



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

**Citation: 2012 TMOB 38**  
**Date of Decision: 2012-02-20**

**IN THE MATTER OF AN OPPOSITION  
by Molson Canada 2005 to application  
No. 1,299,479 for the trade-mark XL  
ENERGY DRINK Design in the name of  
XL Energy Marketing Sp z o. o.**

[1] On April 27, 2006, XL Energy Marketing Sp z o. o. (the Applicant) filed an application to register the trade-mark XL ENERGY DRINK Design (the Mark) based on use of the Mark in Canada since at least as early as December 2005 in association with “non-alcoholic beverages, namely, energy drinks”. The Applicant has disclaimed the right to the exclusive use of the words ENERGY DRINK apart from the Mark. The Mark is shown below:



[2] The application was advertised for opposition purposes in the *Trade-marks Journal* of April 2, 2008.

[3] On May 14, 2008, Molson Canada 2005 (the Opponent) filed a statement of opposition against the application.

[4] The Applicant filed and served a counter statement in which it denied the Opponent's allegations.

[5] In support of its opposition, the Opponent filed an affidavit of Lori A. Ball and certified copies of three trade-mark registrations, Nos. TMA407,168, TMA476,319, and TMA392,847. The Applicant obtained an order for the cross-examination of Ms. Ball, but it did not conduct a cross-examination.

[6] In support of its application, the Applicant filed two affidavits of Maja Sponring, plus affidavits of Lynda Palmer and Janet McKenzie. The Opponent cross-examined Ms. Sponring and the transcript plus an answer to a matter taken under advisement are of record.

[7] As reply evidence, the Opponent filed an affidavit of D. Jill Roberts.

[8] Both parties filed a written argument and participated in an oral hearing.

#### Onus

[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].

#### Preliminary Comments

[10] In its statement of opposition, the Opponent states that it owns trade-mark registration Nos. TMA392,847, TMA407,168 and TMA476,319 for EXEL, EXEL & Design and MOLSON EXEL & Design respectively, and that it has used and made known those three marks plus the trade-mark "XL-1 & Design". Based on these allegations, the Opponent has pleaded various grounds of opposition pursuant to s. 38(2) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act). However, the Opponent did not provide any evidence concerning its alleged use of "XL-1 & Design". Accordingly, it has not met its initial onus with respect to any allegation based on

such mark and so the following discussion of the grounds of opposition will deal only with the Opponent's other allegations.

### Section 30 Grounds of Opposition

[11] The Opponent has pleaded that the application does not comply with s. 30 of the Act for three reasons.

[12] First, the Opponent has pleaded that the Applicant could not have been satisfied that it is entitled to use or register the Mark because it was aware of the Opponent's trade-mark registrations. However, 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. [*Sapodilla Co. Ltd. v. Bristol-Myers Co.* (1974), 15 C.P.R. (2d) 152 (T.M.O.B.) at 155]. As there is no such evidence in the present case, this portion of the s. 30 grounds of opposition is dismissed.

[13] Second, the Opponent has pleaded that the Applicant does not intend to use the Mark as alleged in the application, or at all. As the application is based on use of the Mark, this is not a valid ground of opposition. This portion of the s. 30 grounds of opposition is accordingly also dismissed.

[14] Third, the Opponent has pleaded that the Applicant has not used the Mark as alleged in the application, or at all. This pleading falls under s. 30(b) of the Act. An opponent's burden can be met with respect to s. 30(b) by reference not only to the opponent's evidence but also to the applicant's evidence [see *Labatt Brewing Company Limited v. Molson Breweries, a Partnership* (1996), 68 C.P.R. (3d) 216 (F.C.T.D.) at 230]. However, while the Opponent may rely upon the Applicant's evidence to meet its evidential burden in relation to this ground, the Opponent must show that the Applicant's evidence is clearly inconsistent with the Applicant's claims as set forth in its application.

[15] The Opponent's own evidence does not satisfy its evidential burden. However, in its written argument, the Opponent submits at paragraph 64:

The Applicant produced as exhibits to [the first Sponring affidavit] what were basically promotional materials which would not constitute use of the trade-mark in association with the wares. However, in response to an undertaking on cross-examination the Applicant did produce photographs of the labeling which it is purporting to use in Canada. The said labeling does not show the mark as applied for. But rather shows the trade-mark as XL which is identified with a trade-mark notice (TM), followed by the descriptive words ‘energy drink’ in a fanciful script, which differs from the trade-mark which is the subject of this application.

[16] Based on the foregoing, the Opponent argues that its initial burden has been satisfied. I disagree because I do not find the Applicant’s evidence to be clearly inconsistent with its use claim. First, I note that while Exhibits A-C of the first Sponring affidavit are promotional materials, they clearly show cans of energy drink displaying the Mark. Second, the labeling provided pursuant to the cross-examination was identified as being in use in 2008. The material date for assessing a s. 30 ground is the filing date of the application [see *Georgia-Pacific Corp. v. Scott Paper Ltd.* (1984), 3 C.P.R. (3d) 469 (T.M.O.B.) at 475] and so any evidence that postdates April 27, 2006 is not relevant to this ground of opposition. As an aside, I note that the labeling in use in 2008 arguably qualifies as use of the Mark in accordance with the principles set out in *Nightingale Interloc Ltd. v. Prodesign Ltd.* (1984), 2 C.P.R. (3d) 535.

[17] The Opponent has not met its initial burden pursuant to s. 30(b), and so the Applicant was not obliged to provide evidence of its first use.

[18] As the Opponent has not met its evidential burden with respect to any aspect of the s. 30 grounds of opposition, none of the s. 30 grounds of opposition succeed.

#### Section 12(1)(d) Grounds of Opposition

[19] The Opponent has also pleaded that the Mark is not registrable pursuant to s. 12(1)(d) of the Act as it is confusing with three registered trade-marks that it owns: EXEL registered under No. TMA392,847 for “non-alcoholic beer”; EXEL & Design registered under No. TMA407,168 for “non-alcoholic beer”; and MOLSON EXEL & Design registered under No. TMA476,319 for “cups; clothing namely, T-shirts, accessories namely, caps, umbrellas; bags namely, cooler bags and sports bags.”

[20] The Opponent's design marks are shown below:

TMA407,168:



TMA476,319:



[21] The material date for assessing confusion under s. 12(1)(d) is 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.)]. The Opponent has met its initial burden with respect to its s. 12(1)(d) grounds of opposition because the pleaded registrations are extant.

[22] Registration No. TMA392,847 for the word mark EXEL presents the Opponent's strongest case under s. 12(1)(d) since the other two registered marks include the word MOLSON and so my analysis will focus on that mark; if confusion is not likely between the Mark and EXEL, then it would not be likely between the Mark and either of the Opponent's two design marks.

[23] 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. The test for confusion is one of first impression and imperfect recollection.

[24] 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.).]

*inherent distinctiveness of the marks*

[25] Both marks possess some degree of inherent distinctiveness. However, neither mark is inherently strong. The Mark is dominated by the abbreviation XL while the Opponent's mark is phonetically equivalent to XL. In general, letters of the alphabet are considered to be inherently weak [see *GSW Ltd. v. Great West Steel Industries Ltd. et al.* (1975), 22 C.P.R. (2d) 154 (F.C.T.D.)]. Moreover, XL can be interpreted as an abbreviation for the descriptive words "extra large" and EXEL may be suggestive of the laudatory word "excel". (Ms. McKenzie has provided dictionary definitions of XL and EXCEL.)

[26] At paragraph 45 of its written argument, the Applicant relied on the Palmer affidavit to submit that the Opponent's EXEL mark has little inherent distinctiveness because "[t]he term 'EXCEL' and terms phonetically equivalent, or nearly so, have been commonly and widely adopted in the food and beverage trade as evidenced by the numerous registered and allowed trade-marks containing the same for use in association with foods, beverages, and neighbouring wares and services." However, as also discussed below under the heading "other surrounding circumstances", I do not consider the evidence presented by Ms. Palmer to be significant. The majority of the marks located by Ms. Palmer do not relate to beverages. In addition, to the extent that her evidence shows third party XL marks, they impact the inherent distinctiveness of the Applicant's Mark as much as the Opponent's mark.

*the extent to which each mark has become known*

[27] A mark's distinctiveness can be enhanced through use and promotion and I therefore now turn to the evidence regarding use and promotion.

[28] Ms. Ball, the Opponent's Director, Intellectual Property and Corporate Secretary, states at paragraphs 7-8 of her affidavit, "Molson EXEL non-alcoholic beer has been sold in grocery stores and supermarkets in Canada since 1991. The following figures cover sales of EXEL in Canada from 2001 to 2007... From 2001 to 2007, Molson sold a volume in excess of 250,000 hectolitres which represents the equivalent of more than 70 million bottles of EXEL non-alcoholic beer sold in grocery stores and supermarkets." No evidence was provided regarding the promotion of the EXEL wares.

[29] Ms. Sponring, the Director of the company responsible for the marketing and sales of the Applicant's energy drinks in North America, informs us that energy drinks have been promoted and sold under the Mark in Canada since December 2005 and that as of 2009 they could be found in over 800 locations in the greater Toronto area, including grocery stores, convenience stores, restaurants, bars and clubs. The Applicant's energy drink has been promoted at festivals, promotional parties, trade shows and charity events in the greater Toronto area. As of 2009, Canadian sales were in excess of \$150,000.

[30] Based on the foregoing summary, I find that the Opponent's mark is currently more known in Canada than is the Mark.

*the length of time the marks have been in use*

[31] The Opponent's registration states that it began using EXEL in 1991, but the Opponent's evidence only provides details concerning use of its mark since 2001. In any event, it is clear that the length of time the marks have been in use favours the Opponent given that the Applicant only claims use of the Mark in Canada since at least as early as 2005.

*the nature of the wares, business and trade*

[32] Both parties' marks are associated with non-alcoholic beverages. Beyond that, the nature of the beverages does differ, but the parties admit that both types of beverages are sold through grocery stores and supermarkets. In addition, there is evidence from Ms. Roberts that non-alcoholic beer and energy drinks are sometimes sold in close proximity in such stores, sometimes on the same shelf. Also, Ms. Sponring admitted on cross-examination that energy drinks and non-alcoholic beer are both sold in restaurants, bars and clubs.

[33] Ms. Sponring states that energy drinks are consumed primarily for their stimulating properties and are typically consumed by people between the ages of 15-30. It is not contested that people between the ages of 15-30 might also consume non-alcoholic beer.

[34] The beverage currently sold by the Applicant is fruit-flavoured and the Applicant suggested that the Opponent's product would not be fruit-flavoured. In response, the Opponent filed evidence of various third party fruit-flavoured beers. However, as the Applicant's statement of wares is not restricted to fruit-flavoured energy drinks, I do not consider this to be a significant point.

[35] Ms. Ball has informed us that the Opponent is "Canada's oldest and one of its most famous brewing companies". Ms. Sponring states that energy drinks are manufactured by smaller independent companies and large multinational soft drink companies and that she is not aware of any energy drink manufactured, marketed or sold by the Opponent. The Applicant, a Polish company, began selling its beverage in Poland but now sells it in over 50 countries.

*the degree of resemblance between the marks*

[36] The first, and dominant, portion of the Mark is phonetically identical to the Opponent's mark. However, visually there are differences between the marks due to the different spelling employed as well as the additional words and design that are part of the Mark. There is some resemblance between the marks with respect to ideas suggested, although the words ENERGY DRINK do result in a different idea being suggested overall.



*other surrounding circumstances*

[37] Two other surrounding circumstances have been raised by the parties: i) the lack of evidence of actual confusion between the marks; and ii) the state of the trade-marks register.

[38] I consider the first to be of no significance. Although an adverse inference concerning the likelihood of confusion may be drawn when concurrent use on the evidence is extensive and no evidence of confusion has been given by the opponent [*Christian Dior S.A. v. Dion Neckwear Ltd.* 2002, 20 C.P.R. (4th) 155 (F.C.A.) at para. 19], in the present case there is not evidence of extensive concurrent use.

[39] I also find the second to be of no significance. State of the register evidence is only relevant insofar as one can make inferences from it about the state of the marketplace [see *Ports International Ltd. v. Dunlop Ltd.* (1992), 41 C.P.R. (3d) 432; *Del Monte Corporation v. Welch Foods Inc.* (1992), 44 C.P.R. (3d) 205 (F.C.T.D.); *Kellogg Salada Canada Inc. v. Maximum Nutrition Ltd.* (1992), 43 C.P.R. (3d) 349 (F.C.A.)]. Ms. Palmer provided the results of searches that she conducted of the register for “active marks, registered or unregistered leading with ‘excel’, ‘exel’, ‘XL’ or anything which, when voiced, is phonetically equivalent or nearly so, and covering beverages and any neighbouring or related wares and services (e.g. beverage bottling services, food products or services).” However, I do not consider marks for wares and services such as “slaughtered dressed carcass beef in its various forms”, “vegetable oil” or “restaurant services” to be relevant to the case at hand. In addition, marks such as AN EXCELLENT SOURCE OF VODKA, LINDT EXCELLENCE and RECIPE OF EXCELLENCE bear little significance to the case at hand. Overall, the number of relevant marks located by Ms. Palmer is insufficient to make inferences about the state of the marketplace that would impact my assessment of the likelihood of confusion.

*conclusion re s. 12(1)(d) ground*

[40] Having considered all of the surrounding circumstances, I arrive at the conclusion that the probabilities of confusion between the marks at issue are evenly balanced between a finding of confusion and of no confusion. I reach this conclusion because on the one hand the first portion of the Mark is phonetically equivalent to the Opponent’s registered mark, both marks are

associated with non-alcoholic beverages that travel the same channels of trade and the reputation of the Opponent's mark in Canada greatly exceeds that of the Mark, while on the other hand, the Opponent is a brewer and there is no evidence that it has ever sold beverages that are not brewed and there are differences between the marks. As the legal burden is on the Applicant to establish, on a balance of probabilities, that the Mark is not confusing with the Opponent's trade-mark, the s. 12(1)(d) ground succeeds.

[41] The s. 12(1)(d) ground of opposition therefore succeeds based on registration No. TMA392,847.

#### Distinctiveness Ground of Opposition

[42] The Opponent has also pleaded that the Mark is not distinctive because it is not adapted to distinguish nor does it distinguish the Applicant's wares from the wares of the Opponent.

[43] The material date for assessing distinctiveness is the date of filing of the opposition, May 14, 2008 [see *Metro-Goldwyn-Mayer Inc. v. Stargate Connections Inc.* (2004), 34 C.P.R. (4th) 317 (F.C.)]. In respect of this ground of opposition, the Opponent has the initial evidential burden to prove that one or more of its trade-marks had become sufficiently known as of May 14, 2008 to negate the distinctiveness of the Mark [see *Motel 6, Inc. v. No. 6 Motel Ltd.* (1981), 56 C.P.R. (2d) 44 (F.C.T.D.) and *Bojangles' International LLC v. Bojangles Café Ltd.* (2006), 48 C.P.R. (4th) 427 (F.C.)]. Once this burden is met, the Applicant has a legal onus to show, on a balance of probabilities, that the Mark was not likely to create confusion with the Opponent's trade-marks as of May 14, 2008 [see *Muffin Houses Incorporated v. The Muffin House Bakery Ltd.* (1985), 4 C.P.R. (3d) 272 (T.M.O.B.)].

[44] The Opponent's huge sales volumes are sufficient to meet its initial onus. The various circumstances discussed regarding the likelihood of confusion between the marks as of today's date do not appear to have been significantly different as of May 14, 2008, with the exception that the Applicant's Canadian sales figures as of that date were not provided. Overall, the Applicant's position under the distinctiveness ground of opposition is not stronger than under the s. 12(1)(d) ground of opposition. The distinctiveness ground of opposition therefore succeeds for reasons similar to those expressed in regards to the s. 12(1)(d) ground.

Disposition

[45] 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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Jill W. Bradbury  
Member  
Trade-marks Opposition Board  
Canadian Intellectual Property Office