



LE REGISTRAIRE DES MARQUES DE COMMERCE  
THE REGISTRAR OF TRADE-MARKS

**Citation: 2012 TMOB 77**  
**Date of Decision: 2012-04-13**

**IN THE MATTER OF AN  
OPPOSITION by Doctor's  
Associates Inc. to application  
No. 1,335,372 for the trade-mark  
KIDSPACK & Design in the name  
of American Multi-Cinema, Inc.**

[1] On February 14, 2007, American Multi-Cinema, Inc. (the Applicant) filed an application to register the trade-mark KIDSPACK & Design (the Mark), shown below:



[2] The application for the Mark claims use in Canada since at least as early as December 2005 on the wares “cardboard and paper food containers for use in movie theatres” (the Wares) and the services “movie theatre services” (the Services; together referred to as the Wares and Services). The Applicant claims a priority filing date of October 13, 2006 based on application No. 77/020,609 in the United States of America in association with the same kind of wares and services. The application for the Mark is also based on use and registration in the United States of America under registration No. 3,371,408 with respect to the Wares only.

[3] The application was advertised for opposition purposes in the *Trade-marks Journal* of May 7, 2008.

[4] On July 7, 2008, Doctor's Associates Inc. (the Opponent) filed a statement of opposition. The grounds of opposition are summarized below:

- Pursuant to s. 38(2)(a) and 30(i) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act), the Applicant cannot be satisfied of its entitlement to use the Mark in view of the Opponent's prior use of the trade-marks KIDS' PAK and SUBWAY KIDS' PAK Design, shown below (the Opponent's Marks). The Applicant should have been aware that the Mark was confusing with the Opponent's Marks.



- Pursuant to s. 38(2)(a) and 30(b) of the Act, the application does not comply with s. 30(b) because the Applicant has not used the Mark in Canada since the date of first use claimed therein.
- Pursuant to s. 38(2)(b) and 12(1)(d) of the Act, the Mark is not registrable as it is confusing with the Opponent's Marks subject to registration numbers TMA455,408 and TMA544,579 registered for "restaurant and sandwich shop services; restaurant services" and "sandwiches and snacks, namely, potato chips, pretzels, corn chips, tortilla chips, puffed corn curls, popped popcorn, cakes, pastries, for consumption on or off the premises; soft drinks; cookies; restaurant and sandwich shop services", respectively, which have been previously used and/or made known in Canada well prior to the Applicant's alleged date of first use of the Mark.
- Pursuant to s. 38(2)(c) and 16(1)(a) of the Act, the Applicant is not entitled to registration of the Mark because at the date of first use claimed in the application, namely December 2005, the Mark was confusing with the Opponent's Marks which have been previously used or made known in Canada by the Opponent well prior to the adoption of the Mark.
- Pursuant to s. 38(2)(c) and 16(1)(b) of the Act, the Applicant is not entitled to registration of the Mark because at the date of first use claimed in the application, namely December 2005, the Mark was confusing with the Opponent's Marks in

respect of which applications for registration had been previously filed in Canada, well prior to the adoption of the Mark.

- Pursuant to s. 38(2)(d) and 2 of the Act, the Mark is not distinctive of the Wares and Services as it does not actually distinguish, nor is it adapted to distinguish the Wares and Services from the wares and services of the Opponent in Canada.

[5] The Applicant served and filed a counter statement in which it denied the Opponent's allegations and put the Opponent to the strict proof thereof.

[6] The Opponent filed certified copies of the registrations for the Opponent's Marks as well as the affidavits of Valerie Pochron, an attorney for the Opponent, sworn January 23, 2009 with Exhibits A to C and Arif Mahmood, a student-at-law employed by the Opponent's agent, sworn January 26, 2009 with Exhibits 1-3 as its evidence pursuant to r. 41 of the *Trade-marks Regulations* SOR/96-195 (the Regulations). Ms. Pochron was cross-examined on June 18, 2009, transcripts and responses to undertakings were filed on August 26, 2009 and form part of the record. The Opponent filed a second affidavit of Valerie Pochron, sworn April 8, 2010 with Exhibits A-P as its reply evidence pursuant to r. 43 of the Regulations.

[7] The Applicant filed an affidavit of Pauline Pawson, an accountant for the Applicant's Canadian operations, sworn November 5, 2009 with Exhibits A – O as its evidence pursuant to r. 42 of the Regulations.

[8] Both parties filed written arguments. An oral hearing was held at which both parties were represented.

#### Onus and Material Dates

[9] The Applicant bears the legal onus of establishing, on a balance of probabilities, that its application complies with the requirements of the Act. However, there is an initial evidential burden on the Opponent to adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exist [see *John Labatt Limited v. The Molson Companies Limited* (1990), 30 C.P.R. (3d) 293 (F.C.T.D.) at 298].

[10] The material dates that apply to the grounds of opposition are as follows:

- s. 38(2)(a)/30(b) and (i) - the date the application was filed [see *Georgia-Pacific Corp. v. Scott Paper Ltd.* (1984), 3 C.P.R. (3d) 469 at 475 (T.M.O.B.) and *Tower Conference Management Co. v. Canadian Exhibition Management Inc.* (1990), 28 C.P.R. (3d) 428 at 432 (T.M.O.B.)].
- s. 38(2)(b)/12(1)(d) - the date of my decision [see *Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. and The Registrar of Trade Marks* (1991), 37 C.P.R. (3d) 413 (F.C.A.)].
- s. 38(2)(c)/16(1)(a) and (b) - the claimed date of first use [see s. 16(1) of the Act].
- s. 38(2)(d)/2 - the date of filing of the opposition [see *Metro-Goldwyn-Mayer Inc. v. Stargate Connections Inc.* (2004), 34 C.P.R. (4th) 317 (F.C.)].

#### Preliminary Issue – Objection to Reply Evidence

[11] By way of letter dated May 12, 2010, the Applicant raised an objection to the Opponent's evidence filed pursuant to r. 43 of the Regulations as being not proper reply evidence. At the oral hearing, the Applicant submitted that it wished to withdraw its objection. I acknowledged this withdrawal; however, I note that regardless of the Applicant's position, evidence submitted pursuant to r. 43 of the Regulations must be confined to matters strictly in reply to the Applicant's evidence.

[12] At the oral hearing the Opponent submitted that the Pawson affidavit purports to show that movie theatres and third party food outlets are always found in distinct brick and mortar establishments emphasizing the fact that they are separate businesses. The Opponent submitted that the second Pochron affidavit seeks to address this issue.

[13] In her second affidavit, Ms. Pochron states that the Opponent has plans to expand and develop locations onsite in cinemas, airports, hospitals, colleges and universities, etc. Ms. Pochron states that these locations will be on the sites of the existing businesses and will pull their main customer bases from the parent sites.

[14] Ms. Pochron attaches to her affidavit photographs showing SUBWAY restaurant outlets located inside movie theatres (Exhibits D – P). The evidence showing three SUBWAY restaurants located inside cinemas in Canada supports Ms. Pochron's sworn

statement that part of the Opponent's global operating strategy is to expand into existing business locations, including cinemas.

[15] Based on the foregoing, I am satisfied that the second Pochron affidavit constitutes proper reply evidence.

### Section 30 Grounds

#### *Section 30(i) of the Act*

[16] Where an applicant has provided the statement required by s. 30(i), a s. 30(i) ground should only succeed in exceptional cases such as where there is evidence of bad faith on the part of the applicant [see *Sapodilla Co. Ltd. v. Bristol-Myers Co.* (1974), 15 C.P.R. (2d) 152 (T.M.O.B.) at 155]. The Applicant has provided the necessary statement and this is not an exceptional case; the s. 30(i) ground is accordingly dismissed.

#### *Section 30(b) of the Act*

[17] The initial burden on the Opponent is light respecting the issue of non-conformance with s. 30(b) of the Act, because the facts regarding the Applicant's first use are particularly within the knowledge of the Applicant [see *Tune Masters v. Mr. P.'s Mastertune Ignition Services Ltd.* (1986), 10 C.P.R. (3d) 84 (T.M.O.B.) at 89].

[18] The Opponent may rely on the Applicant's evidence to meet its initial burden in relation to this ground [see *Molson Canada v. Anheuser-Busch Inc.*, (2003), 29 C.P.R. (4th) 315 (F.C.T.D.), and *York Barbell Holdings Ltd. v. ICON Health and Fitness, Inc.* (2001), 13 C.P.R. (4th) 156 (T.M.O.B.)]. However, the Opponent is under an obligation to show that the Applicant's evidence is "clearly inconsistent" with the Applicant's claims as set forth in its application [see *Ivy Lea Shirt Co. v. 1227624 Ontario Ltd.* (1999), 2 C.P.R. (4th) 562 at 565-6 (T.M.O.B.), *aff'd* 11 C.P.R. (4th) 489 (F.C.T.D.)].

[19] In the present case, the Opponent has not filed any evidence directed to the s. 30(b) ground of opposition; however, it makes substantial submissions interpreting the Applicant's evidence in an attempt to meet its evidential burden.

[20] In her affidavit, Ms. Pawson states that the Applicant has used the Mark continuously and extensively in Canada since at least as early as December 2005 in association with the Wares and to promote the Services.

[21] In her affidavit, Ms. Pawson states that since at least as early as December 2005, the Applicant has offered a combination food and beverage product for kids at the concession counters of its theatres (of which there are eight in Canada). Ms. Pawson states that the product is a combination of popcorn, a beverage and another snack along with a decorative box featuring a game/activity. Ms. Pawson states that the food and beverage items are all delivered to the customer in the cardboard box/tray which the Applicant calls a KIDSPACK.

[22] Ms. Pawson attaches to her affidavit a container representative of those sold in the Applicant's theatres since 2005 (Exhibits G, J). The Mark is clearly displayed on the container. Ms. Pawson also attaches to her affidavit other components of the combination meal (i.e. popcorn bag and cup) (Exhibits H, I) both of which display the Mark. Ms. Pawson also attaches to her affidavit photographs of what she states is a KIDSPACK container containing popcorn, a beverage and a snack representative of what has been sold in the Applicant's theaters in Canada since 2005 (Exhibits K, L). Ms. Pawson states that the Applicant sold 64,211 KIDSPACK containers in its theatres in the fiscal year 2009. I note that Ms. Pawson has not provided the price for these products or sales figures for any years other than 2009.

[23] The Opponent submits that the Applicant's evidence shows use of the Mark in association with a combination meal for kids sold through the Applicant's concession stands, not the Wares and Services as claimed in the application for the Mark. Specifically, the Opponent submits that the Applicant is not selling the containers *per se*; rather the containers are merely used to hold food and beverage items sold as a combination meal. The Opponent submits that the Applicant admits to this when Ms. Pawson states in her affidavit that "the combination is sold at an attractive price" (see Pawson affidavit at para 9).

[24] The Applicant submits that without the container there would be no KIDSPACK product. Specifically, the Applicant submits that without the container customers would merely be purchasing popcorn, drinks and snacks separately which can already be done at the Applicant's concession stands. The Applicant submits that it is the cardboard container that makes the product the KIDSPACK.

[25] Furthermore, the Applicant submits that the containers provide added value to the customers for the following reasons (see Pawson affidavit at para 9):

- a. the container is colourful and attractively decorated which appeals to children;
- b. the container is easy to carry into the theatre and handle while seated; and
- c. most importantly, the container features an activity or game for children to play with.

[26] The Applicant has also provided promotional posters (Exhibit N) and coupons (Exhibit O) which display the Mark. The Opponent submits that these promotional materials highlight the fact that consumers associate the Mark with a combination meal, not a cardboard container.

[27] The Opponent relies on *Brett v. Coors Global Properties, Inc.* (2008), 68 C.P.R. (4th) 58 at 65-66 (T.M.O.B.) a s. 45 decision in which the Registrar was asked to consider whether use of a mark in association with beer was also use of the mark for "metal cans and parts thereof including can end members, metal keys, metal closure caps for bottles" and "container packages and boxes of paper material". The Registrar found that, in the absence of an expert opinion establishing that there was value to the consumers in the packaging she was

...unable to infer that the consumer would see cans, bottle closures, keys and packaging materials as a COORS product apart from the beer contained therein. Accordingly, since there is no such evidence, nor evidence of sales of these packaging materials independently from their contents, [the Registrar was] unable to find use of the subject trade-mark on these wares.

[28] The Opponent submits that this analysis is equally applicable to the present proceeding. The Opponent submits that the Applicant is not selling the "cardboard and

paper food containers” separate and apart from the food products sold therein as a combination meal. The Opponent submits that there is nothing in the evidence to show or suggest that customers would attribute any value to the containers apart from the combination meals.

[29] While I agree with the Opponent that the Applicant is not selling the “cardboard and paper food containers” separate and apart from the combination meals, I do not agree with the Opponent that there is nothing in the evidence to suggest that customers would attribute value to the containers. Specifically, as noted above, Ms. Pawson’s evidence supports a finding that the box has some functionality in that it features a game/activity for children to play with and it is easy to carry into the theatre and handle while seated. Thus the Applicant submits, and I agree, that the container is more than merely a conduit necessary to deliver the product to the customer (like a can for beer, for example).

[30] As a result, as submitted by the Applicant, I find this case more akin to the decision in *Kabushiki Kaisha Hattori Seiko v. Impenco Ltd.* (1999), 4 C.P.R. (4th) 374 (*Seiko*) where the Federal Court overturned the Registrar’s decision with respect to use of a mark in association with watch boxes as a ware separate and apart from the watches sold therein. On appeal, expert evidence was adduced evidencing that there was value added to the box such that the box could be perceived as a ware in its own right. The Opponent has submitted that I must find the present case distinguishable from *Seiko* as I have not been provided with independent expert evidence on the notion of whether the container has intrinsic value and would be seen as a separate ware. It is true that no expert evidence was put forward in the present case and on that basis it differs from *Seiko* on the facts. However, I am satisfied that Ms. Pawson’s statements regarding the functionality of the container are sufficient to find that the container has added value such that it could be perceived as a component of the combination meal separate and apart from the food products.

[31] In her affidavit, Ms. Pawson makes it clear that the materials adduced which display the Mark are representative of the way in which the Mark has been so displayed since December 2005.



[32] Based on the foregoing, I am not satisfied that the Opponent has succeeded in establishing that the Applicant's evidence is clearly inconsistent with the claimed use date for the Wares.

[33] With respect to the Services, Ms. Pawson refers to the use of the Mark in association with the combination meals as constituting promotion of the Applicant's Services. Specifically, the Applicant refers to the attractive price of the KIDSPACK combination meal and the fact the product sold under the Mark is meant to "enhance our customers' entertainment experience and promote attendance at AMC theatres" (see Pawson affidavit at para 9).

[34] The Opponent submits that the promotion of a service is distinct from the provision of a service. By contrast the Applicant submits that "promotion" means the same thing as "advertising" such that Ms. Pawson's evidence should be found to evidence use of the Mark in advertising for the Services. The Opponent objected to this, submitting that "promotion" and "advertising" are not synonymous.

[35] I may refer myself to a dictionary to determine the meaning of words [see *Insurance Co. of Prince Edward Island v. Prince Edward Island Insurance Co.* (1999), 2 C.P.R. (4th) 103 (T.M.O.B.)]. I have looked into the *Canadian Oxford Dictionary* and found the following definitions for the terms "promotion": "activity that supports or encourages a cause, venture, or aim" and "advertising": "the process and means by which products, services, ideas, and brands are promoted through mass-media messages with the intent to influence audience behaviour, awareness, and/or attitudes". I note that one of the listed definitions for the word promotion refers to the definition for the word advertising.

[36] While I acknowledge that the meanings of these two words are technically very similar, based on a review of the evidence as a whole, I am not satisfied that the appearance of the Mark on food containers used for combination meals sold in the Applicant's movie theatres would constitute advertising of the Applicant's movie theatre services.

[37] In her affidavit, Ms. Pawson states that “part of the entertainment experience offered by [the Applicant] is the availability of beverages and food to be consumed on the premises, normally while viewing a movie” (see Pawson affidavit at para 6). Ms. Pawson also states that one of the food options available at the Applicant’s theatres is a “concession counter owned and operated by [the Applicant]”.

[38] In light of this, at the oral hearing I asked both parties to provide me with submissions on the notion of whether the operation of a concession stand could be considered ancillary to the primary services, namely “movie theatre services”. If this was the case, then evidence of use of the Mark at the Applicant’s concession stands (ancillary service) could qualify as evidence of use of the Mark in association with the provision of the Services (primary service). To this end I note that the law is clear that the Act makes no distinction between primary, incidental or ancillary services [see *TSA Stores, Inc. v. Canada (Registrar of Trade-marks)* (2011), 91 C.P.R. (4th) 324 at para 17 (F.C.T.D.)].

[39] The Applicant submitted that concession stand services are intrinsic to movie theatre services and referred to Ms. Pawson’s statement that the Applicant’s mission is to “provide guests with the best possible out of home entertainment experience”.

[40] The Opponent submitted that permitting an interpretation that accepts ancillary services as being sufficient to support a finding of use in association with primary services, is an unacceptable practice that would remove certainty and reliability from the register.

[41] While I appreciate the Opponent’s concerns, I note that case law supports a finding that use in association with ancillary services can support a finding of use with primary services [see *Société Nationale des Chemins de fer Français SNGC v. Venice Simplon-Orient-Express Inc.* (2000), 9 C.P.R. (4th) 443 (F.C.T.D.); *TSA Stores, supra*]. I am satisfied that the same reasoning applies to the present case such that the operation of a concession stand is an ancillary service to the Applicant’s “movie theatre services”.

[42] In addition to my finding above that the Mark is used in association with a cardboard container used for a combination meal provided at the Applicant’s concession

stands, the evidence shows that the Mark is displayed on the menu board at the Applicant's concession stands (Exhibit M to Pawson affidavit). Thus the Mark is used by the Applicant in the performance of concession stand services.

[43] Based on the foregoing, I am satisfied that the Mark, which is used in association with the Applicant's concession stand services, has been used in association with the Services. Thus, I am not satisfied that the Opponent has succeeded in establishing that the Applicant's evidence is clearly inconsistent with the claimed date of first use with respect to the Services.

[44] The ground of opposition based on s. 30(b) of the Act is therefore dismissed on account of the Opponent's failure to meet its evidential burden.

#### Section 12(1)(d) Ground

[45] An opponent's initial onus is met with respect to a s. 12(1)(d) ground of opposition if the registration relied upon is in good standing as of the date of the opposition decision. The Registrar has discretion to check the register in order to confirm the existence of the registration(s) relied upon by an opponent [see *Quaker Oats of Canada Ltd./La Compagnie Quaker Oats du Canada Ltée v. Menu Foods Ltd.* (1986), 11 C.P.R. (3d) 410 (T.M.O.B.)]. I have exercised that discretion and confirm that the registrations for the Opponent's Marks remain valid and therefore the Opponent has satisfied its evidential burden. I must now assess whether the Applicant has met its legal burden.

[46] The test for confusion is one of first impression and imperfect recollection. Section 6(2) of the Act indicates that use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the wares or services are of the same general class.

[47] In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in s. 6(5) of the Act, namely: (a) the inherent distinctiveness of the trade-marks and the extent to which they have become known; (b) the length of time each has been in use; (c) the nature of the wares, services or business; (d) the nature of the trade; and (e) the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them. These enumerated factors need not be attributed equal weight. [See, in general, *Mattel, Inc. v. 3894207 Canada Inc.* (2006), 49 C.P.R. (4th) 321 (S.C.C.) and *Masterpiece Inc. v. Alavida Lifestyles Inc.* (2011), 92 C.P.R. (4th) 361 (S.C.C.).]

[48] Recently, in *Masterpiece*, the Supreme Court of Canada discussed the importance of the s. 6(5)(e) factor in conducting an analysis of the likelihood of confusion between the parties' marks in accordance with s. 6 of the Act (see para 49):

...the degree of resemblance, although the last factor listed in s. 6(5), is the statutory factor that is often likely to have the greatest effect on the confusion analysis. [...] if the marks or names do not resemble one another, it is unlikely that even a strong finding on the remaining factors would lead to a likelihood of confusion. The other factors become significant only once the marks are found to be identical or very similar. [...] As a result, it has been suggested that a consideration of resemblance is where most confusion analyses should start.

[49] Under the circumstances of the present case, I consider it appropriate to analyse the degree of resemblance between the parties' marks first.

*Section 6(5)(e) – the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them*

[50] At the oral hearing, the Opponent submitted that despite the difference in spelling, the parties' marks are identical in sound and idea suggested and essentially identical in appearance.

[51] I note that the Mark and the SUBWAY KIDS' PAK & Design mark both feature design elements in the form of the words being displayed in stylistic fonts. I note that the fonts are quite similar such that they do not create significant differences between the marks. I note that the inclusion of the word SUBWAY in the SUBWAY KIDS' PAK &

Design mark creates the largest difference between the parties' marks. The word SUBWAY is not included in the Opponent's KIDS' PAK mark such that the similarity between the parties' marks is strongest with respect to this mark.

[52] The Applicant submitted that the parties' marks are inherently weak and thus small differences will be sufficient to distinguish between them [see *Kellogg Canada Inc. v. Weetabix of Canada Ltd.* (2002), 20 C.P.R. (4th) 17 (F.C.); and *American Cyanamid Co. v. Record Chemical Co. Inc.* (1972), 7 C.P.R. (2d) 1 (F.C.T.D.)].

[53] I agree with the Applicant that the parties' marks are relatively weak, however, the marks are not entirely lacking inherent distinctiveness, and, most importantly, they are essentially identical.

[54] Having found that the parties' marks are very similar, I must now assess the remaining relevant surrounding circumstances to determine whether any of these other factors are significant enough to shift the balance of probabilities in favour of the Applicant [see *Masterpiece*, *supra* at para 49].

*Section 6(5)(a) – the inherent distinctiveness of the trade-marks and the extent to which they have become known*

[55] Both parties conceded that the marks at issue are suggestive of the associated wares and services as offered in the marketplace. With respect to the Mark and the Opponent's SUBWAY KIDS' PAK & Design mark, I do not find that the design features add much to the inherent distinctiveness of these marks. As a result, I assess the inherent distinctiveness of the parties' marks as being the same and, as discussed in the analysis of the s. 6(5)(e) factor, relatively low.

[56] The strength of a trade-mark may be increased by means of it becoming known in Canada through promotion or use. I will now turn to the extent to which the trade-marks have become known in Canada.

[57] As discussed in more detail in the analysis of the s. 30(b) ground of opposition, the Applicant has evidenced use of the Mark in association with the Wares and Services since December 2005. However, the Applicant has only provided sales figures for the

Wares and only for the year 2009. The Applicant has also provided evidence of use of the Mark in association with advertising for the Wares but has not provided any advertising expenditures. Based on the foregoing, I am satisfied that the Mark has become known to some extent at least.

[58] The Opponent has provided substantial evidence of use of the Opponent's Marks in Canada in association with the sale of combination meals targeted to children. In particular, Ms. Pochron states that the Opponent sold 5.8 million combination meals under the Opponent's Marks from December 2004 to July 2008 amounting to sales of \$20.5 million. I am satisfied that the Opponent has established that the Opponent's Marks have become known to a significant extent in Canada.

*Section 6(5)(b) – the length of time each has been in use*

[59] The Applicant has evidenced use of the Mark in association with the Wares and Services since December 2005.

[60] The registrations for the Opponent's Marks claim use since 1986 for the KIDS' PAK mark and since 1999 for the SUBWAY KIDS' PAK & Design mark. Ms. Pochron states that "since commencing use of the [Opponent's Marks], back in 1986 for the word mark and 1999 for the design, SUBWAY restaurants have sold hundreds of thousands or more of combination meals for children under [the Opponent's Marks]" (first Pochron affidavit at para 9).

[61] I note that the Opponent has not provided any evidence showing the Opponent's Marks on the Opponent's wares or their packaging. On cross-examination Ms. Pochron states that from time to time over the years the Opponent's Marks have appeared on the bags in which the combination meals are delivered to customers but she was unable to produce a sample bag (Q111-112 and answers to undertakings). Ms. Pochron has provided evidence of use of the Mark in advertising which would constitute evidence of use of the Opponent's Marks in association with the Opponent's restaurant and sandwich shop services pursuant to s. 4(2) of the Act. Specifically, Ms. Pochron states that the Opponent's Marks appear on wall menus and promotional posters located in SUBWAY

restaurants (first Pochron affidavit at para 11). Ms. Pochron attaches to her affidavit sample posters displaying the Opponent's Marks from 2007-2009 (Exhibits B1-B8 of first Pochron affidavit).

[62] I note that the documentary evidence and sales figures only date back to 2004 at the earliest. That said, whether I accept the evidence as supporting a finding that the Opponent's Marks have been used since 1986, 1999 or 2004, all three dates predate the Applicant's claimed date of first use.

*Sections 6(5)(c) and (d) – the nature of the wares, services or business and trade*

[63] It is the Applicant's statement of wares and services as defined in its application versus the Opponent's registered wares and/or services that govern my determination of this factor [see *Esprit International v. Alcohol Countermeasure Systems Corp.* (1997), 84 C.P.R. (3d) 89 (T.M.O.B.)]. However, those statements must be read with a view to determining the probable type of business or trade intended by the parties rather than all possible trades that might be encompassed by the wording. In this regard, evidence of the actual trades of the parties is useful, particularly where there is an ambiguity as to the wares or services covered in the application or registration at issue [*McDonald's Corp. v. Coffee Hut Stores Ltd.* (1996), 68 C.P.R. (3d) 168 (F.C.A.); *Procter & Gamble Inc. v. Hunter Packaging Ltd.* (1999), 2 C.P.R. (4th) 266 (T.M.O.B.); *American Optical Corp. v. Alcon Pharmaceuticals Ltd.* (2000), 5 C.P.R. (4th) 110 (T.M.O.B.)].

[64] As drafted, the closest area of similarity between the parties' wares and services is the fact that the Wares are containers for food and the Opponent's Wares and Services include food items.

[65] In the present case, both parties have adduced evidence regarding the nature of the parties' trades.

[66] The Applicant's evidence establishes that the Mark is used in association with containers used in combination meals sold at the concession stands in the Applicant's movie theaters. The Applicant's evidence also establishes that food is available in the

Applicant's theatres both through the concession stands and through food outlets owned and operated by third parties (Exhibit C, D to the Pawson affidavit).

[67] The Opponent's Marks are used in association with a combination meal targeted to children sold in the Opponent's SUBWAY restaurants.

[68] The Opponent submits that its SUBWAY restaurants are found in various locations and premises, from stand-alone restaurants to malls, shopping centres, convenience stores, entertainment complexes and movie theatres (first Pochron affidavit at para 6). The Opponent submits that 31 of the 30,498 SUBWAY restaurants operated worldwide are located in movie theatres or in the same complex as movie theatres (first Pochron affidavit at para 7). One of these locations is the Whitby Entertainment Centrum located in Whitby, Ontario in which the Applicant operates a movie theatre (first Pochron affidavit at para 7). The second Pochron affidavit was adduced to further support the Opponent's business decision to open locations inside other types of businesses including movie theatres and it shows three SUBWAY restaurants located in movie theatres in Canada (Exhibits D – F of second Pochron affidavit).

[69] The Applicant concedes that the parties' wares and services are offered in close proximity. However, the Applicant submits that it is clear that the Applicant's wares and services are being offered as part of the operation of movie theatres whereas the Opponent's are being offered as part of the operation of restaurants. The Applicant submitted that in situations where the Opponent is operating a SUBWAY restaurant location inside a movie theatre, the signage is clear that customers are frequenting the Opponent's restaurant.

[70] Based on a review of the evidence as a whole, I am satisfied that there is some degree of similarity and overlap between the parties' channels of trade. Specifically, both parties are offering food products targeted to children and the evidence supports a finding that third party food outlets are operated inside the Applicant's movie theatres. In fact, the evidence shows that SUBWAY restaurants are operated inside movie theaters.



*Additional Surrounding Circumstance – No evidence of actual confusion*

[71] At the oral hearing both parties made reference to the fact that there is no evidence of actual confusion despite the coexistence of the parties' marks in Canada since December 2005.

[72] The Opponent submitted that this should not form a circumstance that weighs against it in light of the Opponent's substantial reputation for the Opponent's Marks.

[73] The Applicant submitted that this should form a relevant surrounding circumstance.

[74] While the Opponent is not under an obligation to file evidence of actual confusion, the failure to file any such evidence in the face of an extensive period of coexistence may result in a negative inference being drawn [see *Mattel, supra*].

[75] In the present case I am not satisfied that the Opponent's failure to file evidence of actual confusion raises a presumption favourable to the Applicant nor is it determinative of the issue of confusion. To this end, I refer to *Mr. Submarine Ltd. v. Amandista Investments Ltd.* (1987), 19 C.P.R. (3d) 3 (F.C.T.D.) where the Federal Court found that the defendant's marks MR. SUBS'N PIZZA and MR. 29 MIN. SUBS'N PIZZA were confusing with the mark MR. SUBMARINE although there was no evidence of actual confusion despite ten years of concurrent use in the same area. In the present case, the evidence shows at most a period of coexistence half as long as that in *Mr. Submarine*.

*Conclusion*

[76] Having considered all of the surrounding circumstances, in particular the fact that the parties' marks are very similar, I am not satisfied that the Applicant has discharged its burden of showing, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the Opponent's Marks.

[77] Having regard to the foregoing, I allow the ground of opposition based on s. 12(1)(d) of the Act.

#### Non-entitlement Grounds

##### *Section 16(1)(a) of the Act*

[78] Despite the onus of proof on the Applicant to establish, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the Opponent's Marks, the Opponent has the initial onus of proving that one or more of the trade-marks alleged in support of its ground of opposition based on s. 16(1)(a) of the Act was used in Canada prior to the claimed date of first use for the Mark (December 2005) and had not been abandoned at the date of advertisement of the application for the Mark (May 7, 2008) [s. 16(5) of the Act].

[79] As discussed more fully in the analysis of the s. 12(1)(d) ground of opposition, I am satisfied that the Opponent's evidence supports a finding that the Opponent's Marks had been used in Canada as of the material date and had not been abandoned at the date of advertisement thus the Opponent has met its evidential burden.

[80] I must now assess whether the Applicant has met its legal burden. Specifically, the onus is on the Applicant to establish on a balance of probabilities that there is no likelihood of confusion between the parties' marks.

[81] The difference in material dates is not significant and as a result my findings under the ground of opposition based on s. 12(1)(d) of the Act are equally applicable here. As a result, I am not satisfied that the Applicant has discharged its burden of showing, on a balance of probabilities, that there is no reasonable likelihood of confusion between the marks at issue. Having regard to the foregoing, I allow the ground of opposition based on s. 16(1)(a) of the Act.

*Section 16(1)(b) of the Act*

[82] Despite the burden of proof on the Applicant to establish, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the Opponent's Marks, the Opponent has the initial onus of proving that the applications for the trade-mark alleged in support of its ground of opposition based on s. 16(1)(b) of the Act were pending at the claimed date of first use for the Mark, December 2005, and remained pending at the date of advertisement of the application for the Mark, May 7, 2008 [s. 16(5) of the Act]. The Registrar has the discretion, in view of the public interest, to check the register for applications relied upon by an opponent [see *Royal Appliance Mfg. Co. v. Iona Appliance Inc.* (1990), 32 C.P.R. (3d) 525 (T.M.O.B)]. I have exercised my discretion to check the status of the applications for the Opponent's Marks.

[83] The applications for the Opponent's Marks were filed before the claimed date of first use; however, both were registered before the date of advertisement for the application for the Mark and thus were no longer pending at the relevant date. Specifically, the application for the trade-mark KIDS' PAK matured to registration on March 15, 1996 and the application for the trade-mark SUBWAY KIDS' PAK & Design matured to registration on May 4, 2001.

[84] Based on the foregoing, the ground of opposition based on s. 16(1)(b) of the Act was improperly pleaded and is dismissed accordingly.

Non-distinctiveness Ground – s. 38(2)(d) of the Act

[85] In order to meet its initial burden with respect to this ground, the Opponent must establish that one or more of the Opponent's Marks was known to some extent at least in Canada as of July 7, 2008 [see *Bojangles' International LLC v. Bojangles Café Ltd.* (2006), 48 C.P.R. (4th) 427 (F.C.) and *Motel 6, Inc. v. No. 6 Motel Ltd.* (1981), 56 C.P.R. (2d) 44 (F.C.T.D.)]. As stated in *Bojangles* at para 34:

A mark must be known to some extent at least to negate the established significance of another mark, and its reputation in Canada should be substantial, significant or sufficient.

[86] As discussed more fully in the analysis of the s. 12(1)(d) ground of opposition, I am satisfied that the Opponent's evidence supports a finding that the Opponent's Marks had developed a reputation in Canada as of the material date and thus the Opponent has met its evidential burden.

[87] I must now assess whether the Applicant has met its legal burden. Specifically, the onus is on the Applicant to establish on a balance of probabilities that there is no likelihood of confusion between the parties' marks.

[88] The difference in material dates is not significant and as a result my findings under the ground of opposition based on s. 12(1)(d) of the Act are equally applicable here. As a result, I am not satisfied that the Applicant has discharged its burden of showing, on a balance of probabilities, that there is no reasonable likelihood of confusion between the marks at issue. Having regard to the foregoing, I allow the ground of opposition based on non-distinctiveness.

#### Disposition

[89] Pursuant to the authority delegated to me under s. 63(3) of the Act, I refuse the application pursuant to s. 38(8) of the Act.

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Andrea Flewelling  
Member  
Trade-marks Opposition Board  
Canadian Intellectual Property Office