Federal Court of Appeal | Cour d'appel fédérale

Date: 20260225

Docket: A-171-24

Citation: 2026 FCA 40

CORAM: **DE MONTIGNY C.J.**
WEBB J.A.
PAMEL J.A.

BETWEEN:

PROMOTION IN MOTION, INC. DBA PIM BRANDS, INC.

Appellant

and

HERSHEY CHOCOLATE & CONFECTIONERY LLC

Respondent

Heard at Toronto, Ontario, on October 28, 2025.

Judgment delivered at Ottawa, Ontario, on February 25, 2026.

REASONS FOR JUDGMENT BY: DE MONTIGNY C.J.

CONCURRED IN BY: WEBB J.A.
PAMEL J.A.

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REASONS FOR JUDGMENT

DE MONTIGNY C.J.

[1] Promotion in Motion, Inc. (the "appellant" or "PIM") is a manufacturer and distributor of candy products. In 2013, it sought to register the trademarks SWISSKISS (application no. 1,612,723) (the "Word Mark") and SWISSKISS & Design (application no. 1,612,724) (the "Design Mark"), to be collectively designated as the "SWISSKISS Marks". The registration of these marks was sought for the goods "Chocolate of Swiss origin".

[2] Hershey Chocolate & Confectionery LLC (the "respondent" or "Hershey"), one of the world's leading manufacturers of chocolates and snacks whose products are imported and sold in Canada by a wholly owned subsidiary, Hershey Canada Inc., opposed the registration of the SWISSKISS Marks. Hershey's opposition was based on its trademarks KISS (registration no. TA833,060), KISSES (registration no. TMA733,263) and several other trademarks (collectively "Hershey's Trademarks"), registered in association with the goods "solid chocolate candy with or without ingredients such as nuts" and "chocolate candy" respectively.

[3] After having considered the evidence submitted by the parties, the Registrar of Trademarks (the "Registrar" or the "Board") refused PIM's applications for the SWISSKISS Marks (2020 TMOB 56). The Board found that PIM had not satisfied its onus on a balance of probabilities to demonstrate no reasonable likelihood of confusion between PIM's SWISSKISS Marks and Hershey's Trademarks, pursuant to paragraphs 12(1)(*d*) and 16(3)(*a*) of the *Trademarks Act*, R.S.C., 1985, c. T-13 (the "Act").

[4] The appellant filed a notice of application on July 30, 2020, seeking an order from the Federal Court setting aside the Registrar's decision, with costs. The Federal Court (*per* Tsimberis J., the Federal Court judge) dismissed the appeal on April 9, 2024, on the basis that the Registrar had committed no reviewable error in refusing to register the SWISSKISS Marks (2024 FC 556).

[5] As allowed by subsection 56(5) of the Act, both parties filed extensive new evidence before the Federal Court. As part of its new evidence, PIM filed an affidavit on the morning of the hearing (the "Papaconstantinou 2 affidavit") to introduce certification mark registrations for

SUISSE (TMA324,971), SWITZERLAND (TMA325,072) and SWISS (TMA325,071) for "chocolate and products made of chocolate" in the name of Chocosuisse, which is the Association of Swiss Chocolate Manufacturers cooperative. This was meant to show that Chocosuisse owns these descriptive certification marks for chocolate and products made from chocolate originating from Switzerland, and that PIM had permission to use these marks. The Federal Court exercised its discretion to accept that affidavit into the record despite its late filing, considering that it would not involve any cross-examination and that it would not prejudice Hershey (by Hershey's own admission).

[6] Another key aspect of PIM's new evidence was the testimony from survey experts Dr. Ruth Corbin and Mr. Christian Bourque (the "Corbin survey" or the "Bourque survey"). The purpose of these surveys was to measure the source, if any, to which consumers who have purchased Swiss chocolate in retail stores would attribute to the Design Mark and to measure, in particular, the extent to which consumers would mistakenly infer that the logo is sourced by Hershey based on its use of the word "KISS" in the logo. Both of these surveys were conducted online by way of an Internet-based questionnaire.

[7] The results of the Corbin Design Mark study were that only 2% of participants had mistakenly inferred the source of the Design Mark logo as being Hershey. The majority of survey participants either did not identify the Design Mark logo with a specific source, or identified its source as a company with the same name as that shown in the logo.

[8] Similarly, the Bourque survey shows that only 3% of Canadian purchasers of Swiss chocolate mistakenly identified Hershey as the source of the Word Mark.

[9] In response, Hershey contended that PIM's new evidence was inadmissible, immaterial, unhelpful, and unnecessary. To the extent that the Federal Court would consider the new evidence, however, Hershey submitted its own additional expert evidence. To address its concern that the Corbin and Bourque surveys were biased because they required that survey participants be previous or future purchasers of Swiss chocolate, Hershey asked its own expert, Ms. Brigley (the "Brigley survey" or the "Brigley affidavit"), to implement a modified version of the survey with participants who had purchased or would purchase "chocolate". After being asked to identify the company they believed was selling the SWISSKISS brand of chocolate, 10% of the test group participants answered Hershey. This was well-above unaided associations to other chocolate brands, and it was found to show that the trademarks KISS and KISSES benefit from a strong association to Hershey.

[10] Another expert, Dr. Michael Mulvey, was also retained by Hershey to provide his opinion and review the affidavits of Dr. Corbin and Mr. Bourque (the "Corbin affidavit" or the "Bourque affidavit"). He opined that by repeating "Swiss chocolate", their surveys create a priming bias and lead to false or skewed conclusions as a reasonable person would not think of an American chocolate maker after having been referred so many times to the word "Swiss".

I. THE FEDERAL COURT DECISION

[11] After summarizing the general legal principles governing the standard of review, the materiality of new evidence, and the analysis required to determine whether a trademark is confusing with a registered trademark for the purpose of paragraph 12(1)(*d*) of the Act, the Federal Court next assessed whether the parties' newly filed evidence was admissible and material. Of particular relevance for this appeal are the findings of the Federal Court with respect to the survey evidence filed by the parties.

[12] The Court agreed with Hershey that most of PIM's new evidence was inadmissible and added nothing of significance to the record, and that the new evidence would not have affected the Board's decision in any material way. Applying the test developed by the Supreme Court in *R. v. Mohan*, 1994 CanLII 80 (SCC), [1994] 2 S.C.R. 9 [*Mohan*] at 20 and applied in *Masterpiece Inc. v. Alavida Lifestyles Inc.*, 2011 SCC 27 [*Masterpiece*] at para. 75, to determine the admissibility of expert evidence, the Court found that the Corbin affidavit and the Bourque affidavit met the necessity and properly qualified experts' requirements, but that they both suffered validity and reliability issues that negatively impacted the relevance requirement or at the very least made it such that they did not provide sufficient probative value to be material.

[13] As for validity, the Federal Court held that the survey design and its results were invalid because the right questions were not put to the survey participants. In its view, the repeated inclusion of "Swiss chocolate" in each of the survey questions constituted a priming bias and resulted in participants ignoring other non-Swiss chocolate manufacturers, which would likely

have brought down the number of answers for Hershey. The Federal Court added that mentioning “Swiss chocolate” 3 or 4 times in the survey may have been acceptable, but not in each of the key questions of the survey.

[14] Another flaw of the surveys were the circumstances in which the questions were put to the participants. The Federal Court was concerned that the experts were not themselves able to attest that the participants from the online panel were the ones who filled out the surveys, without consulting other persons or devices. That flaw, in the Federal Court’s view, not only negatively impacted the validity of the evidence, but also undermined the third *Mohan* requirement of the absence of any exclusionary rule (in this case, hearsay).

[15] Nor was the Federal Court satisfied that the responses adhered to the exact specifications recommended in the surveys’ preambles. It noted, in particular, that the mark was supposed to be shown for up to 8 seconds before being removed from view, yet the experts were unsure whether participants could simply use the “back button” in Internet browsers and see the image again, because they had not tried it.

[16] The Federal Court also questioned the reliability of the surveys on the same grounds, expressing the view that the online survey’s design casts doubt as to whether the same results would be reproduced in a subsequent survey. That problem was further compounded by Dr. Corbin’s admission that online surveys consist only of those who volunteer to be part of them, such that she did not know whether the survey results could be generalized to the entire relevant population.

[17] For the sake of completeness, the Federal Court found that the Brigley affidavit filed by Hershey suffered from the same validity and reliability issues as the Corbin and Bourque survey studies, except for the "back button" and priming issues. Because it suffered from the same design deficiencies, the Brigley affidavit could not provide the necessary assurances regarding the people surveyed, and was open to the same exclusionary rule.

[18] In conclusion on this question, the Federal Court judge held that she would not admit the surveys, but if they had been admitted, she would have found they supported Hershey's case. Even if one were to accept the percentages that PIM argues are correct in the Brigley affidavit (that is 6.1% instead of 10% of the survey participants that associated the Word Mark with Hershey), such a percentage in the Federal Court's opinion is "not insignificant" and falls within the lower range of the rate of confusion that Canadian courts have accepted to establish a likelihood of confusion.

II. ISSUES

[19] This appeal raises the following two key issues:

a) Did the Federal Court err in focusing on the KISS element of the marks and in holding that the SWISS element is a descriptive certification mark that cannot be distinctive?

b) Did the Federal Court err in concluding that the survey evidence filed by the parties is inadmissible?

III. STANDARD OF REVIEW

[20] It is by now well established that the standards of review applicable to an appeal from a Federal Court decision made pursuant to subsection 56(1) of the Act are those set out in *Housen v. Nikolaisen*, 2002 SCC 33. Therefore, questions of fact and mixed fact and law are reviewable on the standard of palpable and overriding error, whereas questions of law are reviewable on the correctness standard: see *Clorox Company of Canada, Ltd. v. Chloretec S.E.C.*, 2020 FCA 76 at paras. 22–23, and *Puma SE v. Caterpillar Inc.*, 2023 FCA 4 at para. 18.

[21] Accordingly, the first ground of appeal calls for the application of the palpable and overriding error standard. Whether "SWISS" is the most distinctive and therefore the most striking element of the SWISSKISS Marks is clearly a question of mixed fact and law. As the Supreme Court stated in *Masterpiece* (at para. 102), the "determination of whether a likelihood of source confusion exists is a fact-finding and inference-drawing exercise, and thus, appellate courts should generally defer to the trial judge's fact findings and inferences".

[22] The appellant argues that the Federal Court should have decided the likelihood of confusion with respect to paragraphs 6(5)(*a*) and (*e*) factors of the Act *de novo*, because it had filed new and probative evidence that was material and would have impacted the Registrar's analysis. While this is no doubt an accurate statement of the law (subsection 56(5) of the Act; *Clorox Company of Canada, Ltd. v. Chloretec S.E.C.*, 2018 FC 408 at para. 14, citing *Saint Honore Cake Shop Limited v. Cheung's Bakery Products Ltd.*, 2015 FCA 12 at para. 18; *Caterpillar Inc. v. Puma SE*, 2021 FC 974 at para. 34), I agree with the Federal Court that the *de*

novo analysis only applies to the alleged errors to the extent that they relate to the new evidence. In the present case, the only new evidence that was held to be admissible is the Papaconstantinou 2 affidavit, which dealt exclusively with the Chocosuisse's certification marks and related only to whether the word SWISS was capable of distinguishing PIM's chocolates of Swiss origin and the most striking element of the SWISSKISS Marks. The Federal Court did not err in finding that the *de novo* analysis should be applied only to the alleged errors as they relate to the interpretation of the word SWISS as descriptive of the geographic origin of PIM's chocolates of Swiss origin, but not to all the aspects of the confusion analysis by the Registrar to which the appellant objects.

[23] With respect to the second ground of appeal, related to the admissibility of survey evidence, it is clear that the Federal Court was not acting as a reviewing court but as a court of first instance. Its decision must therefore be assessed on the appellate standard. Since the appellant is not asserting that the Federal Court did not apply the correct legal criteria related to the admissibility of the survey evidence, but rather challenges the application of the *Mohan* requirements to that evidence and the underlying factual findings pertaining to that evidence, this Court must apply the deferential standard of palpable and overriding error: see *R. v. Youvarajah*, 2013 SCC 41 at para. 31; *Pfizer Canada Inc. v. Teva Canada Limited*, 2016 FCA 161 at para. 82.

IV. ANALYSIS

A. *Did the Federal Court err in focusing on the KISS element of the marks and in holding that the SWISS element is a descriptive certification mark that cannot be distinctive?*

[24] Counsel for the appellant submits that the Federal Court erred in holding that a certification mark is not a trademark, and that a descriptive certification mark is incapable of bringing distinctiveness to a traditional trademark that includes it because by its very nature a descriptive certification mark can only be descriptive of the origin of the goods. The crux of the Federal Court's reasoning in this respect is found at paragraph 176 of its reasons, which I quote in full because of its centrality to the present appeal:

> [176] Chocosuisse giving PIM permission to use the descriptive certification mark SWISS to denote chocolate of Swiss origin does not mean PIM's use of the word SWISS in their own SWISSKISS Trademark Applications is somehow automatically distinctive of PIM. By having a license to use the SWISS descriptive certification mark, PIM may be free and clear from infringement and confusion as against Chocosuisse in association with its "Chocolate of Swiss origin". However, in incorporating the word SWISS into their SWISSKISS Trademarks, they ran the risk that the descriptive certification mark's nature as clearly descriptive of chocolates of Swiss origin would mean SWISS cannot be inherently distinctive or serve as a source identifier in its trademark. In fact, by its very definition, SWISS as a descriptive certification mark *can only be* descriptive of the origin of the goods. To suggest a descriptive certification mark could be anything other than *exclusively* descriptive of the origin of the goods would be to simultaneously undermine the descriptive certification mark itself, and section 25 of the TMA. [emphasis in original]

[25] The Federal Court went on to add that a trademark and a descriptive certification mark differ fundamentally in nature:

> [177] As can be seen at section 2 of the TMA […], Parliament carved out a separate definition for certification mark other than a trademark, as they are signs that serve to distinguish goods or services differently. A trademark like the one PIM seeks to obtain must be a sign proposed to be used by a person for the purpose of distinguishing or so as to distinguish their goods from those of others (a source identifier that points to a trader). A descriptive certification mark like

> SWISS is a sign that is used for the purpose of distinguishing or so as to distinguish goods of a defined standard from those that are not of that defined standard with respect to the area with which the goods are produced (a source identifier that points to the geographic region/terroir of the defined standard). [emphasis in original]

[26] According to the appellant, these holdings are errors of law for a number of reasons, particularly because the definition of "trademark" in the Act includes a "certification mark" (see section 2, definition of trademark), and also because the definition of "certification mark" includes a sign used for the purpose of distinguishing goods that are of a defined standard from those that are not of that defined standard, with respect to the area within which the goods are produced. In a nutshell, the appellant argues that the SWISS certification mark included in the SWISSKISS Marks is a specific type of trademark, and not a simple geographically descriptive term as found by the Federal Court judge.

[27] This alleged error with respect to the true nature of a certification mark would, according to the appellant, have tainted the entire reasoning of the Federal Court and skewed its confusion analysis, particularly as it relates to the degree of resemblance between the appellant's proposed SWISSKISS Marks and the respondent's KISS and KISSES trademarks. Had the Federal Court not held that SWISS is merely descriptive of the goods' geographic origin, it would have given more weight to the first part of the SWISSKISS Marks (as is often the case in considering the degree of resemblance factor). This would have been warranted considering that the words KISS and KISSES are generic or descriptive terms entitled to a low degree of protection, and are almost always used in association with Hershey, thereby reducing even further their distinctiveness. Moreover, the Federal Court's analysis with respect to certification mark allegedly led it to dissect the SWISSKISS Marks into SWISS and KISS and to disregard SWISS

in the confusion analysis, thereby ignoring the different visual appearance of the parties' marks and the different ideas they evoked.

[28] Finally, the appellant contends that descriptive certification marks are distinctive within the meaning provided in section 2 of the Act, and therefore that a licensee may rely upon that distinctiveness in registering its own mark that includes the certification mark.

[29] Before turning my mind to these arguments, a word must be said about the admissibility of the Papaconstantinou 2 affidavit, which was introduced in evidence before the Federal Court in support of the fact that the word mark SWISS, as it relates to chocolate, is a certification mark owned by Chocosuisse. In its submission before this Court, the respondent argues that the Federal Court should have rejected that evidence that was filed on the morning of the hearing. While recognizing that the weighing of the factors set out in *Rosenstein v. Atlantic Engraving Ltd.*, 2002 FCA 503 [*Atlantic Engraving*] to determine the admissibility of new evidence is discretionary and rests primarily with the Federal Court, the respondent submits that it should have exercised greater caution because of the impacts on the administration of justice such late filing could have.

[30] While I share some of the respondent's preoccupations, I am not inclined to disturb the exercise that the Federal Court has made of its discretion. The Federal Court carefully weighed the *Atlantic Engraving* factors in deciding whether or not to allow the appellant's request to file this new evidence, and concluded that it should be admitted given that it relates to relevant findings of the Board already under appeal before it, that it would not involve cross-examination

because of its documentary nature, and that the respondent conceded that they would not be prejudiced and would have the opportunity to make submissions. In light of these carefully crafted parameters, I do not think that the Federal Court decision is likely to set a dangerous precedent, and it sits well within the broad discretion of a trial court in all things related to the administration of evidence.

[31] To determine whether the SWISSKISS Marks are likely to cause confusion with respect to the respondent's marks KISS and KISSES, one must have regard to all the surrounding circumstances including, pursuant to subsection 6(5) of the Act, (a) the inherent distinctiveness of the trademarks and trade names and the extent to which they have become known, (b) the length of time the trademarks or trade names 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 or trade names, including in appearance or sound or in the ideas suggested by them.

[32] In the case at bar, the parties did not spend much time on criteria (b), (c), and (d). The appellant conceded that the length of time the trademarks have been in use favours the respondent, and the appellant has not forcefully argued that the nature of the goods and the likely channels of trade are or would be different, thereby favouring once again the respondent. Indeed, there is scant evidence that Swiss chocolate can be distinguished from other types of chocolates on the basis of quality or price, and there is no restriction on the channels of trade in the applications to register the SWISSKISS Marks.

[33] That leaves us with the inherent distinctiveness and the degree of resemblance factors, on which the appellant hangs its hat. This is where the new evidence with respect to certification marks would have an impact and would necessitate a new analysis, claims the appellant. To assess this argument, I must first step back and examine more closely the nature of a certification mark.

[34] Pursuant to section 2 of the Act, "trademark" means:

(a) a sign or combination of signs that is used or proposed to be used by a person for the purpose of distinguishing or so as to distinguish their goods or services from those of others, or	**a)** signe ou combinaison de signes qui est employé par une personne ou que celle-ci projette d'employer pour distinguer, ou de façon à distinguer, ses produits ou services de ceux d'autres personnes;
(b) a certification mark; (*marque de commerce*)	**b)** marque de certification. (*trademark*)

[35] To better understand what a certification mark is, we must then turn to the definition of that expression in the same section of the Act:

certification mark means a sign or combination of signs that is used or proposed to be used for the purposes of distinguishing or so as to distinguish goods or services that are of a defined standard from those that are not of that defined standard, with respect to	***marque de certification*** Signe ou combinaison de signes qui est employé ou que l'on projette d'employer pour distinguer, ou de façon à distinguer, les produits ou services qui sont d'une norme définie par rapport à ceux qui ne le sont pas, en ce qui concerne :
(a) The character or quality of the goods or services,	**a)** soit la nature ou la qualité des produits ou services;
(b) The working conditions under which the goods are produced or the services performed,	**b)** soit les conditions de travail dans lesquelles ont lieu leur production ou leur exécution;
(c) The class of persons by whom the goods are produced or the services performed, or	**c)** soit la catégorie de personnes qui les produit ou exécute;

(d) The area within which the goods are produced or the services performed; (*marque de certification*)	**d)** soit la région dans laquelle ont lieu leur production ou leur exécution. (*certification mark*)

[36] From these two definitions, it is clear that a certification mark falls within the definition of a trademark under the Act, but is of a different nature than a traditional trademark. Whereas the purpose of an ordinary trademark is to indicate a source or origin, the certification mark exists to identify goods and services of a defined standard. In other words, a certification mark can be analogized to a seal of approval that helps consumers recognize products or services that meet certain desired standards, as opposed to those that do not refer to any standards. Section 23 of the Act also sets out different requirements for the registration of a certification mark.

[37] Since a certification mark is a form of trademark, it should notionally be subject to the requirements for registrability found in section 12 of the Act:

12 (1) Subject to subsection (2), a trademark is registrable if it is not	**12 (1)** Sous réserve du paragraphe (2), la marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :
(a) a word that is primarily merely the name or the surname of an individual who is living or has died within the preceding thirty years;	**a)** elle est constituée d'un mot n'étant principalement que le nom ou le nom de famille d'un particulier vivant ou qui est décédé dans les trente années précédentes;
(b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the goods or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin;	**b)** qu'elle soit sous forme graphique, écrite ou sonore, elle donne une description claire ou donne une description fausse et trompeuse, en langue française ou anglaise, de la nature ou de la qualité des produits ou services en liaison avec lesquels elle est employée, ou en liaison avec lesquels on projette de l'employer, ou des conditions de leur production, ou

	des personnes qui les produisent, ou de leur lieu d'origine;
(c) the name in any language of any of the goods or services in connection with which it is used or proposed to be used;	**c)** elle est constituée du nom, dans une langue, de l'un des produits ou de l'un des services à l'égard desquels elle est employée, ou à l'égard desquels on projette de l'employer;
(d) confusing with a registered trademark;	**d)** elle crée de la confusion avec une marque de commerce déposée;
(e) a sign or combination of signs whose adoption is prohibited by section 9 or 10;	**e)** elle est un signe ou une combinaison de signes dont les articles 9 ou 10 interdisent l'adoption;
(f) a denomination the adoption of which is prohibited by section 10.1;	**f)** elle est une dénomination dont l'article 10.1 interdit l'adoption;
(g) in whole or in part a protected geographical indication identifying a wine, where the trademark is to be registered in association with a wine not originating in a territory indicated by the geographical indication;	**g)** elle est constituée, en tout ou en partie, d'une indication géographique protégée désignant un vin et elle doit être enregistrée en liaison avec un vin dont le lieu d'origine ne se trouve pas sur le territoire visé par l'indication;
(h) in whole or in part a protected geographical indication identifying a spirit, where the trademark is to be registered in association with a spirit not originating in a territory indicated by the geographical indication;	**h)** elle est constituée, en tout ou en partie, d'une indication géographique protégée désignant un spiritueux et elle doit être enregistrée en liaison avec un spiritueux dont le lieu d'origine ne se trouve pas sur le territoire visé par l'indication;
(h.1) in whole or in part a protected geographical indication, and the trademark is to be registered in association with an agricultural product or food — belonging to the same category, as set out in the schedule, as the agricultural product or food identified by the protected geographical indication — not originating in a territory indicated by the geographical indication; and	**h.1)** elle est constituée, en tout ou en partie, d'une indication géographique protégée et elle doit être enregistrée en liaison avec un produit agricole ou un aliment appartenant à la même catégorie figurant à l'annexe que celle à laquelle appartient le produit désigné par l'indication géographique protégée dont le lieu d'origine ne se trouve pas sur le territoire visé par l'indication;
(i) subject to subsection 3(3) and paragraph 3(4)(a) of the *Olympic and Paralympic Marks Act*, a mark the	**i)** elle est une marque dont l'adoption est interdite par le paragraphe 3(1) de la *Loi sur les marques olympiques et paralympiques*, sous réserve du

adoption of which is prohibited by subsection 3(1) of that Act.	paragraphe 3(3) et de l’alinéa 3(4)a) de cette loi.

[38] Pursuant to paragraph 12(1)(*b*), a trademark is not registrable if it is “clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the goods or services in association with which it is used or proposed to be used […] or of their place of origin”. That would clearly have been an obstacle for certification marks that distinguish their goods or services on the basis of the area within which the goods are produced or the service performed. By their very nature, such certification marks would fall within the ambit of paragraph 12(1)(*b*) as they are descriptive of the place of origin of the goods or services. Indeed, there is a long line of cases that have held that geographic locations are normally descriptive words and therefore not inherently distinctive: see, for example, *Advance Magazine Publishers, Inc. v. Banff Lake Louise Tourism Bureau*, 2018 FC 108 at para. 52; *California Fashion Industries v. Reitmans (Canada) Ltd.*, 1991 CanLII 14371 (FC), 1991 CarswellNat 209 at para. 13*; Prince Edward Island Mutual Insurance v. Insurance Co. of Prince Edward Island*, 1999 CanLII 7462 (FC) at para. 32; *London Drugs Limited v. International Clothiers Inc.*, 2014 FC 223 at para. 49.

[39] It is to save these descriptive certification marks that Parliament enacted section 25 of the Act, which reads as follows:

Descriptive certification mark	***Marque de certification descriptive***
25 A certification mark that is descriptive of the place of origin of goods or services, and not confusing with any registered trademark, is registrable if the applicant is the administrative authority of a country, state, province or municipality that	**25** Une marque de certification descriptive du lieu d’origine des produits ou services et ne créant aucune confusion avec une marque de commerce déposée est enregistrable si le requérant est l’autorité administrative d’un pays,

includes or forms part of the area indicated by the certification mark, or is a commercial association that has an office or representative in that area, but the owner of any certification mark registered under this section shall permit its use in association with any goods or services produced or performed in the area of which it is descriptive.	d'un État, d'une province ou d'une municipalité comprenant la région indiquée par la marque de certification ou en faisant partie, ou est une association commerciale ayant un bureau ou un représentant dans une telle région. Toutefois, le propriétaire d'une marque de certification déposée aux termes du présent article doit en permettre l'emploi en liaison avec tout produit ou service dont la région de production ou d'exécution est celle que désigne la marque de certification.

[40] Pursuant to that section, it is clear that the only ground upon which a descriptive certification will not be registrable is where there is confusion with a registered trademark. From this exclusion, we can also infer that section 12 was not meant to apply to descriptive certification marks; otherwise, the exclusion of paragraph 12(1)(*d*) as a ground for non registrability in section 25 would have been redundant. As the Trade Marks Opposition Board stated in *Sanna, Inc. v. Chocosuisse Union des Fabricants Suisses de Chocolat*, 1986 CanLII 7698 (CA TMOB), 1986 CarswellNat 579 [*Sanna*] at paragraph 10:

> Having regard to the presence of the words "and not confusing with any registered trade mark" in s. 25, I consider that it must have been intended that a certification mark registrable under s. 25 not be subject to being held unregistrable because of the provisions of s. 12. If it had been intended that such marks be subject to s. 12, they would necessarily have been subject to s. 12(1)(*d*) and the words "and not confusing with any registered trade marks" in s. 25 would not have been necessary.

[41] It is therefore clear in my view that the certification marks SWISS, SUISSE, and SWITZERLAND are descriptive of the place of origin of wares from Switzerland, as found in *Sanna* (at para. 9), and that these certification marks were registrable only because of the

presence of section 25 in the Act and not because they have any distinctive character. It is indeed telling that certification marks that are used to distinguish goods and services on the basis of the location where they are produced or performed are referred to in the title of section 25 as "descriptive certification mark".

[42] In light of the foregoing, I am unable to find any error in the Federal Court's analysis of a descriptive certification mark. Justice Tsimberis was absolutely correct when she states at paragraph 170 that "descriptive certification marks, which are registered to protect particular goods or services originating from a common place of origin, have been carved out from the ordinary trademark and general certification mark registrability requirements because, by their very nature, they are *prima facie* unregistrable under section 12". That SWISS, SUISSE, and SWITZERLAND are without question descriptive in nature of the chocolate's origin is made clear by these descriptive certification marks that the appellant filed in the Papaconstantinou 2 affidavit. In the SWISS descriptive certification mark (TMA325314), for example, the "Certification Mark Text" states that "the (associated) goods or the chocolate product components thereof originate in Switzerland". There is therefore no merit in the appellant's assertion that the Federal Court erred by refusing to consider the SWISS certification mark included in the SWISSKISS Marks as a "specific type of trademark and not as a simple geographically descriptive term". Far from being a specific type of trademark, SWISS is a descriptive certification mark of the type contemplated by section 25 of the Act without any inherent distinctiveness. The fact that a certification mark is capable of distinguishing certain goods based on a specific standard, such as the area in which the goods are produced, does not mean that they are "distinctive" within the meaning of section 2 of the Act.

[43] The appellant also tries to fault the Federal Court for what it characterizes as a contradiction. Referring to paragraphs 178 and 180 of the decision under appeal, the appellant argues that Justice Tsimberis could not simultaneously find that the SWISS certification mark is "merely descriptive of the goods' geographic origin" while also being "capable of distinguishing goods that are of a defined standard with respect to the area within which the goods are produced from those that are not of the defined standard". Bearing in mind the "Certification Mark Text" for the SWISS descriptive certification mark, it is clear that the only standard by which the goods are defined is the geographic area where they come from.

[44] Moreover, it is far from clear that the benefit of the certification mark extends to the appellant. The only piece of evidence relied upon by the appellant to establish that it holds a licence to use the SWISS certification mark owned by Chocosuisse is a decision of the US District Court for the District of New Jersey. In that decision, it appears that an opposition by Chocosuisse to SWISSKISS based on the use of the word SWISS in connection to chocolate was eventually resolved by an amendment filed by PMI to its trademark application that changed the description of goods from "chocolate" to "chocolate of Swiss origin".

[45] This is not a very solid ground to establish that the appellant was granted a licence by Chocosuisse to use the SWISS certification mark. First of all, the testimony given by Mr. Rosenberg (the founder, President, and CEO of the appellant) before a court of law in the United States does not constitute evidence properly entered in the record of these proceedings. Moreover, the fact that Chocosuisse withdrew its opposition after the appellant amended its statement of goods does not mean that Chocosuisse granted a licence to the appellant or gave it a

permission to use the SWISS certification mark. There is certainly no direct evidence of such licence or permission in the record.

[46] For all of these reasons, I am therefore of the view that the Federal Court did not err in its analysis of descriptive certification marks, and in finding that the existence of the SWISS certification mark has no impact on the confusion analysis. The fact that the word SWISS incorporated in the SWISSKISS Marks is a descriptive certification mark does not change the confusion analysis. The SWISS component of the SWISSKISS Marks remains descriptive of the area where the chocolate goods are produced, and has therefore no (or very little) distinctiveness. That would remain the case even if one were prepared to accept that the incorporation of a geographic location protected by a certification mark into a traditional trademark could somehow heighten its distinctiveness. The word SWISS would remain largely descriptive, and even if the first syllable or word of a trademark is often the most significant for the purposes of distinguishing between marks, it would not be the focus of consumers when looking at the appellant's proposed trademarks considering the large number of traders who used the term SWISS in association with chocolate. KISS would therefore be the most striking part of both the appellant's marks and the respondent's marks, and there is a meaningful degree or resemblance between the appellant's marks and the registered marks of the respondent as found by the Board and the Federal Court.

[47] I would therefore reject the first ground of appeal.

B. Did the Federal Court err in concluding that the survey evidence filed by the parties is inadmissible?

[48] The appellant argues that the Federal Court judge erred in rejecting the survey evidence as one of the surrounding circumstances that can be taken into account to assess confusion, and came to that conclusion of her own accord and without any evidence or argument from Hershey. In doing so, the appellant claims that the Federal Court judge relied on the experience she had from her pre-judicial career, and that the evidence excluded would have had a bearing on the findings of facts made by the Board and on the exercise of its discretion.

[49] More to the point, the appellant disputes the notion that the use of the Internet to conduct surveys undermines their validity and reliability because the absence of a "person in the loop" or "a video recording of the participant filling out the survey" makes it impossible to attest that the participants are indeed who the experts claim them to be, or that the responses given are indeed their responses. The appellant goes as far as saying that the judge engaged in procedural unfairness by raising these issues herself, without notice to the parties.

[50] The appellant also contends that there is no basis in the evidence to conclude that the Corbin and Bourque surveys had a "priming bias" because they included Swiss chocolate in the questions too many times. The Federal Court judge came to that conclusion after stating that the affidavit of Dr. Michael Mulvey, which made that point, was unnecessary "because it does nothing but reinforce what I already know" (at para. 122). In the absence of any explanation as to why it is a priming bias to describe the product as "Swiss chocolate" when the goods covered by the SWISSKISS Marks are "chocolate of Swiss origin", and when the Design Mark included the

phrase FINEST SWISS CHOCOLATE, it was a palpable and overriding error to dismiss the Corbin and Bourque surveys.

[51] The appellant further claims that the Federal Court misapprehended its criticism of the Brigley survey for its programmed back button and applied it to the Corbin survey. Justice Tsimberis rightly held that an online survey intended to evaluate the imperfect recollection of a trademark by a casual consumer somewhat in a hurry is flawed if there is a simple way for the consumer to return to the marks being evaluated, but mistakenly applied that finding to the Corbin survey despite the fact that the back button in that survey is not integrated in the survey itself (as in the Brigley survey) but is merely the back button of the Internet browser.

[52] Finally, the appellant is of the view that the Federal Court erred in concluding that a result of 6.1% of chocolate consumers mistakenly believing the SWISSKISS Marks originate from Hershey is evidence of the likelihood of confusion between the parties' respective marks. It is the appellant's position that this is contrary to established Canadian and U.S. jurisprudence, according to which a level of confusion of more than 10% would be required to be material.

[53] In my view, the appellant has failed to establish a palpable and overriding error in the assessment of the validity and reliability of the survey evidence. First of all, it is to be noted that the issues raised by the appellant were for the most part addressed by the respondent before the Federal Court, both in its written and oral pleadings (see respondent's application memorandum, at para. 62; Appeal Book (AB), Vol. 18, Tab AA, p. 7123). Even though the alleged flaws of the surveys were readily apparent and could be appreciated by the Federal Court judge herself, the

respondent out of an abundance of caution filed the expert evidence of Dr. Michael Mulvey. The fact that the Federal Court judge eventually concluded that she did not need that affidavit does not detract from the fact that the validity issue was squarely raised before her.

[54] There was indeed no need for an expert to provide an opinion as to whether the appellant's surveys asked the questions in the right circumstances. When the core questions of the surveys, upon which Dr. Corbin and Mr. Bourque rely to assess the level of misattribution as to the source, systematically inform participants that they pertain to "Swiss chocolate", it is to be expected that participants will not likely think of chocolate manufacturers that are not of Swiss origin.

[55] It is no justification to say, as the appellant does, that it cannot be a priming bias to describe the product as "Swiss chocolate" because it is the good covered by the marks. The appellant has not demonstrated that "Swiss chocolate" is an entirely different product category than chocolates from other countries. There is no evidence that Swiss chocolate products sold in Canada are characteristically more expensive than other chocolate products, nor do we know the price at which the appellant intends to sell the products bearing the SWISSKISS Marks.

[56] Moreover, there was evidence before the Federal Court showing that the respondent's products are sold at the same retailers, in close proximity to chocolates of various origins, including Belgian and Swiss chocolates (see, for example, Vanslyke Affidavit at Exhibit E, AB, Vol. 14, Tab Y[xiii], p. 5740).

[57] In my view, the Federal Court judge was entitled to question the validity of the survey, on the basis that the questions were skewed to the extent that they subtly oriented the participants towards Swiss chocolate and limited the pool of respondents to frequent purchasers, thereby excluding consumers of chocolate that is not of Swiss origin or who only purchase Swiss chocolate on an infrequent basis. In my view, these findings of fact were clearly within the purview of the Federal Court judge, and there was no need for her to rely on her own expertise nor that of an expert to understand these flaws in the questions themselves. While it may have been unhelpful to opine that a mention of "'Swiss chocolate' a number of times (even 3 or 4 times)" may have been permissible, this *obiter* does not fundamentally undermine her main finding that the surveys did not ask the right questions.

[58] As for the appellant's allegation that the Federal Court judge mistakenly attributed to the Corbin survey the presence of a "back button" that was rather found in the Brigley survey, I am unable to find any merit to that submission. It is true that the Brigley survey had a "back button" that was embedded in the survey, whereas the Corbin survey did not. But as pointed out by the Federal Court judge, the participants in the Corbin survey could make use of the typical "back button" in Internet browsers. When cross-examined as to whether the use of that back button that is found in every Internet browser would bring back the image of the mark after it had been removed from view, Dr. Corbin was unable to confirm one way or another because she had only tried the beta version (i.e., not in a live environment) of the survey and not the online version (see Corbin Cross-examination at Q 329 to 339; AB, Vol. 6, Tab U, pp. 1934-1938).

[59] On that basis, I am unable to find a palpable and overriding error in the Federal Court judge's finding that Dr. Corbin's survey suffered from validity issues. Both parties accept that an online survey must accurately simulate the imperfect recollection of a trademark of a casual consumer in a hurry. As a result, a valid survey will not allow participants to go back and see an image once it has been removed from their view after a short period of time. Even if the Corbin survey did not have a built-in "back button", the same result could possibly be achieved through the use of the typical back button in Internet browsers. It is because Dr. Corbin could not dismiss this possibility since she had not tried it that the Federal Court determined that the survey was flawed, since it undermined the point that Dr. Corbin was trying to make with the survey.

[60] Turning to the issues relating to the survey methodology, the appellant argues that the Federal Court judge erred in rejecting the evidence of Dr. Corbin and Mr. Bourque on the basis that their online Internet-based panel survey could not ensure that the responses were given by the participants themselves, and that the participants were free of external influence and external information. According to the appellant, it was procedurally unfair for the Federal Court judge to raise an issue that had not been raised by the parties, and her conclusion that the results of the survey were somehow suspect because the survey design did not provide the necessary assurances that the participants personally provided the responses and that they did so in a controlled environment is a palpable and overriding error.

[61] The Federal Court was right to point out that consumer surveys have gradually been admitted into evidence as an exception to the hearsay rule. As the Supreme Court stated in *Mattel Inc. v. 3894207 Canada Inc.*, 2006 SCC 22 [*Mattel*] at paragraph 43:

> Until comparatively recently, evidence of public opinion polls were routinely held to be inadmissible because it purports to answer the factual component of the very issue before the Board or Court (i.e. the likelihood of confusion), and in its nature consists of an aggregate of the hearsay opinions of the people surveyed who are not made available for cross-examination, see, e.g., *Building Products Ltd. v BP Canada Ltd.* (1961), 36 CPR 121 (Ex.Ct.); *Paulin Chambers co. v. Rowntree Co.* (1966), 51 CPR 153 (Ex.Ct.). The more recent practice is to admit evidence of a survey of public opinion, presented through a qualified expert, provided its findings are relevant to the issues and the survey was properly designed and conducted in an impartial manner.

[62] When the parties propose to introduce expert evidence, it is the duty of a trial judge to determine the admissibility of that evidence having regard to the criteria developed in *Mohan* and *Masterpiece*, especially the necessity and relevance of that evidence. Survey evidence, as a species of expert evidence, does not detract from that rule. Relevance, with its attendant requirements of validity and reliability in the context of survey evidence, is a question of appreciation over which the trier of facts must be left with a wide margin of appreciation.

[63] The Federal Court judge accurately pointed out that the admissibility of survey evidence at issue in *Mattel* and later discussed in *Masterpiece* was within the context of in-person surveys. When such surveys are conducted, the interviewer can attest to the survey participant being the participant whom the participant claims to be, and can ensure that the person is answering the particular questions without consulting any other person or device, and is therefore free from external influence. It is also easier to verify that the person interviewed falls within the intended demographic for the study. This is obviously not the case when the survey is conducted online. Is that sufficient to conclude, however, that online Internet-based panels are fundamentally flawed, and that they should not be admitted unless there is a “person in the loop” or “video recoding of the participant filling out the survey”?

[64] I am not sure that such a bald conclusion was warranted, in the absence of a more fulsome debate and record. After all, surveys conducted by phone are now commonly used in courts, despite being open to the same criticisms levelled by the Federal Court judge with respect to online surveys. The respondent is correct to point out that the concerns raised by the Federal Court judge were also brought up by Dr. Corbin, the appellant's own survey expert, in an article that was entered into the record before the Federal Court (Himanshu Mishra & Ruth M. Corbin, "Internet Surveys in Intellectual Property Litigation: Doveryai, No Proveryai", The Trademark Reporter, 107(5) (September-October 2017) 1097). In that article, however, Dr. Corbin points to other benefits that online surveys yield that are too valuable to ignore, including cost-efficiency, wider coverage of populations than in-person surveys could ever hope to achieve, and avoidance of the potential "interviewer effects" that can occur in telephone or in-person surveys. She also presented guidelines and safeguards to address the specific vulnerabilities of Internet surveys and to ensure that they can be trusted as a basis for reliable inferences about consumer perceptions, most of which were adhered to in the surveys designed by Dr. Corbin and Mr. Bourque.

[65] To increase Internet survey reliability, Dr. Corbin suggests three strategies that experts can implement to improve both reliability and validity: 1) choosing a panel company that will strive to deliver accurate information about panel participants and that employs sampling procedures that will increase representativeness of the population to be tested; 2) including questions to check for faking, inattention and, cheating; and 3) engaging in post-survey validation to provide assurance of legitimate respondent identities.

[66] In the case at bar, the Federal Court judge accepted that both Dr. Corbin and Mr. Bourque were properly qualified experts in survey market research and analytics, and the surveys were run in accordance with industry standards and subject to randomized verification after completion. While none of these safeguards can provide complete assurance that the responses were given by the participants themselves and that they were free of external influence and information, I am not convinced that these flaws were so critical as to be a fundamental issue going to the admissibility, as opposed to the weight, of these surveys. As imperfect as they may be, Internet surveys, just like other types of surveys, may sometimes provide valid evidence to inform the confusion analysis when properly designed and implemented. I would be reluctant, at this early stage, to unequivocally rule out this possibility irrespective of the particular facts of each case and of each survey. The admissibility of online evidence, just as any other type of evidence, is an issue that is to be determined on a case-by-case basis; in my view, the Federal Court judge erred in concluding that the absence of a "person in the loop" (as is the case, by definition, in any online survey) was a factor to exclude the Corbin affidavit and the Bourque affidavit without any further analysis of the circumstances in which the surveys were conducted. That flaw, however, is not determinative and does not amount to an overriding error.

[67] Finally, the appellant has failed to convince me that the Federal Court judge misapplied the case law with respect to the rate of confusion that is sufficient to establish a likelihood of confusion. The appellant claimed that no Canadian court has held in the last 20 years that a "net confusion" rate of 6.1% rises to a level of actionable confusion, and that the Federal Court judge erred in relying on a thirty-year-old Alberta Court of Appeal's decision dealing with identical marks. There are several counter-arguments to that position.

[68] First of all, the Brigley affidavit filed by the respondent actually showed confusion among approximately ten percent of survey participants. The Federal Court accepted, for argument's sake, the corrections to the percentages of the test group participants and the control group participants suggested by the appellant's counsel, as well as the notion that Ms. Brigley should have subtracted the control group from the test group. A control test is designed to measure the level of confusion that would exist in the marketplace in general, unrelated to the factors in dispute. It is on the basis of these assumptions that the Federal Court judge arrived at the 6.1% figure. Yet, according to one of the appellant's own experts (Mr. Bourque), this notion of "net level of confusion" is not universally used in the industry, and serves to establish a minimum level of confusion. The 6.1% figure must therefore be considered with these caveats in mind.

[69] Moreover, there is no basis for the appellant's assertion that a 10% threshold (net or control) is typically considered necessary to show actionable confusion in Canada and is the prevalent standard in Canada. The mere fact that the Alberta Court of Appeal decision in *Triple Five Corporation v. Walt Disney Productions*, 1994 ABCA 120 was rendered thirty years ago is obviously not sufficient to discard it. It has, indeed, been cited with approval both by the Trade Mark Opposition Board and the Federal Court on numerous occasions: see for example, *Canada Post Corp. v. Paxton Developments Inc.*, 2000 CanLII 16762 (FC); *Novopharm Limited v. Eli Lilly and Company*, 2004 CanLII 71728 (CA TMOB); *Diageo Canada Inc. v. Heaven Hill Distilleries, Inc.*, 2017 FC 571; *Imperial Tobacco Canada Limited v. Philip Morris Brands SARL*, 2018 FC 503. I further agree with the Federal Court judge that whatever level of

confusion is considered as sufficient to establish a likelihood of confusion in the United States, this jurisprudence does not bind Canadian courts.

[70] It is also worth adding that the threshold issue in the context of the present case is somewhat of a red herring. Surveys where respondents are asked to name the source of a product, commonly referred to as “named-source test”, are not designed to show an absence of confusion, but merely to measure the level of confusion. This is precisely why some experts, among which Dr. Corbin in one of her articles (Ruth M. Corbin & Arthur Renaud, “When Confusion Surveys Collide: Poor Designs or Good Science”(2004) 94:4 Trademark Rep at 792), have advised defendants in trademark opposition proceedings to stay away from such surveys because they cannot prove that there is no likelihood of confusion. Bearing in mind the broad scope of options defendants have in designing a survey to lower the chances of finding confusion in a named-source test (for example, by narrowing or broadening the population identified for a survey, or creating conditions deviating from a realistic simulation of how the properties of a product are encountered by the actual relevant population), a failure to find confusion in such a survey cannot prove the opposite. The percentage of confusion in a name-source test is therefore irrelevant to the question ultimately to be decided by the Board or the Federal Court.

[71] For all of the above reasons, I am therefore of the view that the Federal Court did not make a palpable and overriding error of fact in rejecting the survey evidence filed by the appellant and the respondent on the appeal from the Trademarks Opposition Board. While the Federal Court judge seemingly went too far in excluding online Internet-based panel surveys to the extent that they do not involve a “person in the loop”, the other reasons that she gave to come

to her conclusion are based on factual findings that are grounded in the record and that are entitled to deference.

V. CONCLUSION

[72] For all of the foregoing reasons, I am of the view that the appeal should be dismissed, with costs.

"Yves de Montigny"
Chief Justice

"I agree.
Wyman W. Webb J.A."

"I agree.
Peter G. Pamel J.A."

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET:	A-171-24
STYLE OF CAUSE:	PROMOTION IN MOTION, INC. DBA PIM BRANDS, INC. v. HERSHEY CHOCOLATE & CONFECTIONERY LLC
PLACE OF HEARING:	TORONTO, ONTARIO
DATE OF HEARING:	OCTOBER 28, 2025
REASONS FOR JUDGMENT BY:	DE MONTIGNY C.J.
CONCURRED IN BY:	WEBB J.A. PAMEL J.A.
DATED:	FEBRUARY 25, 2026

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