**IN THE MATTER OF AN OPPOSITION by
The Blue Note Restaurant Inc. to application
No. 783,877 for the trade-mark BLUE NOTE & Design
filed by Bensusan Restaurant Corporation**

On May 30, 1995, the applicant, Bensusan Restaurant Corporation, filed an application to register the trade-mark BLUE NOTE & Design based upon use and registration of the trade-mark in the United States of America in association with restaurant and cabaret services. The mark is shown below:

The application was advertised for opposition purposes in the *Trade-marks Journal* of January 17, 1996. The opponent, The Blue Note Restaurant Inc., filed a statement of opposition on February 1, 1996. The grounds of opposition are reproduced below.

The applicant filed and served a counter statement in which it denied the opponent's allegations. It also alleged that its trade-mark and trade-name BLUE NOTE and the applied for mark have been used in the United States for many years and are famous throughout the United States and Canada. In addition, it alleged that the opponent adopted the marks and names on which it relies with full knowledge of the applied for mark and the applicant's BLUE NOTE mark and trade-name, that it copied the applicant's design in violation of the *Copyright Act* and that it adopted its marks and names in order to unlawfully benefit from the reputation and goodwill attaching to the opponent's marks and name. It alleged that the opponent's use constitutes passing off at common law and contravenes Subsections 7(b) and (c) of the *Trade-marks Act.* Finally, the applicant alleged that the opponent is not entitled to rely on its own unlawful use to oppose the applicant's mark.

The opponent filed as its evidence the affidavit of Tobias L. Der, the principal shareholder of the opponent. The applicant cross-examined Mr. Der on his affidavit and a copy of the transcript of the

cross-examination has been filed. As its evidence, the applicant filed the affidavit of Danny Bensusan, the president of the applicant. The applicant subsequently obtained leave to file additional evidence, namely the affidavits of Jennifer Skidd and Herbert McPhail.

Mr. Der attests that the opponent began using BLUE NOTE in association with restaurant and cabaret services and the business relating to such services on approximately April 23, 1993 and that use has been continuous since then. In support of this statement he provides magazine and newspaper advertising, business cards, menus, flyers, cheques and signage. He also provides the associated gross annual revenues for the years 1993 through 1996. Regarding the printed advertisements, he provides details concerning when and where ads have appeared and the amounts spent annually on such from 1993 to 1995. Three undated articles about the opponent's BLUE NOTE restaurant and cabaret services have also been provided.

During cross-examination, Mr. Der answered questions concerning his background, his knowledge of the applicant's club, and how he chose the name BLUE NOTE for his cabaret/restaurant.

Mr. Bensusan attests that the applicant has operated a restaurant and cabaret under the name BLUE NOTE in the City of New York since 1982. He says that this club "has, by virtue of advertising, publicity, word-of-mouth, the sale of gifts by catalogues, and otherwise, become well known to the public in general, and music lovers in particular, throughout the world, including Canada, as the world's finest jazz club." In its argument, the applicant has pointed out that Mr. Bensusan has not been cross-examined and suggests that we should therefore accept his uncontested statements concerning the notoriety of the applicant's BLUE NOTE club. However, I consider his claim to be simply a bald statement that should only be accorded weight to the extent that additional facts have been put forward that support the conclusion proposed by Mr. Bensusan.

The first item that Mr. Bensusan relies on in support of his general statement is "the results of a Global Jazz Poll conducted by Jazz Central Station, the premier Internet destination for Jazz fans, indicating that the Club was chosen as the world's best jazz nightclub by thousands of voters from 27 countries". He attaches a two page printout that appears to have come from the web site of jazzcentralstation.com concerning a 1996 poll. I do not consider this evidence to be entitled to any weight in these proceedings given the way it has been introduced. As we have no information concerning how the poll was conducted, there is no way to assess the reliability of the poll. In addition, there is no evidence that any Canadians participated in the poll.

Mr. Bensusan also attaches what he refers to as numerous articles about the BLUE NOTE as part of

his Exhibit A. The bulk of these articles are from New York newspapers and there is no evidence concerning the circulation of these publications in Canada. The attachments concerning articles from the Vancouver Sun newspapers are computer print-outs from some unidentified search; as such, they are not entitled to much weight. However, I note that the majority of these Canadian articles have also been introduced in the McPhail affidavit.

Mr. Bensusan states that the applicant "has extensively advertised and promoted its services under the BLUE NOTE service mark and sales have been substantial and widespread, amounting to at least several million dollars annually." Presumably these sales figures relate to the New York City club. He goes on to say that long prior to 1993, the applicant has advertised and sold a variety of goods under the BLUE NOTE trademark, in the Club by mail order, and attaches one of its mail order catalogues. He states that the club is visited by approximately 150,000 people each year from countries throughout the world, including Canada, but the only evidence he has provided concerning visits by Canadians is in the form of an undated mailing list signed by approximately 90 Canadian residents when visiting the club.

Mr. Bensusan also provides details of the applicant's registrations for its mark in other countries and some details concerning how it has policed its mark.

The opponent has raised several objections to the admissibility of Mr. Bensusan's evidence but I am prepared to accept it, subject to my comments above concerning weight.

Ms. Skidd provides copies of pages referring to the Blue Note jazz club in New York City that she located in two city guide books available at the Ottawa Public Library. She also provides copies of five 1996 articles from American magazines available at the same library. In the absence of Canadian circulation figures for these publications, this evidence does little to support the applicant's argument that its mark is well known in Canada.

Mr. McPhail introduces a search that he conducted of the INFOMART ONLINE database, which he says is an electronic source of Canadian news and business information. The search that he conducted on September 25, 1997 was for all documents that refer to the term "BLUE NOTE" and which relate to the New York City club. However, the search parameters provided appear to search for BLUE NOTE without any indication as to how the results were restricted to references to the New York club. The search indicates that 1485 documents were located that contain the words "BLUE NOTE". Although Mr. McPhail states that Exhibit "D" includes a printout of the search results, excerpts of only several hundred of the 1485 documents are attached.

The opponent has objected to the McPhail affidavit as containing improper use of hearsay evidence but I am prepared to accept such evidence as showing that various articles have appeared in Canadian publications that refer to the applicant's New York City club. The applicant has not put this evidence forward as proof of the contents of the articles and given the large number of articles, it is reasonable that the affiant did not check all of the references against their original sources, although it would have been preferable if he had checked a few. However, the opponent does not seem to be contesting the reliability of the database used and chose not to cross-examine Mr. McPhail on his affidavit.

Each party filed a written argument and an oral hearing was held at which both parties were represented.

I will deal first with the entitlement grounds of opposition. I will disregard the Paragraph 38(2)(c) ground that pleads that the opponent is not the person entitled to registration because its application does not comply with Section 30 of the *Trade-marks Act*, as that has been more properly pleaded as non-compliance with Section 30 under Paragraph 38(2)(a) of the *Act*.

To the extent that the opponent relies on its prior use of its trade-marks in support of its entitlement grounds of opposition, there is an evidential burden on the opponent to prove such prior use. In addition, Subsections 16(5) and 17(1) of the *Act* place a burden on the opponent to establish non-abandonment of its trade-marks as of the date of advertisement of the applicant=s application. The opponent is therefore required to prove use of its marks prior to May 30, 1995 and non-abandonment of its marks as of January 17, 1996.

In paragraph 6 of his affidavit, Mr. Der attests that the opponent's dates of first use of THE BLUE NOTE JAZZ BISTRO and the first THE BLUE NOTE & Design listed in its statement of opposition were June 1, 1995 and April 15, 1996, respectively. Accordingly, the entitlement ground of opposition fails to the extent that it relies on these two marks as they were not in fact in use prior to the filing of the applicant's application.

Exhibit A-2 to the Der affidavit shows use of THE BLUE NOTE in advertisements for the opponent's services in publications dated May 1994 and June 1996. Accordingly, the opponent has met both of its evidential burdens with respect to such mark. I will not pursue a consideration of the remainder of the marks pleaded by the opponent because they are all variations of the mark THE BLUE NOTE and if the applicant's mark proves to not be confusing with THE BLUE NOTE mark then it would not be confusing with any of the opponent's other marks.

The test for confusion is one of first impression and imperfect recollection. In applying the test for confusion set forth in Subsection 6(2) of the *Trade-marks Act*, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in Subsection 6(5) of the *Act.* Those factors specifically set out in Subsection 6(5) are: the inherent distinctiveness of the trade-marks and the extent to which they have become known; the length of time each has been in use; the nature of the wares, services or business; the nature of the trade; and the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them. The weight to be given to each relevant factor may vary, depending on the circumstances [see *Clorox Co. v. Sears Canada Inc.* 41 C.P.R. (3d) 483 (F.C.T.D.); *Gainers Inc. v. Tammy L. Marchildon and The Registrar of Trade-marks* (1996), 66 C.P.R. (3d) 308 (F.C.T.D.)].

THE BLUE NOTE and BLUE NOTE & Design are not inherently strong marks because of their references to the type of music performed at each of the parties' establishments.

As of May 30, 1995, the evidence of the extent to which each of the marks had become known is as follows. Gross revenues in association with the opponent's mark exceeded $400,000 while its expenditures on advertisements in magazines and newspapers exceeded $10,000. More than 85 advertisements for the opponent's services, featuring its mark, appeared in publications circulated in British Columbia prior to May 30, 1995.

There are no gross revenues or advertising expenditures available with respect to the applied for mark as the applicant has not used its mark with its services in Canada. Although various articles have been introduced that make reference to the applicant's club, none of these display the design mark that is the subject of these proceedings. The mail order catalogue that Mr. Bensusan introduces as Exhibit B displays the applied for mark but there is no indication that such catalogue was circulated in Canada prior to May 30, 1995. There is a list of Canadian residents who have signed the applicant's mailing list while visiting the applicant's New York City club but it is undated and, in any event, only contains 90 names. Accordingly, I conclude that consideration of the extent to which each mark had become known in Canada as of May 30, 1995 favours the opponent for the simple reason that there is no evidence that the applied for mark was known at all in Canada as of that date.

The length of time that the marks have been in use also favours the opponent, as there has been no use of the applicant's mark in Canada.

The services of the applicant and the opponent are identical and the parties= channels of trade are

presumably identical.

The degree of resemblance between the applicant=s mark and the opponent=s mark is extreme in sound and in the ideas suggested by them. In appearance there is some difference, resulting from the design features of the applied for mark.

The applicant has introduced various newspaper articles that make reference, not to the applied for mark, but to its New York City BLUE NOTE jazz club. To the extent that these predate May 30, 1995, they are a surrounding circumstance that serves to diminish the distinctiveness of the opponent's mark.

There is a legal burden on the applicant to establish that there would be no reasonable likelihood of confusion between the marks in issue. This means that if a determinate conclusion cannot be reached, the issue must be decided against the applicant [see *John Labatt Ltd. v. Molson Companies Ltd.* (1990), 30 C.P.R. (3d) 293]. It is clear to me that a consideration of all the surrounding circumstances leads to the conclusion that there is a reasonable likelihood of confusion between the marks and that the applicant has failed to establish otherwise. The third ground of opposition, the one that relies on Paragraph 16(2)(a), therefore succeeds.

The applicant has agreed that there is a likelihood of confusion between the parties' marks but argues that the opponent ought not to be allowed to rely on its use of its marks because such use was unlawful. The applicant has pleaded that the opponent adopted its alleged trade-marks and trade-names in order to unlawfully benefit from the reputation and goodwill attaching to the applicant's trade-mark and trade-name BLUE NOTE and the applicant's design trade-mark. It further pleads that the opponent's use constitutes passing off at common law and contravenes Subsections 7(b) and (c) of the *Trade-marks Act.*

In support of its position, the applicant has relied on a number of Canadian court decisions that have held that a foreign company who has not used its mark in Canada may nevertheless have acquired goodwill in Canada that entitles it to prevent a Canadian company from using the same or a similar mark in Canada [*Orkin Exterminating Co. v. Pestco Co. of Canada* (1985), 5 C.P.R. (3d) 433 (Ont. C.A.), *Enterprise Rent-A-Car Co. et al. v. Singer et al.* (1996), 66 C.P.R. (3d) 453 (F.C.T.D.), aff'd (1998), 79 C.P.R. (3d) 45 (F.C.A.)]. The cases show that plaintiffs have been successful in passing off actions in these circumstances. However, the applicant has not directed me to any opposition decisions where an allegation that an unrelated third party opponent is guilty of passing off has resulted in the Registrar disentitling the opponent from relying on its prior use. The closest case is

McCabe v. Yamamoto & Co. (America) Inc. et al. (1989), 23 C.P.R. (3d) 498 (F.C.T.D.), but it dealt with an opposition filed by the applicant's distributor. I agree with the following comment by Board Member Martin in _Santa Maria Foods Ltd. v. Pietro Negroni S.P.A._ (1994), 55 C.P.R. (3d) 110 at p. 114:

> **"To the extent that I understand the reasoning in the McCabe case, it would appear to apply in a situation where a distributor misappropriates a company's mark in contravention of an agreement between the parties. Without commenting on the correctness of the McCabe reasoning, I consider that I can safely say that it should not be extended to situations such as the present case where there was no agreement or fiduciary relationship between the parties."**

Although the applicant has made much argument directed to the point that the opponent could only have chosen its mark in an effort to trade on the applicant=s goodwill, I have some doubts concerning that. I note that Ablue note@ is a defined term. Webster=s Third New International Dictionary defines Ablue note@ as An [1blue (of blues singing)] 1: a minor interval (as at the third and seventh degree) occurring in a melody or harmony where a major would be expected 2: a wrong, off-pitch, or badly sounded note@. Webster=s New Collegiate Dictionary defines Ablue note@ as An [fr. its frequent use in blues music] : a flatted third or seventh note in a chord where a major interval would be expected@. In addition, given the definition of Ablue note@, it is not all that surprising that two entities might independently use musical notes or a stanza as an accompanying design.

During cross-examination, Mr. Der stated that he has never visited the New York City BLUE NOTE jazz club and was not aware of it until he received a cease and desist letter from the applicant's lawyers in September 1995. He also stated that the idea for his company's BLUE NOTE mark arose from an incident where he was playing a piano in a bar in Hong Kong and someone said, "You got a really blue note."

Despite its arguments concerning the bad faith of the opponent, the applicant has stated that intent is not necessary to prove passing off. In order to succeed in a passing off claim, it is however necessary that three elements exist: goodwill, a misrepresentation by the defendant, and damage therefrom or likelihood thereof [see _Enterprise Rent-A-Car, supra_].

According to the applicant's written argument, approximately 207 references were located in Mr. McPhail's search "to the applicant's BLUENOTE club in Canadian magazines, newspapers, news wire services, etc. between February 22, 1986, and the date of filing of the application, May 30, 1995, including 19 in Vancouver newspapers". I question if 19 articles in 9 years is sufficient to establish the applicant's goodwill in the Vancouver area.

I am reluctant to make any finding concerning whether or not the opponent's use constitutes passing

off in the absence of not only any finding of passing off by a court, but also of any action having been commenced by the applicant against the opponent for passing off. In *Mister Coffee & Services Inc. v. Mr. Coffee, Inc.* (1999), 3 C.P.R. (4th) (T.M.O.B.), Board Member Folz considered it to not be within the jurisdiction of the Registrar to find that the opponent's use was unlawful on the basis that it infringed trade-mark registrations owned by the applicant in the absence of a court decision finding infringement.

The applicant has submitted that the decision concerning jurisdiction in *Mister Coffee & Services Inc.* is wrong and has pointed to various opposition decisions wherein the Registrar has considered whether use of a mark contravened Section 7 of the *Act* or provisions of other legislation. Some of the cases referred to were *E. Remy Martin & Co. S.A. v. Magnet Trading Corporation (HK) Ltd.* (1989), 23 C.P.R. (3d) 242 (T.M.O.B.), *Bio Generation Laboratories Inc. v. Pantron I, Corp.* (1991), 37 C.P.R. (3d) 546 (T.M.O.B.), *Co-operative Union of Canada v. Tele-Direct (Publications) Inc.* (1991), 38 C.P.R. (3d) 263 (T.M.O.B.) and *House of Edgeworth Inc. v. Barrons* (1992), 42 C.P.R. (3d) 463 (T.M.O.B.). However, each of these cases involved an opponent alleging that the applicant's use was "unlawful". The distinction is noteworthy because the ultimate onus lies on the applicant in opposition proceedings. Accordingly, in the cited cases, the opponent only needed to establish a *prima facie* case that was not rebutted by the applicant in order to succeed. Here however, if the Registrar has jurisdiction, the applicant would have to satisfy me that the opponent's adoption or use was unlawful, and if I have any doubt, I would have to resolve that against the applicant.

Unlawful use cannot be good use that can be relied on to defeat the rights of a trade-mark owner. However I am not certain that the opponent's use is unlawful use. As of April 23, 1993 (the date when the opponent adopted its mark), there is relatively little evidence of the applicant having a reputation in the Vancouver area. In both the *Orkin* and *Enterprise* cases, there was evidence from Canadians that they would think that the defendant's services were associated with the plaintiff. No such evidence exists here. Also, in *Orkin,* the defendant was using the plaintiff's mark simply to divert business to itself and it did this in such a way that the Court found that the defendant had acquired no goodwill in the mark. Here, the opponent appears to have developed its own goodwill. I would also add that the occurrence of more than a thousand BLUE NOTE references in Canadian publications that apparently do not relate to the applicant makes me wonder if there are other reasons why a passing off action might not succeed.

I have doubts as to whether the opponent is guilty of passing off and therefore, regardless of whether or not I have jurisdiction to decide the passing off issue, the applicant's argument fails.

Regarding the applicant's claim that the opponent has infringed its copyright, I note that the applicant has not evidenced that it in fact owns the copyright and therefore even a *prima facie* case of copyright infringement has not been made out.

By its trade-mark application, the applicant seeks to obtain the exclusive right to use the applied for mark across Canada and to prevent the use of confusingly similar marks. Such a monopoly should not be granted lightly and it is for that reason that the onus in an opposition generally lies on the applicant. The parties in the present proceedings are also involved in an opposition by the present applicant to an application to register THE BLUE NOTE by the present opponent. I have this day also refused that application. In my view the parties' rights might be better dealt with at common law on a territorial basis.

I see no need to deal with the fourth ground of opposition but to the extent that the opponent has proved its prior use of its pleaded trade-names, that ground of opposition would most likely have also been successful.

For the reasons set out with respect to the second ground of opposition, the fifth ground of opposition also succeeds. That ground of opposition pleads that the applicant's mark is not distinctive, in part because there is a likelihood of confusion with the opponent's mark. The legal onus is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares from the wares of others throughout Canada [*Muffin Houses Incorporated v. The Muffin House Bakery Ltd.* (1985), 4 C.P.R. (3d) 272 (TMOB)]. There is an evidential burden on the opponent to prove the allegations of fact supporting its ground of non-distinctiveness, which I conclude has been met by the Der affidavit.

The material date for considering the likelihood of confusion under this ground is February 1, 1996, the date of filing of the opposition [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.)]. I conclude that the applicant has failed to show that its mark was distinctive of its services in the Vancouver area as of February 1, 1996. As stated in *Re Andres Wines Ltd. and E. & J. Gallo Winery, supra* at p. 130:

> **"Here the respondent is seeking to monopolize the use of the mark and the question is that of his right to do so, which depends not on whether someone else has a right to monopolize it, but simply on whether it is adapted to distinguish the respondent's wares in the marketplace. Plainly, it would not be adapted to do so if there were already six or seven wine merchants using it on their labels and for the same reason it would not be adapted to distinguish the respondent's wares if it were known to be already in use by another trader in the same sort of wares."**

Finally, regarding the Paragraph 38(2)(a) ground of opposition, the opponent has not shown that the applicant was aware of the opponent=s trade-marks when it filed its application, as alleged. If the

applicant was not aware of the opponent's activities, then it could have been satisfied that it was entitled to use the applied for mark in Canada. This ground of opposition therefore fails.

Having been delegated by the Registrar of Trade-marks by virtue of Subsection 63(3) of the *Trade-marks Act*, I refuse the applicant's application pursuant to Subsection 38(8) of the *Act*.

DATED AT TORONTO, ONTARIO, THIS 14th DAY OF DECEMBER, 2000.

Jill W. Bradbury
Hearing Officer
Trade-marks Opposition Board