

**IN THE MATTER OF AN OPPOSITION
by Enterprise Car & Truck Rentals Limited
to application No. 705,691 for the trade-mark
ENTERPRISE filed by Enterprise Rent-A-Car Company**

On June 23, 1992, the applicant, Enterprise Rent-A-Car Company, filed an application to register the trade-mark ENTERPRISE RENT-A-CAR for the following services:

- (1) car and truck rental and leasing,
- (2) automotive fleet management services; automotive repair services; short-term rental and leasing of automobiles and trucks; automotive dealership services.

The application was based on making known of the mark in Canada since December of 1989 for the services noted as (1) and on use and registration (No. 1,343,167) in the United States for the services noted as (2). The application was advertised for opposition purposes on June 9, 1993. On September 22, 1998, the application was amended to remove the services noted as (1) and the first basis for registration.

The opponent, Enterprise Car & Truck Rentals Limited, filed a statement of opposition on November 2, 1993, a copy of which was forwarded to the applicant on December 24, 1993. The first ground of opposition is that the applicant's application does not conform to the requirements of Section 30(i) of the Trade-marks Act. In this regard, the opponent alleged that the applicant could not have been satisfied that it was entitled to use the applied for mark because it was aware of the opponent's mark and corporate name.

The second ground of opposition is that the applicant's application does not conform to the requirements of Section 30(c) of the Act because the applicant's trade-mark had not been made known in Canada since December of 1989 with the services noted as (1). The third ground is that the applicant is not the person entitled to registration because it is not a proper applicant in that Enterprise Rent-A-Car Company is not a legal entity.

The fourth ground of opposition is that the applicant is not the person entitled to registration pursuant to Section 16 of the Act because, as of the applicant's filing date and its claimed date of making known, the applied for mark was confusing with:

- (1) the trade-mark ENTERPRISE RENT-A-CAR for which an application had been filed on**

February 28, 1992 based on proposed use in Canada under serial No. 700,030;

(2) the trade-mark ENTERPRISE RENT-A-CAR previously used in Canada by the opponent for the same or similar services; and

(3) the trade-name Enterprise Rent-A-Car previously used by the opponent.

The fifth ground is that the applied for trade-mark is not distinctive in view of the opponent's use of its mark ENTERPRISE RENT-A-CAR and the use of the word Enterprise by some fifty different companies in their trade or corporate names.

The applicant filed and served a counter statement. As its evidence, the opponent submitted an affidavit of John N. Allport. As its evidence, the applicant submitted an affidavit of its Advertising Manager, Steven T. Smith. Mr. Smith was cross-examined on his affidavit and on his affidavits submitted in four co-pending oppositions. The transcript of the common cross-examination and the transcript of the cross-examination specific to the present proceeding form part of the record of this opposition. Only the applicant filed a written argument but an oral hearing was conducted at which both parties were represented.

The Opponent's Evidence

The Allport affidavit simply introduces into evidence photocopies of excerpts from the pleadings and evidence in a Federal Court action between the parties. Those materials are only admissible to show that there was a court action and that certain documents were filed. They are not admissible for the truth of their contents.

The Applicant's Evidence

In his affidavit, Mr. Smith states that the applicant is a company incorporated under the laws of the State of Missouri and that it has carried on the business of renting and leasing vehicles in the United States since 1957. According to Mr. Smith, the applicant does business through its network of approximately 70 subsidiary companies, each of which is responsible for the applicant's branches and operations within a particular geographic region. The applicant did not open a branch in Canada until February of 1993.

Mr. Smith refers to an advertisement placed four times in The Montreal Gazette in the fall of 1984 which advertised long term seasonal car rentals in Florida for Canadians wintering in that area (see Exhibit D to the Smith affidavit). The advertisement bears the trade-mark ENTERPRISE RENT-A-CAR & Design followed by the words “Division of Enterprise Leasing” and two Florida addresses.

Mr. Smith also refers to United States network television advertisements featuring the applied for mark which were broadcast in the United States from October 1989 to April 1993. In paragraph 12 of his affidavit, Mr. Smith speculates as to the possible spillover effect of those ads into Canada. However, Mr. Smith does not qualify himself as an expert on spillover advertising and his conclusions on point are otherwise inadmissible hearsay.

Exhibit E to the Smith affidavit evidences the placement of ads in 1988 in publications prepared by Official Airline Guides for different American cities. However, there is no indication that the applicant placed an ad in a guide which would have been distributed in a Canadian city. Mr. Smith states that he has been informed that the guides are widely circulated throughout North America. Apart from Mr. Smith’s statement being inadmissible hearsay, it does not specifically refer to Canada.

The Grounds of Opposition

At the outset of the oral hearing, the opponent’s agent contended that the September 22, 1998 decision to accept the applicant’s amended application was a nullity. I agree. In accordance with the decisions in McDonald’s Corporation v. Registrar of Trade Marks (1989), 24 C.P.R.(3d) 463 (F.C.A.) and Lowenbrau Aktiengesellschaft v. Comm. Telesforo Fini Societa Per Azioni (1991), 36 C.P.R.(3d) 54 (T.M.O.B.), I consider that the applicant’s proposed amendment was contrary to Rule 32(b) of the Trade-marks Regulations. To allow such an amendment would be to allow an applicant to circumvent possible oppositions by third parties who might have opposed the applicant’s application had they known that the applicant could not rely on its claimed date of making known. To allow such an amendment is also unfair in a case such as the present where the applicant’s making known claim allowed it to take

priority in examination over the opponent's earlier filed application. Thus, the September 22, 1998 acceptance of the applicant's amended application is a nullity and is hereby withdrawn. Both bases for registration of the present application therefore remain.

As for the first ground, it does not raise a proper ground of opposition. The mere fact that the applicant may have been aware of the opponent's trade-mark and corporate name does not preclude the applicant from truthfully making the statement required by Section 30(i) of the Act. The opponent did not allege that the applicant was aware that its mark was confusing with the opponent's mark and name. Thus, the first ground is unsuccessful.

As for the second ground of opposition, the material date for determining whether or not the present application conforms to the requirements of Section 30(c) of the Act is as of the filing date of the application. Further, while the legal burden is upon the applicant to show that its application conforms with Section 30(c), there is an initial evidential burden on the opponent in respect of this ground: see the opposition decision in Joseph E. Seagram & Sons Ltd. v. Seagram Real Estate Ltd. (1984), 3 C.P.R. (3d) 325, at pages 329-330. To meet this evidential burden, the opponent must adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support that issue exist: see John Labatt Limited v. The Molson Companies Limited (1990), 30 C.P.R. (3d) 293 at 298 (F.C.T.D.). The evidential burden on the opponent, in this case, is a very light one: see the opposition decisions in Burns Philip Canada Inc. v. Geo. A. Hormel & Co. (1993), 51 C.P.R.(3d) 524 at 528 and Shyba v. Kinder-Care Learning Centers, Inc. (1983), 76 C.P.R.(2d) 204 at 209-210.

The applicant claims that it has made its trade-mark known in Canada as of December 1989 which must be taken to be December 31, 1989. Section 5 of the Act dictates what is required to show that a trade-mark has been made known. Section 5 reads as follows:

A trademark is deemed to be made known in Canada by a person only if it is used by that person in a country of the Union, other than Canada, in association with wares or services, and

- (a) the wares are distributed in association with it in Canada, or

(b) the wares or services are advertised in association with it in

(i) any printed publication circulated in Canada in the ordinary course of commerce among potential dealers in or users of the wares or services, or

(ii) radio broadcasts ordinarily received in Canada by potential dealers in or users of the wares or services,

and it has become well known in Canada by reason of the distribution or advertising.

The evidence of record is sufficient to meet the opponent's evidential burden. In particular, the applicant's own evidence suggests that its activities were far from sufficient to support a claim of making known of its mark in Canada as of December 31, 1989. Since the applicant has failed to support that claim with sufficient evidence, the second ground of opposition is successful.

The opponent contended that the failure of the making known basis of the present application defeats the application in its entirety. The opponent submitted that it would be unfair to allow the application to proceed on the basis of a later priority date without having the application re-examined or, at the very least, re-advertised. Although I sympathize with the opponent's position, I am bound by the decision in McCabe v. Yamamoto (1989), 23 C.P.R.(3d) 498 (F.C.T.D.) wherein an application was allowed to proceed on the basis of use and registration in the United States notwithstanding the failure of its basis of use in Canada.

The third ground is not a proper ground of opposition. The issue of prior entitlement is governed by Section 16 of the Act which does not include the issue of an applicant's status as a legal entity. In any event, the applicant did not submit evidence on point and the Smith affidavit supports the applicant's status as legal entity. Thus, the third ground is unsuccessful.

In view of the failure of the making known claim in the applicant's application, the fourth ground of opposition becomes one of prior entitlement pursuant to Section 16(2) of the Act. The second and third aspects of the fourth ground are unsuccessful since the opponent failed to evidence use of its trade-mark or trade-name prior to the applicant's filing date. As for the first aspect, the opponent's application No. 700,030 for the trade-mark ENTERPRISE

RENT-A-CAR was filed prior to the applicant's filing date. Furthermore, in accordance with Section 16(4) of the Act, the opponent's application was pending as of the date of advertisement of the present application. The first aspect of the fourth ground therefore remains to be decided on the issue of confusion between the marks of the parties.

Given the similarities between the services, trades and marks of the parties, ordinarily I would have found that the applicant's trade-mark was confusing with the opponent's trade-mark. However, as noted by the applicant's agent, subsequent to the commencement of this proceeding, the applicant was successful in obtaining an order from the Federal Court permanently enjoining the opponent from using its trade-mark ENTERPRISE RENT-A-CAR: see Enterprise Car and Truck Rentals Ltd. v. Enterprise Rent-A-Car Company (Court No. A-240-96; unreported judgment of the Federal Court of Appeal dated February 11, 1998); affg. (1996), 66 C.P.R.(3d) 453 (F.C.T.D.). In accordance with the decision in Molson Breweries v. Labatt Brewing Co. (1996), 68 C.P.R.(3d) 202 (F.C.T.D.), and notwithstanding the wording of Section 16(4) of the Act, it would appear that the subsequent injunction against the present opponent is an additional surrounding circumstance that precludes the opponent from relying on its previously filed application to defeat the present application. In keeping with Mr. Justice Heald's reasoning in the Molson Breweries case, it would be anomalous to allow the opponent to defeat the present application based on a previously filed application whose subject mark can no longer be lawfully used. The first aspect of the fourth ground is therefore also unsuccessful.

As for the fifth ground of opposition, the onus or legal burden is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its services from those of others throughout Canada: see Muffin Houses Incorporated v. The Muffin House Bakery Ltd. (1985), 4 C.P.R.(3d) 272 (T.M.O.B.). Furthermore, the material time for considering the circumstances respecting this issue is as of the filing of the opposition which, in this case, is November 2, 1993: see Re Andres Wines Ltd. and E. & J. Gallo Winery (1975), 25 C.P.R.(2d) 126 at 130 (F.C.A.) and Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd.

(1991), 37 C.P.R.(3d) 412 at 424 (F.C.A.). Finally, there is an evidential burden on the opponent to prove the allegations of fact in support of its ground of non-distinctiveness.

As for the first aspect of the fifth ground, the opponent has failed to evidence any use of its mark in Canada. Thus, that aspect of the final ground is unsuccessful.

As for the second aspect of the fifth ground, the opponent contends that the applicant has failed to evidence that any use of its trade-mark ENTERPRISE RENT-A-CAR by its subsidiaries in Canada was licensed use pursuant to Section 50(1) of the Act. The opponent therefore contends that there are multiple users of the mark ENTERPRISE RENT-A-CAR thereby rendering it non-distinctive in the hands of the applicant.

The evidence shows that the applicant operates its business through a network of subsidiaries including, since February of 1993, Canadian subsidiaries. Mr. Smith, in his affidavit, shows that the applicant exercises fairly tight control over the advertising activities of its subsidiaries. Furthermore, the applicant uses detailed handbooks to govern the manner in which the subsidiaries use the applicant's trade-marks and trade-names. According to Mr. Smith, the only time a subsidiary company's name is apparent to the consumer is on the actual rental or leasing agreement (see page 7 of the Smith transcript) and the existence of the applicant's network of subsidiaries is transparent to the consumer. However, on cross-examination, Mr. Smith admitted that no studies had been conducted to confirm his latter conclusion which he admitted was only his personal opinion. On cross-examination, Mr. Smith also stated that he was not aware of any specific license agreements between the applicant and its subsidiaries (see page 3 of the transcript).

In considering the issue of distinctiveness in this case, I have been guided by my previous opposition decision in MCI Communications Corp. v. MCI Multinet Communications Inc. (1995), 61 C.P.R.(3d) 245 and the following excerpt from page 254 of the reported decision:

The applicant contended that the opponent has not shown that such use inures to its benefit pursuant to the provisions of Section 50(1) of the Act. Section 50(1) reads as follows:

50. (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

I agree with the applicant's position. As admitted at page 8 of the undertakings to the first Willey cross-examination, there was no formal license agreement between MCIC and MCII. It was therefore incumbent on the opponent to evidence facts from which it could be concluded that an informal licensing arrangement existed and that the opponent had direct or indirect control of the character or quality of the services provided pursuant to that licensing arrangement. The opponent contends that it has met that burden by showing that MCIT and MCII are its wholly-owned subsidiaries. That fact alone is, in my view, insufficient to establish the existence of a license within the meaning of Section 50. There must also be evidence that the opponent controls the use of its trade-marks by its subsidiaries and takes steps to ensure the character and quality of the services provided. The Gradoville affidavit evidences some monitoring by the opponent's trade-mark counsel of the subsidiaries' use of MCI trade-marks to ensure proper trade-mark usage. However, she did not evidence any control of the character or quality of the services provided by the subsidiaries.

Likewise, in the present case, the applicant has failed to evidence any specific license agreements between itself and any of its subsidiaries. Similarly, there has been monitoring of the subsidiaries' trade-mark usage by the applicant. However, unlike the MCI case, there is evidence to show that the applicant takes steps to ensure the character and quality of the services provided by the subsidiaries under the applicant's mark (see paragraph 3 of the Smith affidavit).

The applicant also relies on the findings of the trial judge in the Enterprise Car and Truck Rentals case noted above. That case involved a passing off action by the applicant against the opponent and, at pages 480-481 of the trial judgment, Mr. Justice McKeown appears to sanction the trade-mark use by the applicant's network of subsidiaries as qualifying under Section 50(1) of the Act.

Having reviewed the evidence of record, it appears that the rental outlets operated by the applicant's subsidiaries use the applicant's trade-marks in a generally uniform manner and that consumers viewing the signage used at such outlets would likely perceive there to be a related chain of car rental outlets. As admitted by Mr. Smith, those same consumers are faced with different company names on the car rental or leasing document depending on which subsidiary they are dealing with. However, in view of Mr. Justice McKeown's finding discussed above, I find that any use of the applicant's trade-mark by its subsidiaries as of and shortly prior to the filing of the present opposition would have accrued to the applicant's benefit pursuant to Section 50(1) of the Act. Thus, the second aspect of the final ground of opposition is also unsuccessful.

In view of the above, and pursuant to the authority delegated to me under Section 63(3) of the Act, I refuse the applicant's application insofar as it is based on making known in Canada and I otherwise reject the opponent's opposition.

DATED AT HULL, QUEBEC, THIS 20th DAY OF OCTOBER, 1998.

**David J. Martin,
Member,
Trade Marks Opposition Board.**