

**IN THE MATTER OF AN OPPOSITION
by Can-Cell Industries Inc. to application
No. 763,975 for the trade-mark PAPERSAVERS
Design filed by John Loughlin**

On September 19, 1994, the applicant, John Loughlin, filed an application to register the trade-mark PAPERSAVERS Design (illustrated below) for the wares “containers for collecting waste paper” and for the services “collecting waste paper for recycling.” The application is based on use of the mark in Canada since August of 1991 for both wares and services. The application was advertised for opposition purposes on March 15, 1995.

PAPERSAVERS

The opponent, Can-Cell Industries Inc., filed a statement of opposition on May 12, 1995, a copy of which was forwarded to the applicant on July 21, 1995. The opponent was granted leave to amend its statement of opposition on November 22, 1996.

In its amended statement of opposition, the opponent alleges that it is the proprietor in Canada of the trade-mark ALLIED PAPER SAVERS which it has used since July of 1981 with “containers for collecting waste paper” and with “the pick-up, disposal, and recycling of paper and paper products.” The opponent also alleges that it is applying to register that mark in Canada in association with those specific wares and services.

The grounds of opposition read as follows:

- a) Section 38(2)(b)
The trade-mark claimed in Application No. 763,975 is not registrable having regard to provisions of Section 12(1)(d) of the Trade-marks Act. The trade-mark is likely to be confusing with the opponent’s trade-mark ALLIED PAPER SAVERS, having regard to the specific wares and services with which the opponent has used the said trade-mark and the use which the applicant has made and is proposing to be made of the said trade-mark.
- b) Section 38(2)(c)
The applicant is not the person entitled to obtain registration of the trade-mark claimed in Application No. 763,975 in respect of the services described as collecting waste paper for recycling, having regard to the provisions of Section 16(3)(a) of the Trade-marks Act, in that at the date of filing the application in Canada, the trade-mark

was likely to be confusing with the trade-mark of the opponent, used in Canada since July 1981, as stated in paragraph 2 above.

- c) Section 38(2)(c)
The applicant is not the person entitled to obtain registration of the trade-mark claimed in Application No. 763,975 in respect of the wares described as containers for collecting waste paper, having regard to the provisions of Section 16(3)(c) of the Trade-marks Act, in that at the date of filing of the application in Canada, the trade-mark was likely to be confusing with the trade-name of the opponent, used by the opponent in Canada since July 1981.
- d) Section 38(2)(d)
The trade-mark claimed in Application No. 763,975 is not distinctive, and is not adapted to distinguish the proposed wares, containers for collecting waste paper, of the applicant from the wares of the opponent, having regard to the fact that the applicant's trade-mark is or is likely to be confusing with the trade-mark of the opponent as described in paragraph 2 above.

The applicant filed and served a counter statement. As its evidence, the opponent submitted an affidavit of Harold Tiemstra. As his evidence, the applicant submitted an affidavit of himself. Both parties filed a written argument and an oral hearing was conducted on March 16, 1998 at which both parties were represented.

By letter dated March 12, 1998, the opponent requested leave pursuant to Rule 44(1) of the Trade-marks Regulations to file an affidavit to evidence the opponent's registration No. 478,476 for the trade-mark ALLIED PAPER SAVERS. By letter dated March 13, 1998, the opponent requested leave pursuant to Rule 40 to amend the statement of opposition to correct certain erroneous references and to specifically rely on registration No. 478,476 in support of the first ground of opposition. The applicant submitted two letters dated March 13, 1998 objecting to both of the opponent's requests.

At the oral hearing, I heard additional submissions from both sides regarding the two requests for leave. The requests had been made at a very late stage and no reasons were given to explain why they had not been made earlier. The opponent was alerted to the deficiencies in its statement of opposition when it received the applicant's written argument in July of 1997 but inexplicably chose to do nothing at that time. As noted by the applicant's agent, granting leave to the opponent would cause prejudice to the applicant who would have to reconsider his

case and possibly amend his pleadings and file additional evidence and argument. For those reasons, I refused both of the opponent's requests.

As noted by the applicant, the first ground of opposition does not raise a proper ground. The opponent refers to Section 12(1)(d) of the Trade-marks Act but does not identify any trade-mark registration. The opponent states that it is applying to register its mark but it did not later timely seek leave to amend the statement of opposition to rely on any registration that might have issued from that unidentified application. Thus, the first ground fails to comply with Section 38(3)(a) of the Act and is therefore unsuccessful.

The opponent contended that the Opposition Board was obliged to check the register and confirm the existence of the opponent's trade-mark registration. In this regard, the opponent relied on the opposition decision in Broadway Sound Plus Ltd. v. M. & K. Stereo Plus Ltd. (1984), 3 C.P.R.(3d) 410. While it is true that the Opposition Board has the discretion to check the register, as noted in the Broadway Sound decision, the Board generally will not do so. One exception is where an opponent refers to a specific trade-mark registration in its statement of opposition in support of a ground of opposition based on Section 12(1)(d) of the Act. As noted, the present case does not fall within that exception since no trade-mark registration was specified.

As noted by the applicant, the third ground of opposition does not raise a proper ground. The opponent alleges confusion with its previously used trade-name but does not identify any trade-name. Thus, the third ground fails to comply with Section 38(3)(a) of the Act and is therefore unsuccessful. It should be noted that the opponent was alerted to this deficiency in July of 1997 when it received a copy of the applicant's written argument but chose not to seek leave to correct it.

As noted by the applicant, the opponent has inexplicably restricted its second ground of opposition to an attack on the applicant's services only. As also noted by the applicant, the opponent mistakenly relied on the provisions of Section 16(3)(a) of the Act rather than Section 16(1)(a) of the Act. However, the opponent did allege use of its trade-mark as of July 1981

which is prior to the applicant's claimed date of first use and it is apparent that the applicant understood the nature of the opponent's second ground.

The initial burden is on the opponent to evidence use of its trade-mark prior to the applicant's claimed date of first use of August 31, 1991. In his affidavit, Mr. Tiemstra identifies himself as a Director and Vice-President of the opponent and describes the nature of the business carried on by his company in association with its trade-mark ALLIED PAPER SAVERS. According to Mr. Tiemstra, the opponent has used that mark since July of 1981 in association with the services of the pickup, disposal and recycling of paper and paper products. The opponent collects such items from various sources ranging from industrial and manufacturing companies to community organizations seeking to raise funds through paper drives. The opponent then sells the collected paper and paper products in bulk to companies engaged in the manufacture of newsprint, cardboard containers and other paper products.

As submitted by the applicant, the opponent's evidence does not establish use of the trade-mark ALLIED PAPER SAVERS in association with "containers for collecting waste paper." Although the mark has appeared on such containers, the evidence suggests that they are not sold or leased to customers but rather are provided as part of the opponent's service of "the pick-up, disposal, and recycling of paper and paper products." Thus, the opponent's second ground is unsuccessful insofar as it relies on prior use of the mark for wares.

The evidence does establish use of ALLIED PAPER SAVERS as a trade-mark and a trade-name for the opponent's services for a number of years prior to the applicant's claimed date of first use. Exhibit C to the Tiemstra affidavit is a photograph of an exterior sign at the opponent's Edmonton, Alberta location advertising the trade-mark. The sign has been in place since 1985. Exhibits H and I establish that the mark has been advertised in various northern Alberta newspapers prior to the material time. Finally, Exhibit J comprises photocopies of a large number of invoices featuring the opponent's trade-mark and trade-name, many of which pre-date the applicant's claimed date of first use.

Given that the opponent has shown use of its trade-mark for services prior to the applicant's claimed date of first use and non-abandonment of that mark as of the date of advertisement, the second ground remains to be decided on the issue of confusion between the marks of the parties. The material time for considering the circumstances is as of the applicant's claimed date of first use in accordance with the wording of Section 16(1)(a) of the Act. Furthermore, the onus or legal burden is on the applicant to show no reasonable likelihood of confusion. Finally, in applying the test for confusion set forth in Section 6(2) of the Act, consideration is to be given to all of the surrounding circumstances including those specifically set forth in Section 6(5) of the Act.

As for Section 6(5)(a) of the Act, the applicant's mark PAPERSAVERS Design is inherently very weak. The words "paper savers" are highly suggestive, if not descriptive, of the applied for wares and services. The applicant contends that its mark possesses some measure of inherent distinctive due to the design elements in the mark. However, when the mark is sounded, it consists solely of the inherently weak words "paper savers." The applicant's mark had not been used as of the material time and I must therefore conclude that it had not become known at all in Canada as of that date.

The opponent's trade-mark ALLIED PAPER SAVERS possesses some measure of inherent distinctiveness in view of the initial component ALLIED. However, the remaining components of the mark are highly suggestive, if not descriptive, of the opponent's services such that the mark as a whole is not inherently strong. The Tiemstra affidavit evidences fairly significant sales and some advertising effected in association with the opponent's mark prior to the applicant's claimed date of first use but primarily in Edmonton and surrounding areas. Thus, I am only able to conclude that the opponent's mark had become known to some extent in northern Alberta.

The length of time the marks have been in use favors the opponent. As for the services and trades of the parties, the applicant admits that they appear to be "generally similar" but contends that there are a number of specific differences. In this regard, the applicant points to the Loughlin affidavit which establishes that the applicant's trade has been one of providing

relatively small recycling containers to Toronto area businesses to effect his service of recycling paper products. However, it is the applicant's statement of services in his application that governs: see Mr. Submarine Ltd. v. Amandista Investments Ltd. (1987), 19 C.P.R.(3d) 3 at 10-11 (F.C.A.), Henkel Kommanditgesellschaft v. Super Dragon (1986), 12 C.P.R.(3d) 110 at 112 (F.C.A.) and Miss Universe, Inc. v. Dale Bohna (1994), 58 C.P.R.(3d) 381 at 390-392 (F.C.A.). However, that statement must be read with a view to determining the probable type of business or trade intended by the applicant rather than all possible trades that might be encompassed by the wording. In this regard, evidence of the actual trade of the applicant is useful: see the decision in McDonald's Corporation v. Coffee Hut Stores Ltd. (1996), 68 C.P.R.(3d) 168 at 169 (F.C.A.).

In view of the above, there is a direct overlap between the applied for services and the services performed by the opponent. Both involve the provision of containers to customers and the service of collecting waste paper for recycling. The fact that the opponent operates on a larger scale than the applicant is of little import since the applicant has not restricted the scope of his statements of wares and services. Both large scale and small scale recycling operations fall within the broad wording of the applicant's statement of services.

As for Section 6(5)(e) of the Act, there is a high degree of visual resemblance between the marks at issue since the applicant's mark is almost identical to the second and third components of the opponent's mark. The degree of phonetic resemblance is even greater since the minimal design elements in the applicant's mark then become irrelevant. The ideas suggested by the two marks are also similar.

The applicant has relied on the statement in his affidavit that he is unaware of any instances of actual confusion arising between the two marks. That observation is irrelevant, however, since significant use of the applicant's mark did not commence until after the material time. Mr. Loughlin's observation would have been of no significance, in any event, since use of the opponent's mark has been limited mostly to northern Alberta and use of the applicant's mark has been limited to the Toronto region. Given that there was no actual

contemporaneous use of the two marks in the same geographical region, the absence of instances of actual confusion is not surprising.

In applying the test for confusion, I have considered that it is a matter of first impression and imperfect recollection. In view of my conclusions above, and particularly in view of the resemblance between the services, trades and marks of the parties, I find that the applicant has failed to satisfy the burden on him to show that his trade-mark in respect of his applied for services is not confusing with the opponent's previously used mark ALLIED PAPER SAVERS. The second ground is therefore successful.

As for the opponent's fourth ground of opposition, and given the fact that the opponent has inexplicably limited it to an attack on the applicant's wares, the onus or legal burden is on the applicant to show that his mark is adapted to distinguish or actually distinguishes his 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. - May 12, 1995): 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 supporting its ground of non-distinctiveness.

As of the material time, the applicant had acquired a limited reputation for his mark PAPERSAVERS Design in the Toronto region. Total revenues as of that date were less than \$300,000 and total advertising expenditures were about \$12,000.

A review of the Tiemstra affidavit establishes that, as of the filing of the present opposition, the opponent had established some reputation for its trade-mark ALLIED PAPER SAVERS in northern Alberta in general and Edmonton in particular in association with the services of collecting and recycling paper and paper products. As part of that service, the opponent sometimes provides containers bearing its trade-mark to customers.

Given the opponent's acquired reputation in northern Alberta, and given my previous findings respecting the issue of confusion, the applicant has been unable to establish that his mark is distinctive or adapted to distinguish his wares from those of others throughout Canada. Thus, the fourth ground is also successful.

In passing, I wish to comment on the applicant's argument that the opponent should be precluded from relying on use of its trade-name Allied Paper Savers. The applicant contends that any such use was illegal because the opponent failed to evidence a provincial registration for that name. As noted, the third ground referring to the opponent's trade-name was improperly pleaded and thus the issue raised by the applicant need not be considered. If it had been properly pleaded, however, the opponent would have been able to rely on its trade-name use, the presumption being that any such use was legal. It would have been incumbent on the applicant to adduce at least some evidence to rebut that presumption.

I also wish to note that the final decision in this case would have been much easier to arrive at if the statement of opposition had been properly drafted. Once there was a registration for the opponent's mark, leave should have been timely sought to include it in the first ground. As previously noted, there were deficiencies in each of the opponent's four grounds. Furthermore, it is difficult to understand why the opponent did not seek leave to include a ground of opposition based on non-compliance with Section 30(b) of the Act in view of the fact that the applicant's evidence appears to show that his mark has not been used for the applied for wares.

Pursuant to the authority delegated to me under Section 63(3) of the Act, I refuse the applicant's application.

DATED AT HULL, QUEBEC, THIS 27th DAY OF MARCH, 1998.

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