

**IN THE MATTER OF AN OPPOSITION
by Kraft Foods Holdings, Inc. and Kraft Canada Inc.
to application No. 861,626 for the trade-mark
SHREDDED OATS filed by Barbara's Bakery, Inc.**

On November 14, 1997, the applicant, Barbara's Bakery, Inc., filed an application to register the trade-mark SHREDDED OATS based on use of the mark in Canada since January 7, 1997 in association with the following wares:

cereals, namely breakfast cereals, processed cereals, unprocessed cereal; snack bars, namely granola-based snack bar.

The application was amended to include a disclaimer to the words SHREDDED and OATS and was further amended to restrict the disclaimer to only the word OATS. The application was subsequently advertised for opposition purposes on February 14, 2001.

At the oral hearing conducted for this opposition, the applicant's agent requested that the statement of wares be amended by deleting "snack bars, namely granola-based snack bar" and restricting the remaining wares. I accepted the proposed amendment and the statement of wares now reads as follows:

cereals, namely breakfast cereals, processed cereals, unprocessed cereal all made with whole oat flour using an extrusion process.

The opponents, Kraft Foods Holdings, Inc. ("Kraft Foods") and Kraft Canada Inc. ("Kraft Canada"), filed a statement of opposition on July 13, 2001, a copy of which was forwarded to the applicant on September 25, 2001. The first ground of opposition is that the applicant's application does not conform to the requirements of Section 30 of the Trade-marks Act because the words SHREDDED OATS are not a trade-mark. The second ground is that

the applicant's application does not conform to the requirements of Section 30(b) of the Act because the applicant did not use the applied for mark in Canada since January 7, 1997 as claimed.

The third ground of opposition is that the applied for trade-mark is not registrable pursuant to Section 12(1)(b) of the Act because it is clearly descriptive or deceptively misdescriptive in the English language of the character or quality of the applied for wares. According to the opponents, the applicant's mark "...clearly describes or deceptively misdescribes that the wares consist of or include 'shredded oats' as an ingredient."

The fourth ground of opposition is that the applied for trade-mark is not registrable pursuant to Section 12(1)(c) of the Act because it is the name of the applied for wares in the English language. The fifth ground is that the mark is not registrable pursuant to Sections 10 and 12(1)(e) of the Act because the term SHREDDED OATS has by ordinary commercial usage become recognized in Canada as designating the kind of wares in association with which the applicant's mark has been allegedly used.

The sixth ground of opposition is that the applied for trade-mark is not distinctive of the applicant because it is clearly descriptive or deceptively misdescriptive of the applied for wares. The seventh ground is that the applicant's application does not conform to the requirements of Section 30(i) of the Act because the applicant could not have been satisfied that it was entitled to use the applied for trade-mark in Canada.

The applicant filed and served a counter statement. As their evidence, the opponents submitted the affidavits of Scott Ellis and Viktoria Egyed. As its evidence, the applicant submitted the affidavit of John Stalker and three affidavits of Kelly Ann Brady. As evidence in reply, the opponents submitted a second affidavit of Scott Ellis. Both parties filed a written argument and an oral hearing was conducted on April 27, 2006 at which both the applicant and the opponents were represented.

THE OPPONENTS' EVIDENCE

In his first affidavit, Mr. Ellis identifies himself as the Category Business Director, Cereal of Kraft Canada which is in the business of manufacturing and selling over 100 brands of food products. He acquired that position in January of 2001. Prior to that, he was the Director of Customer Marketing for Kraft Canada.

According to Mr. Ellis, Kraft Canada has a license from Kraft Foods to make and sell various products including various ready-to-eat cereal products marketed under the house brand POST. Products sold under the POST house brand include SHREDDIES, THE ORIGINAL SHREDDED WHEAT and RAISIN BRAN.

Mr. Ellis describes the history of the use of the term “shredded wheat” by Kraft and its predecessors. Shredded wheat was originally manufactured according to a patented process wherein wheat was pressed into shredded strips which were then formed into a

biscuit and baked. In view of the owner's descriptive use of the term "shredded wheat" during the currency of the patent, the term lost any trade-mark significance and became generic: see Canadian Shredded Wheat Co. v. Kellogg Co., [1938] 2 D.L.R. 145; [1938] 1 All E.R. 618 (P.C.).

According to Mr. Ellis, Kraft and its predecessors have sold shredded wheat products in Canada since the early part of the previous century. Canadian sales of POST brand shredded wheat products for the period 1997-2001 were in excess of \$67 million at the wholesale level. Sales for the period 1993-1997 were in excess of \$40 million wholesale. Mr. Ellis states that Kraft's shredded wheat products are sold in approximately 3,500 retail grocery outlets in Canada. Canadian advertising expenditures in relation to the shredded wheat products for the period 1993-2001 were in excess of \$21 million.

Exhibit G to the first Ellis affidavit is a photocopy of an excerpt from Webster's New Collegiate Dictionary which includes the following definition for the word "shredded":

to cut off, to cut or tear into shreds and to come apart in or break up into shreds.

It also includes the following definition for the term "shredded wheat":

a breakfast cereal made from cooked partially dried wheat that is shredded and molded into biscuits which are then oven-baked and toasted.

Mr. Ellis states that Kraft views the words "shredded wheat" as a descriptive term that describes a particular cereal product. His company's representative packaging appended as

Exhibit D to his first affidavit is consistent with that view.

Exhibit H to Mr. Ellis's first affidavit comprises photocopies of two third party registrations that include "shredded wheat" in the statement of wares. Exhibit J to that affidavit comprises sample packaging showing descriptive uses of the words "shredded wheat" including the applicant's product "BARBARA'S 100% Natural Shredded Wheat."

Mr. Ellis states that, as part of his duties, he comes into contact with competitive ready-to-eat cereals. He is aware of the applicant's products including its "shredded wheat" product. However, he was unaware of the applicant's SHREDDED OATS product being on sale in Canada prior to the commencement of this opposition in 2001.

Exhibit N to the first Ellis affidavit is a photocopy of the applicant's packaging for its SHREDDED OATS product. The labeling reads "Barbara's Bakery Bite Size Shredded Oats Crunchy Wholegrain Cereal." The letters TM appear after the words SHREDDED OATS and the package includes a photograph of the applicant's cereal which comprises small woven biscuits.

In her affidavit, Ms. Egyed identifies herself as a Searcher employed by the firm acting as the opponents' trade-mark agent. Exhibit A to her affidavit comprises computer-generated pages from the CD-NameSearch database for a number of trade-mark registrations covering ready-to-eat cereal products.

THE APPLICANT'S EVIDENCE

In his affidavit, Mr. Stalker identifies himself as the Vice-president and General Manager of Weetabix of Canada Limited, a sister company of the applicant. Both Weetabix of Canada Limited and the applicant are owned by Weetabix Limited.

Mr. Stalker states that his company manufactures the applicant's SHREDDED OATS product. He describes the method of manufacture which involves the followings steps:

- 1. mixing oat flour, wheat flour and molasses granules;**
- 2. moisturizing the mixture and cooking it in an extruder;**
- 3. forcing the mixture out of the extruder through extrusion dies that form the product;**
- 4. creating fine strings or strands which form a ribbed tube;**
- 5. cutting or crimping the tubes into pillow-shaped pieces.**

Ms. Brady's first affidavit serves simply to introduce into evidence dictionary definitions for the words "extrude", "extruded", "shred" and "shredded."

In her second affidavit, Ms. Brady details the results of cereal purchases she made in various Ottawa grocery outlets in March of 2003. She was instructed to locate cereals with packaging that bore the words "shredded oats", the term "oat", "oats" or "oaty" or a name that described the shape of the cereal. She was unable to locate any cereal bearing the words "shredded oats" including apparently the applicant's product. The closest item that she located was NATURE'S PATH SHREDDED OATY BITES purchased at a store called The Natural Food Pantry.

Ms. Brady’s third affidavit details the results of her searches of the Internet for the term “shredded oats.” Most of the references located appear to be from American web sites and were for the applicant’s SHREDDED OATS product. Of particular note, Exhibit D to Ms. Brady’s third affidavit includes pages from a website for The Weetabix Company, Inc. of Clinton, Massachusetts, a company presumably related to Mr. Stalker’s company. According to its website, the U. S. company manufactures various types of cereal for third parties under their private labels including “granola”, “wheat squares” and “organic shredded oats.” The photograph appearing next to the cereal type “organic shredded oats” shows what appears to be a breakfast cereal comprising baked, woven cereal squares.

THE OPPONENTS’ REPLY EVIDENCE

In his second affidavit, Mr. Ellis comments on the Stalker affidavit and the third Brady affidavit. Most of those comments are either self-evident or comprise inadmissible opinion evidence.

THE GROUNDS OF OPPOSITION

As for the first ground, it does not raise a proper ground of opposition. The opponents did not specify which subsection of Section 30 of the Act they were relying on nor did they include any supporting allegations of fact. Thus, the first ground is unsuccessful.

As for the opponents’ second ground of opposition, the onus or legal burden is on the applicant to show that its application conforms to the requirements of Section 30(b) of the Act: see the opposition decision in Joseph Seagram & Sons v. Seagram Real Estate (1984), 3

C.P.R.(3d) 325 at 329-330 and the decision in John Labatt Ltd. v. Molson Companies Ltd. (1990), 30 C.P.R.(3d) 293 (F.C.T.D.). There is, however, an evidential burden on the opponents respecting their allegations of fact in support of that ground. That burden is lighter respecting the issue of non-conformance with Section 30(b) of the Act: see the opposition decision in Tune Masters v. Mr. P's Mastertune (1986), 10 C.P.R.(3d) 84 at 89. Furthermore, Section 30(b) requires that there be continuous use of the applied for trade-mark in the normal course of trade since the date claimed: see Labatt Brewing Company Limited v. Benson & Hedges (Canada) Limited and Molson Breweries, a Partnership (1996), 67 C.P.R.(3d) 258 at 262 (F.C.T.D.). Finally, the opponents' evidential burden can be met by reference to the applicant's own evidence: see Labatt Brewing Company Limited v. Molson Breweries, a Partnership (1996), 68 C.P.R.(3d) 216 at 230 (F.C.T.D.).

In the present case, Mr. Ellis has established that, by virtue of his responsibilities with Kraft Canada, he is familiar with the ready-to-eat cereal market in Canada. For example, Mr. Ellis states that he is aware of the applicant and its products including its brand of shredded wheat. As a consequence of the present opposition, Mr. Ellis became aware of the applicant's SHREDDED OATS product in 2001. However, he was not aware of that product being on sale in Canada prior to that date.

The applicant's agent submitted that Mr. Ellis's unfamiliarity with the applicant's SHREDDED OATS product prior to 2001 was of little significance since he was not involved in the cereal industry until 2001. However, as noted by the opponents' agent, Mr. Ellis's previous position was Director of Customer Marketing for Kraft Canada. In that position,

presumably, Mr. Ellis was familiar with his company's products and those of its competitors including ready-to-eat cereal products.

Also of note is the affidavit of John Stalker whose company is related to the applicant and manufactures SHREDDDED OATS cereal for the applicant. Although Mr. Stalker detailed his company's method of manufacture, he was surprisingly silent as to where such manufacturing takes place or when it commenced.

Finally, the second Brady affidavit is of some significance. Ms. Brady's investigations in various Ottawa grocery stores revealed a number of cereal products with a name comprising either the word OAT, OATS or OATY or a name based on the shape of the product. Notably, none of those products was the applicant's SHREDDDED OATS product.

In view of the above three evidentiary observations, I find that the opponents have met their evidential burden respecting the second ground. Although none of those three observations alone would have sufficed, taken together they are sufficient to meet the opponents' light burden.

In view of the above, it was incumbent on the applicant to positively evidence continuous use of its mark since the claimed date. The applicant's evidence fails to meet that requirement. The third Brady affidavit reveals a number of websites where SHREDDDED OATS is offered for sale. However, those sites were evidenced in March of 2003 and appear to be mostly in the United States.

It should have been an easy matter for the applicant to submit evidence from an officer of the applicant attesting to the company's use of its mark SHREDDED OATS. Alternatively, the applicant could have cross-examined Mr. Ellis and tested his assertions about the absence of use of the applicant's mark prior to 2001. Since the applicant did neither, I find that it has failed to meet its burden to show continuous use of its applied for mark since the date claimed. The second ground is therefore successful.

As for the third ground of opposition, in view of the decision in Fiesta Barbeques Limited v. General Housewares Corporation (2003), 28 C.P.R.(4th) 254 (F.C.T.D.) which relies on the decision of the Supreme Court of Canada in Lightning Fastener Co. v. Canadian Goodrich Co. [1932] S.C.R. 189, it appears that the material time for assessing a ground based on Section 12(1)(b) of the Act is, and always was, the filing date of the application. Furthermore, the issue under Section 12(1)(b) of the Act is to be determined from the point of view of an everyday user of the services. Finally, the trade-mark in question must not be carefully analyzed and dissected into its component parts but rather must be considered in its entirety and as a matter of first impression: see Wool Bureau of Canada Ltd. v. Registrar of Trade Marks (1978), 40 C.P.R.(2d) 25 at 27-28 and Atlantic Promotions Inc. v. Registrar of Trade Marks (1984), 2 C.P.R.(3d) 183 at 186.

Based on the ordinary meaning of the words "shredded" and "oats", the average consumer would assume that the applicant's cereal and snack bars include oats that have been shredded. Further, the evidence establishes that shredded wheat is a generic term used for a particular type of ready-to-eat cereal that has been sold in Canada for 100 years. Sales of

shredded wheat and related advertising expenditures have been very significant. The evidence also shows that those sales have been of a cereal product that is either a large or small woven biscuit similar to the applicant's SHREDDED OATS product.

Given the extensive sales and advertising associated with the shredded wheat products of Kraft and others, consumers associate the term "shredded wheat" with a woven baked biscuit. Those same consumers when presented with a cereal called SHREDDED OATS would, as a matter of first impression, assume that the cereal comprised a woven baked biscuit made from oats. As discussed, an American company likely related to the applicant itself uses the phrase "organic shredded oats" to generically describe just such a cereal which it offers to manufacture for its private label customers.

There was some discussion by the parties as to the meaning of the mark SHREDDED OATS in relation to the applicant's particular manufacturing process for its cereal. The opponents note that the process as described by Mr. Stalker does not specifically involve shredding as one of the steps which suggests that the mark is misdescriptive. However, consumers would be unlikely to know what manufacturing process was used to make the applicant's cereal.

The applicant contends that the word "shredded" does not refer to an intrinsic quality of its cereal product but rather suggests the technical manner in which the product or one of its ingredients is processed, this being merely a collateral feature of the product. But that is not what the evidence suggests that the average consumer considers when he views the term

“shredded oats” for a cereal product. Given the consumer’s longstanding familiarity with shredded wheat cereal, he would immediately assume that SHREDDED OATS cereal was the same type of product - i.e. - a woven baked biscuit made primarily from oats. If it was, then the mark would be clearly descriptive of the character of the wares. If not, then it would be deceptively misleading.

At the oral hearing, the applicant’s agent relied on something she called the disunity principle, namely that two clearly descriptive elements may form a registrable trade-mark if they perform different functions. In this case, she submitted, the word SHREDDED is arguably clearly descriptive of the appearance of the applicant’s product whereas the word OATS clearly describes what the product is made from. The unnatural combination of the two words, it was contended, results in an inherently distinctive trade-mark, albeit a weak one.

In the present case, the applicant’s contention does not apply. This is not like the trade-mark COFFEE CRISP which does not yield a unitary descriptive connotation. Rather, SHREDDED OATS is a conceptually and grammatically logical combination of two words which, when used for cereal, immediately creates the impression that the cereal is made from oats that are shredded or that the cereal is a shredded wheat-like biscuit except made from oats.

This is not to say that the applicant’s mark cannot function as a trade-mark. In fact, the applicant has taken steps to educate the public that it considers SHREDDED OATS to be its trade-mark by employing the letters TM after the mark on its packaging. But simply using

the letters TM is not enough. Where a mark offends the provisions of Section 12(1)(b) of the Act, it is incumbent on an applicant to meet the stringent requirements of Section 12(2). In this case, the applicant has done little or nothing to meet those requirements.

In view of the above, I consider that the applicant has failed to satisfy the onus on it to show that its mark SHREDDED OATS was not clearly descriptive or deceptively misdescriptive of the character of the applied for cereal wares. Thus, the third ground is successful.

As for the fourth ground of opposition, there is no evidence that the term “shredded oats” has been used by other traders as the name of their cereal wares. Thus, the fourth ground is unsuccessful.

Likewise, there is no evidence that the term “shredded oats” has become recognized as designating a particular kind of cereal. Thus, the fifth ground is also unsuccessful.

As for the sixth ground, the onus or legal burden is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares 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 (i.e. - July 13, 2001): 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.).

My conclusions respecting the third ground of opposition are generally applicable to this ground as well. As of the later material time, I find that the applicant's mark was either clearly descriptive or deceptively misdescriptive of the character of the applied for wares. Thus, in the absence of evidence showing otherwise, it was not distinctive of the applicant's wares. The sixth ground is therefore successful.

The seventh ground does not raise a proper ground of opposition. The opponents have failed to include any supporting allegations of fact. Thus, the seventh ground is 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.

DATED AT GATINEAU, QUEBEC, THIS 8th DAY OF MAY, 2006.

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