. One reason for this was that respondents who said that they do not engage in a particular activity (e.g., taking cardio classes) were asked if music is played in that activity. The survey did not contain a "don't know" option; neither did it allow participants to skip a particular question.*

[38] *[She] was concerned that no attempt was made to ensure that the survey respondent and the initial contact were the same person. She argued that the methodology for determining outliers (respondents whose responses are unusual as compared to the rest of the respondents) and*

straightliners (respondents whose responses correspond to a straight line down the computer screen or printed page) was arbitrary and not replicable. She also took issue with the way in which the survey questions changed after the survey had begun.

[39] [She] was considered the underlying random utility model used to generate the survey to be unrealistic, since it requires decisions to be fully rational. Finally, she noted that since the Bernardino model actually measures willingness to accept, it probably overestimates willingness to pay, which survey economists and statisticians generally agree is less.

The university professor critiqued the survey for having a “forced choice task” where the respondents had to select one of the two fitness centres presented to them in the survey.

[42] ... This is both artificial and unrealistic. The test employs language that repeatedly emphasizes the hypothetical nature of the choice. It does not allow respondents to say they would select neither location, a choice always open to all. It ignores the existence of other fitness centres, including the participant’s own. [The professor] explained that forced choice is generally not used in surveys for these reasons. While the other choice task was open-ended, [the professor] rejected the idea that fusing the data from the two choice tasks removed the flaws of each. The open-ended task suffered from vagueness: the respondents were asked if they would remain at their current fitness club or “go somewhere else.” It was even possible that some people would go to no fitness club whatsoever, but it was not possible to discern this choice from the survey.

[43] [The professor] critiqued the manner in which fitness centre attributes were presented to respondents. Critical, non-essential attributes (location, availability of television sets, babysitting services) were omitted; the absence of such attributes will tend to inflate artificially the value of those attributes that are presented. At the same time, the number of attributes that were present in the two fitness centres from which the respondents had to choose should be kept under control. Having too many attributes for consideration can drive respondents to read only part of the set of attributes when responding, thus biasing the survey. Finally, giving a prominent location to music would tend to inflate its value.

The Board found several problems in Re:Sound’s survey.

[99] [Re:Sound’s market research expert’s] analysis assumes that the behaviour of fitness centre members can be modeled using a random utility model. Economic psychology literature suggests that people use heuristics (short-cuts) to make complex decisions; indeed, the pre-test showed that people completing the survey did so. The random utility model assumes that the decision maker chooses the alternative that maximises his utility; using heuristics violate that assumption by increasing the chances of not selecting that alternative. As a result, the estimated random utility model is a poor approximation to the choice behaviour displayed in the survey. Attempts to control for heuristics using cut-offs were never sufficiently explained; as a result, we are unable to determine whether it solved the problems of heuristics or not. Furthermore, cut-offs can only control for binary heuristic behaviour, not interactive heuristics.

The Board found “serious issues” with the reliability of the data.

[104] *First, biases are introduced by not including a “don’t know” option in the survey. This implies that respondents are forced to guess a response to a question for which they do not know the answer. From a statistical perspective, these answers may be viewed as random. The problem is that the random answers cannot be separated from the genuine answers.*

[105] *Second, biases are introduced by asking respondents to value attributes they do not use. Respondents do place value on such attributes, based on the possibility that they will use them at some point in the future. However, the calculation of non-use values is necessarily more inaccurate than use values. Yet Dr. Bernardino assigned equal weight to the non-use values as to use values.*

[106] *Third, biases are introduced by highlighting music over other attributes in the survey instrument. As explained in paragraph 35, this was done to ensure that attention was paid to the very reason for which the survey was conducted: to value music. The extent or impact of the order bias caused by the particular positioning of music was discussed at length at the hearing. We are more concerned by the fact that the bias was introduced deliberately and that it concerned the very attribute for which the survey was conducted.*

[107] *Fourth, biases are introduced by asking survey participants about one “given” but not others. Focus groups led [Re:Sound’s market researcher] to conclude music is a “given”: users cannot do without it, but will not think of it unless they are deprived of it. To ensure that music, the object of the survey, received the required attention, the final survey left aside some non-music features and repositioned music to focus more attention on alternative music attributes. Introducing a single given among other critical but non essential characteristics artificially inflates the value of the given: the sum of the individually assessed values of all givens in a product is liable to be several times the value of the product itself. Yet another way to look at this is to compare the relative values survey participants ascribed to critical but non essential characteristics as compared to music. Convenient location, welcoming environment and flexible contract term options all were rated as more important than music. Yet this is logically impossible if music represents one third of total value to participants, as Dr. Bernardino concluded. We are not in a position to say by how much the value of music is inflated; nevertheless, the omission of so many givens, combined with the fact that music was not mentioned organically in the focus groups, gives credence to the hypothesis that recorded music is worth less than Re:Sound suggests.*

[108] *Fifth, we agree with the Objectors that the next best alternative to the Re:Sound repertoire is non-Re:Sound music, not the absence of music. The fact that listeners cannot distinguish Re:Sound repertoire from other sound recordings, far from casting doubt on this conclusion, serves to reinforce it: if listeners cannot hear the difference, substitutability is enhanced. Nor do we find the argument appealing that music must first be valued in the abstract, and only then adjusted for Re:Sound’s repertoire share: what is not in the repertoire is a substitute and the existence of a substitute means that no music is not the best alternative to using the Re:Sound repertoire.*

[110] Sixth, the design of the survey is fatiguing. Respondents are asked to read and assimilate a considerable amount of information about two different fitness centres and choose between them four separate times. Fatiguing surveys often lead to potential straight-line bias. There are two ways to deal with straightlining. One is to remove the straightlined responses. The other is to remove every response by someone who straightlined one or more questions. [Re:Sound’s market researcher] chose the former. In our view, the latter is more appropriate, since every response by a straightliner is suspect.

[...]

[128] We agree that music in classes and in workout areas should be valued separately. We see no point in valuing workout area music differently based on declarations made by participants that they listen or not to the music in the course of a survey we reject.

## **Other applications of survey evidence**

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### **8. Jon Keddy and Keddy Rental Properties (Re), (Docket NSUARB-PL-11-21) 2012 NSUARB 48 (CanLII). April 24, 2012.**

An appeal was launched at the Nova Scotia Utility and Review Board (the “Board”) after Truro Town Council (the “Town”) refused to enter into a development agreement with the appellants to build a six-unit apartment building in the backyard of a property with a two-unit converted family dwelling, and to add another apartment unit to the converted dwelling.

In its analysis, the Board considered survey evidence gathered by the Town.

[52] A survey was conducted by the Town. An information package was sent to 153 property owners within 750 feet of the property which generated 75 responses. Fifty-four opposed the development, 10 were in favour, and 11 had no opinion.

[...]

[121] Numerous members of the public, in their responses to the Town’s surveys, and testimony or written submission before the Board were very concerned about the size, scale and density of the proposal. [...]

[...]

[139] Members of the public who testified or provided written submissions to the Board, and the survey responses that opposed the development, strongly advocated against the proposal because of its effect on their neighbourhood. Some of their concerns included changes to the quiet tranquil area, significant impact on their privacy, a large number of people now having access to look into their

*private backyards, noise and lights from the sheer volume of people now occupying this one lot, traffic from the cars entering and exiting the property, and people no longer wanting to live or invest in the neighbourhood.*

[140] *Some of their comments are:*

*"... All the homes on George, Hingley & Churchill border these 3 big backyards. The space is private, quiet and open. That's what is so nice about this area. ..."*

*"The MPS has a section called Great Neighbourhoods and Policy R-2 states .... I believe if you approve a development agreement that is not consistent with your own policies, you will be destroying an existing great neighbourhood that has lovely backyards and a sense of cohesion."*

*"... If you let John Keddy build this apartment than it sets a precedent for other developers to infill existing back yards."*

*"To permit such development in this low density residential neighbourhood is to increase its population density and begin the alteration of its sustainability and vibrancy, both of which convey a sense of belonging, neighbourliness, community pride and civic responsibility. All of the above highlighted attributes are stated in a policy which Council claims it wishes to promote. See Policy R-2, located in Appendix A, page 10 of Final Report."*

The Board upheld the Town's decision.

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**9. Office of the Privacy Commissioner of Canada – Personal Information Protection and Electronic Documents Act (PIPEDA) Report of Findings "Ontario insurance company used credit information to assess risk; calculate premiums" (Docket 2012-005) 2012 CanLII 81343 (PCC). April 27, 2012.**

The (unidentified) complainants filed a complaint with the Office of the Privacy Commissioner of Canada (PCC) alleging that their home insurer's policy of basing premiums on customer's credit information, obtained from a credit bureau, was not justified. They also alleged that their insured "*did not have their knowledge and consent for this practice.*"

As part of its investigation, the PCC took into consideration available survey evidence.

[15] *Our Office's research into the matter revealed that although several studies claim that credit-based insurance scoring information is a valid predictor of risk of a future loss, there is no unanimous industry support for using credit-based information in this manner. For example, a survey carried out by the FSCO in 2009 demonstrated that not all insurance companies in Canada are using credit scores for risk assessment.*

[16] In addition, a survey commissioned by the Insurance Brokers Association of Ontario in November 2010 showed that 3 out of 4 Ontario consumers were not aware that their credit scores were being used to determine how much they pay for their home insurance premiums.

[...]

[47] This Office is concerned about the company's apparent lack of transparency and openness. As noted previously in this report, a survey commissioned by the Insurance Brokers Association of Ontario in November 2010 showed that three out of four Ontario consumers are not aware that their credit scores were being used to determine how much they pay for their home insurance premiums.

[48] This holds true in the matter at hand since the complainants alleged that in spite of being clients of the company for six years, they were not aware of the practice of using statistical score to determine premiums. Our investigation also revealed that on the company's website, there is no explicit information available about statistical score or how credit score information is used to determine premiums. In addition, this information is not included in the company's Privacy Policy, which is available online.

[...]

[51] In response to our recommendation, the company agreed to post on its website written notification to its policyholders about its use of credit information as one of the several underwriting tools available to the company to assess customer risk. The company indicated to our Office that it expects to have completed the work required to post this information on its website by a specified date.

The PCC found that the insurance company was not in contravention of the Consumer Report Act by collecting credit score information, but that it was in contravention of the Act with respect to consent and openness. However, the PCC noted that the latter has now been resolved.

## **Noted absence of survey evidence**

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### ***10. Insurance Corporation of British Columbia (ICBC) (Plaintiff) v. Stainton Ventures Ltd. (Defendant), (Docket S095366) 2012 BCSC 608 (CanLII). April 26, 2012.***

The Defendant operates a commercial website called ICBCadvice.com, and owns the Internet domain names <icbcadvice.com> and <icbcadvice.ca>, both of which direct the public to the ICBCadvice.com website.

"ICBC" is an official trade-mark belonging to the Plaintiff. The Plaintiff alleged that the Defendant had adopted and were using prohibited marks, and had passed-off its business, wares and services as, and for, ICBC's business, wares and services.

The Court noted an absence of survey evidence from the Plaintiff.

[24] *As Gibson J. noted in the Big Sisters case, 75 C.P.R. (3d) 177 at 202, the onus of establishing mistake or confusion based on resemblance is on the plaintiff. The judge concluded that:*

*...The evidence adduced simply does not discharge that onus. ... It was open to the plaintiffs to bring direct evidence from those alleged to have been led into mistake or confusion, but such evidence was not forthcoming. Equally, it was open to the plaintiffs to bring their own independent survey evidence and they chose not to do so.*

[25] *I come to the same conclusion in this case. The only relevant evidence is from the defendant, and establishes that no one ever communicated any confusion or mistake as to whether the website was ICBC's. The evidence just does not support the contention that through its domain names, the defendant either intended or accomplished the redirection to its site of traffic looking for ICBC's own website at <icbc.com>.*

The Court dismissed the Plaintiff's claims under the Trade-mark Act, the tort of passing-off, and Competition Act.

## **Other types of market evidence in trade-mark cases**

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### ***11. International Clothiers Inc. (Opponent) v. Dorna Sports, S.L. (Applicant), (Docket 1,328,691) 2012 TMOB 43 (CanLII). March 6, 2012.***

The Applicant filed to register the trade-mark "motogp & Design", in December 2006, in association with numerous wares including protective helmets for cyclists and motorcyclists, sunglasses and cases for glasses, frames for glasses; electronic and microprocessor programmers for games; protective equipment; bookbinding material; t-shirts, sweatshirts, jackets, trousers. The colours "red" and "black" are essential features of the mark.

The Opponent filed a statement of opposition in January 2009, based in part that the proposed mark was confusing with its registered trade-marks MOTO, MOTO JEANS, MOTO SPORT and MOTO TECHGEAR, which have been used in Canada in association with clothing since prior to the date of Applicant's application.

The Applicant provided market evidence gathered by its trade-mark agent to support its position that its proposed mark was not confusing.

[21] *The parties' marks share the word MOTO. In her affidavit [the witness] states that while the word "moto" does not appear in traditional dictionaries (e.g. Websters, Gage, Oxford, etc.), it does appear to have some meaning in ordinary parlance. Specifically, she attaches to her affidavit various meanings in English and French for the term "moto" which she located through online resources*

*(Exhibit P). She states that the term “moto” is used in common English parlance to refer to “one of the heats in a motocross event”; “the sport of motocross in general”; or “as a short form for the words ‘motor’ and ‘motorcycle’”. [The witness’s] search also revealed that the word “moto” translates from French into English as “an informal expression for motorbike, bike or motorcycle” and possesses the following definition in French: “motocyclette véhicule à deux roues équipé d’un moteur de plus de 125 cm3, sport pratiqué sur ce véhicule”.*

*[...]*

*[59] Furthermore, [the witness] conducted searches of the Internet using the Google search engine for websites selling the products associated with some of the trade-marks found in her search of the CIPO Trade-marks Database.*

*[60] [The witness] purchased ten products in the nature of clothing and headwear displaying various trade-marks incorporating the word MOTO (i.e. MOTOJEWEL, MOTORESS, MOTO GUZZI, MOTOROLA, MOTORCRAFT, CROWN MOTO, OMOTO, MOTO, MOTO HEAD, MOTO XXX) (Exhibits C – G; J; L – O). Ms. Young also states that she was able to purchase clothing displaying the trade-marks MOTORFIST, ICON MOTO and OMOTO CROSS and have these shipped to Canada, however, actual purchases were not made due to the high cost of these products (Exhibits H, K).*

*[61] The Opponent objected to the state of the marketplace evidence on the basis that the Applicant did not provide evidence regarding the extent to which any of these marks have become known in Canada (i.e. no evidence of extent of sales or how long these wares have been available for sale in Canada).*

*[62] In response, the Applicant submitted that the state of the marketplace evidence was merely adduced in order to provide some evidentiary support for the inference that was drawn from the state of the register evidence. Specifically, it was adduced to show that some of the MOTO marks found in the state of the register search were in fact in use in the Canadian marketplace. I accept the Applicant’s submissions.*

*[63] The online purchases serve as evidence of the fact that it was possible for Canadians to buy these wares off the Internet. That said I do not consider it to be very strong evidence of marketplace use in Canada. However, given the state of the register evidence, I am satisfied, based on the evidence as a whole, that the Applicant has established that the word MOTO is common to the clothing trade.*

*[64] Based on the foregoing, this creates a factor supporting the Applicant’s position.*

The Board rejected the Opponent’s application.

**12. Bodum USA, Inc. and Pi Design AG (Plaintiffs) v. Meyer Housewares Canada Inc. (Defendant), (Docket T-1240-09) 2012 FC 1450 (CanLII). December 10, 2012.**

The issue before the Federal Court was to determine if the term “French Press” was a distinctive trade-mark or a generic term.

Bodum, one of the Plaintiffs, had registered the trade-mark “French Press” in 1997, as a type of non-electric coffee maker.

The Defendant, at material times, had sold non-electric coffee makers to Canadian distributors and retailers with packaging and product inserts bearing the term “French Press.”

In 2009, the Plaintiffs brought an action against the Defendant for trade-mark infringement, passing off and depreciation of goodwill.

*The Defendant “denied that the plaintiffs had acquired any significant reputation or goodwill in Canada in association with the mark or used it as a trade-mark. It contends that the term was used by the plaintiffs as a description of the type of wares being offered for sale. The defendant acknowledged selling non-electric coffee makers in Canada in association with the name Prestige and that the term “French Press” appeared on its packaging. It denied using the term as a trade-mark or trade name and asserted legitimate use as an accurate description of the product. [9]”*

The Defendant counterclaimed seeking the trade-mark be declared invalid and its registration expunged.

To support its claim that “French Press” was descriptive, the Defendant retained an expert witness to investigate the use of the term in the Canadian market place, and to gather empirical data on how the term is being used.

*[102] ... In particular she was asked to determine whether the term is used generically or to distinguish one particular source of non-electric coffee makers from other sources of the same kind of coffee makers. To that end, she supervised a five-part investigation: (a) an examination of the use of “French press” on Internet sites accessible to Canadian consumers; (b) interactions with salespersons in retail stores where coffeemakers are sold; (c) canvassing of product packages in grocery stores; (d) consultation of specialized books about coffee making; and (e) a review of how the words “French press” are used in print media and advertising.*

*[103] [The expert witness’] findings were as follows:*

- i. Internet searches that might be carried out by consumers in Canada wishing to be informed about “French press” products disclosed that in a large majority of instances (83%), the term is used as a descriptive name:*

- ii. When "French press" appeared in print in books about coffee making, in most instances (5/6) it appeared as a descriptive term and not in association with the device of any particular manufacturer;
- iii. Searches of printed media disclosed that in the majority of cases where "French press" is used, it is used as a descriptive term;
- iv. In "mystery shopping" at retail stores, in no case did clerks volunteer the term "French press" in association with a particular manufacturer and in a third of the cases they volunteered it to describe coffeemakers other than those of the Bodum brand;
- v. Nine bags of differently branded coffee were purchased in grocery stores on which the term "French press" is used in a descriptive sense; and
- vi. A search of the Canadian Intellectual Property Office database disclosed nine instances where "French press" appears as a descriptive name in the list of wares and services of registered trade-marks other than those registered to PI Design AG.

[104] Her conclusion based on this evidence was that "French press" is predominantly used as a generic term to describe a particular kind of non-electric coffee maker rather than to refer to a particular source or manufacturer of such coffeemakers.

[105] On cross-examination she conceded that if an ordinary consumer had been exposed to the Bodum packaging with the "French Press" trade-mark on it they might have the Bodum brand in mind when they use the term generically. She could not say whether the producers of the coffee brands have a Bodum in mind when they refer to the type of coffee maker on their packages as a "French Press". But the fact that the term appears next to words such as "percolator" designating other types of coffee makers indicates that in that context it is used in a descriptive sense.

[106] [She] did not agree that Bodum was using "French Press" on their packaging in a way that would convey to consumers that it is a brand name. She did not take their volume of sales into account in forming her opinion. Her research intentionally avoided stores that carried only Bodum products because her staff would have been unable to determine whether the sales personnel used the term descriptively or as a brand name.

The Court accepted the evidence of the Defendant's expert witness.

[101] ... Her qualifications in these proceedings were not contested and I was satisfied that her opinion evidence was necessary and helpful to the Court.

The Plaintiffs' action was dismissed and the trade-mark was ordered expunged.