



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

Citation: 2011 TMOB 72
Date of Decision: 2011-04-26

**IN THE MATTER OF AN
OPPOSITION by Apple Inc. to
application No. 1,342,936 for the
trade-mark TUNECARDZ in the
name of Digi Media Cardz Inc.**

FILE RECORD

[1] On April 11, 2007, Digi Media Cardz Inc. filed an application to register the trade-mark TUNECARDZ based on proposed use in Canada in association with the wares:

(1) cards containing a security code allowing a user to download digital music; and (2) collectible cards bearing images, designs and/or biographical information relating to artists and their music.

[2] A trade-mark application Examiner with the Canadian Intellectual Property Office objected that the applied for mark was confusing with trade-mark application Nos. 1,313,324 and 1,313,323 for the marks ITUNES CARD and ITUNES GIFT CARD, respectively, and with the registered mark ITUNES MUSIC CARD, covering wares similar to the applicant's wares. The Examiner also required the wares denoted by (1), above, to be stated in more specific terms.

[3] The applicant responded to the first objection by arguing, in a lengthy submission dated January 28, 2008, that the applied for mark was not confusing with the cited marks.

The applicant responded to the second objection by amending the wares to read as follows:

collectable cards displaying images, designs and/or biographical information relating to artists and their music and containing a non-magnetic security code allowing the card owner to access a website for the purpose of downloading a digital copy of the music identified on the card.

[4] The amendment to the application and the applicant's submissions were accepted by the Examiner. The subject application was then advertised for opposition purposes in the *Trade-marks Journal* issue dated August 13, 2008, and was opposed, on September 26, 2008, by Apple Inc., the owner of the marks initially cited by the Examiner.

[5] The Registrar forwarded a copy of the statement of opposition to the applicant on October 30, 2008, as required by s.38(5) of the *Trade-marks Act*, R.S.C. 1985, c. T-13. The applicant responded by filing and serving a counter statement generally denying the allegations in the statement of opposition. The opponent's evidence consists of the affidavit of Thomas R. La Perle, with Exhibits A to X thereto, as well as certified copies of several trade-mark applications and registrations owned by the opponent. The applicant elected not to file any evidence. Only the opponent submitted a written argument and only the opponent attended at an oral hearing held on April 5, 2011.

STATEMENT OF OPPOSITION

[6] Various grounds of opposition are pleaded, however, as noted on page 4 of the opponent's written argument, the determinative issue in this proceeding is whether the applied for mark is confusing with one or more of the opponent's marks ITUNES, ITUNES CARD, ITUNES GIFT CARD and ITUNES MUSIC CARD comprising the opponent's family of "TUNES" marks. I would add that, at the commencement of the oral hearing, the opponent advised that it was withdrawing the grounds of opposition based on s.30(b) and s.30(e) of the *Trade-marks Act*. The material time to consider the issue of confusion in respect of the opponent's registered marks ITUNES and ITUNES MUSIC CARD, pursuant to s.12(1)(d) of the *Act*, is the date of disposition of the opposition.

[7] The opponent's registration for the mark ITUNES MUSIC CARD covers the following:

wares

gift cards, printed gift certificates; non-magnetically encoded prepaid purchase cards for allowing users to transfer financial value on-line via retail computer networks; non-magnetically encoded prepaid purchase cards for the online purchase of news, sports and entertainment content via the Internet.

services

online and retail store services in the field of entertainment featuring pre-recorded audio and audiovisual works and related merchandise, provided via the Internet and other computer and electronic communication networks.

[8] The opponent's registration for the mark ITUNES covers the following:

wares

computer software for use in downloading, transmitting, receiving, editing, extracting, encoding, decoding, playing, storing and organising data, namely, audio and video data; sound, video and data recordings; digital cameras; handheld and mobile digital electronic devices for the sending and receiving of telephone calls, faxes, electronic mail, and other digital data; handheld and mobile digital electronic devices for the downloading, transmitting, encoding, decoding, editing, playing and storage of data, namely, audio and video recordings; parts and fittings for all the aforesaid goods.

services

(1) providing services for the sending and receiving of telephone calls, faxes, electronic mail, and other digital data; rental, hire and leasing of communications apparatus and of electronic mailboxes; electronic bulleting board services; delivery of data and messages by electronic transmission.

(2) providing of training, instruction and entertainment in the field of computers, multimedia products, interactive products and online services, and distributing course materials therewith; publication of printed matter and of instructional and teaching materials.

(3) promoting the interests of computer user groups and computer online user services; computer consultation, design, testing, research and advisory services; research and development of computer bulleting board; providing of updates to computer software via wired and wireless networks; computer programming services; provision of computer databases and on-line information services relating to downloading of information and data from the Internet.

(4) retail store services in the field of entertainment featuring pre-recorded audio works and related merchandise, provided via the internet and other computer and electronic communication networks.

(5) retail store services in the field of entertainment featuring pre-recorded audiovisual works and related merchandise, provided via the internet and other computer and electronic communication networks.

OPPONENT'S EVIDENCE

Thomas R. La Perle

[9] Mr. La Perle identifies himself as the Senior Intellectual Property Counsel for the opponent company. The opponent has been in operation since about 1979 as a manufacturer, designer and seller of computers and software. Since 1997, the opponent has offered online retail services of its own products including products sold under its TUNES family of marks. As of April 2009, the opponent operated over two hundred APPLE STORE retail outlets including nine in Canada. The opponent's net sales worldwide were about US\$5.3 billion in fiscal year 2001 rising gradually to US\$32.5 billion in fiscal year 2008.

[10] ITUNES music software, which allows users to create and manage their own music libraries on their computers, was introduced in Canada in January 2001. In 2003 the opponent announced a "second generation" of ITUNES MUSIC STORE online service. Consumers were now able to purchase online gift certificates for family and friends. In the first year of ITUNES MUSIC STORE service, users purchased more than 70 million songs, making it the most popular online music service in the world with more than 70% market share of legal downloads for singles and albums. In 2005, the opponent introduced various gift and prepaid purchase cards in Canada under the marks ITUNES MUSIC CARD, ITUNES CARD, and ITUNES GIFT CARD. The opponent refers to these cards collectively as the "Gift Card Products." Since its introduction, over 2.5 million Gift Card Products have been sold in Canada, with a total estimated value of over \$69 million. Mr. La Perle further notes in paragraph 16 of his affidavit that:

With respect to Canada, hundreds of millions of songs have been downloaded and purchased by Canadian consumers from Apple's iTunes Store online service since its launch in December 2004.

[11] In 2005, the opponent created an ITUNES CUSTOM CARD product to commemorate that year's Grammy Awards. Each card featured a picture of the singer and a download code which allowed users to download a copy of the recording from the ITUNES MUSIC STORE. The ITUNES CUSTOM CARD was subsequently employed for the South by Southwest music conference. Mr. La Perle notes that the opponent's ITUNES CUSTOM CARD program appears to be very similar to the applicant's business model relating to its TUNECARDZ product. The exhibit materials attached to Mr. La Perle's affidavit expand on and corroborate his written testimony.

LEGAL ONUS AND EVIDENTIAL BURDEN

[12] The legal onus is on the applicant to show that the application does not contravene the provisions of the *Trade-marks Act* as alleged by the opponent in the statement of opposition. The presence of a legal onus on the applicant means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against the applicant. However, there is also, in accordance with the usual rules of evidence, an evidential burden on the opponent to prove the facts inherent in its allegations pleaded in the statement of opposition: see *John Labatt Limited v. The Molson Companies Limited*, 30 C.P.R. (3d) 293 at 298. The presence of an evidential burden on the opponent with respect to a particular issue means that in order for the issue to be considered at all, there must be sufficient evidence from which it could reasonably be concluded that the facts alleged to support that issue exist.

[13] The opponent's evidence in the instant case suffices to put into issue whether the applied for mark TUNECARDZ is confusing with either or both of the opponent's registered marks ITUNES and ITUNES MUSIC CARD.

test for confusion

[14] The legal onus is therefore on the applicant to establish, on a balance of probabilities, that at the present time there would be no reasonable likelihood of confusion, within the meaning of s.6(2) of the *Act*, shown below, between the applied for mark TUNECARDZ and either of the opponent's registered marks ITUNES and ITUNES MUSIC CARD:

The 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 . . . sold . . . or performed by the same person, whether or not the wares or services are of the same general class.

[15] Thus, s.6(2) does not concern the confusion of the marks themselves, but confusion of goods or services from one source as being from another source. In the instant case, the question posed by s.6(2) is whether there would be confusion of the applicant's wares sold under the mark TUNECARDZ as being provided by or endorsed by the opponent.

SECTION 6(5) FACTORS

[16] Factors to be considered, in making an assessment as to whether two marks are confusing, are set out in s.6(5) of the *Act*: the inherent distinctiveness of the 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; the degree of resemblance in appearance or sound of the marks or in the ideas suggested by them. This list is not exhaustive; all relevant factors are to be considered. All factors do not necessarily have equal weight. The weight to be given to each depends on the circumstances: see *Gainers Inc. v. Tammy L. Marchildon and The Registrar of Trade-marks* (1996), 66 C.P.R.(3d) 308 (F.C.T.D.).

[17] The opponent's marks ITUNES and ITUNES MUSIC CARD possess relatively little inherent distinctiveness as the marks in their entireties suggest an association with musical wares and services. Similarly, the applied for mark TUNECARDZ possesses relatively little inherent distinctiveness. Of course, the components TUNES, MUSIC CARD and CARDZ are individually highly suggestive, if not descriptive, of the parties' wares. Based on Mr. La Perle's affidavit (despite some lack of detail) and in the absence of cross-examination, I am prepared to infer that the opponent's marks had acquired a fair reputation in Canada at all material times. The applicant has not evidenced any reputation for its mark at any material time. Thus, the first factor under s.6(5), which is a combination of inherent distinctiveness and acquired distinctiveness, favours the opponent. The length of time that the marks have been in use also favours the opponent,

as it began to use its mark ITUNES and ITUNES MUSIC CARD in Canada about six years and two years, respectively, before the applicant applied to register the mark TUNECARDZ.

[18] The description of the applicant's wares in the subject application indicates an overlap with the opponent's Gift Card Products. In the absence of evidence to the contrary, I assume that the parties would be marketing their wares to the same target group, that is, to individuals who create their own music libraries on personal computers. Again, in the absence of evidence to the contrary, I also assume that the parties' channels of trade would overlap. Lastly, the parties' marks resemble each other to a fair degree in all respects, that is, visually, in sounding and in ideas suggested as the parties' marks share the components TUNE and CARD. In the result, it is apparent that none of the five factors set out in s.6(5) favours the applicant, although such an outcome is not necessarily determinative of the issue of confusion.

jurisprudence regarding "weak" marks

[19] I am aware of the principle in trade-marks law that small differences in "weak" marks will suffice to avoid confusion as was stated in *GSW Ltd. v. Great West Steel Industries* (1975) 22 C.P.R.(2d) 154 at 169 (F.C.T.D.):

. . . there is ample judicial authority for the proposition that in the case of "weak" marks, small differences may be accepted to distinguish one from the other and a greater degree of discrimination may be fairly expected of the public.

[20] Taking the above principle into account and applying it to the considerations discussed under s.6(5) of the *Act*, above, I find that the applicant has failed to establish, on a balance of probabilities, that there is no reasonable likelihood of confusion between the applied for mark TUNECARDZ and either of the opponent's marks ITUNES and ITUNES MUSIC CARD. Accordingly, I must find against the applicant.

DISPOSITION

[21] In view of the foregoing, the application is refused. This decision has been made

pursuant to a delegation of authority under s.63(3) of the *Trade-marks Act*.

Myer Herzig
Member
Trade-marks Opposition Board