IN THE MATTER OF AN OPPOSITION
by Gainers Inc. to application
No. 635,047 for the trade-mark
CAPITAL & Design filed by
Capital Packers Limited

On June 23, 1989, the applicant, Capital Packers Limited, filed an application to register the trade-mark CAPITAL & Design (illustrated below) for the following wares:

> **(1) processed meat namely, fresh and frozen beef, ham and poultry;**
> **(2) processed meat products namely, bacon, sandwich meats, balogna [sic], smoked meats, weiners, head cheese;**
> **(3) sausages namely, smoked, ham, blood, pepperoni, garlic and summer sausages**

and for the following services:

> **operation of a business outlet dealing in the processing and packaging of meat to customer specifications.**

The application was based on use of the trade-mark in Canada since March 1, 1989 for both wares and services. The application was advertised for opposition purposes on March 7, 1990.

The opponent, Gainers Inc., filed a statement of opposition on March 15, 1990, a copy of which was forwarded to the applicant on March 29, 1990. The grounds of opposition include, among others, that the applied for trade-mark is not registrable pursuant to Section 12(1)(d) of the Trade-marks Act because it is confusing with the opponent's trade-mark CAPITAL BRAND registered under No. 186,973 for the following wares:

> **fresh meats, cured and smoked pork, sausage,**

> **cooked meats, beef products, namely, beef roasts, beef steakettes, ribs of beef, ground beef.**

The applicant filed and served a counter statement. As its evidence, the opponent filed the affidavit of Robert Beehler and an uncertified copy of registration No. 186,973. As its evidence, the applicant filed the affidavits of Brent Komarnicki, Robert Rimell, Bob McKee and Rodney Czuroski and a photocopy of what appears to be an affidavit of Ed Kalynchuk. The latter document is inadmissible in this proceeding. Both parties filed a written argument but no oral hearing was conducted.

The Beehler affidavit purports to evidence use of the opponent's registered trade-mark CAPITAL BRAND and its unregistered trade-mark CAPITAL. Mr. Beehler states that his company has sold various meat products and he lists sales figures for the first part of 1989 broken down by product code, each product code being followed by a product description such as "Carton Capital Steakettes" or "10 kg Capital Sliced Side Bacon." Mr. Beehler also provides photocopies of a number of invoices sent to customers who he states "...purchased CAPITAL BRAND PRODUCTS...." Paragraph six of his affidavit reads as follows:

> **CAPITAL BRAND is sold in boxes or cartons which boxes and cartons have the trade-mark CAPITAL stamped thereon; attached hereto as Exhibit B is a copy of one of the stamped markings.**

Although the Beehler affidavit is somewhat vague and lacking in detail, I would have been prepared to find that it evidenced use of the trade-mark CAPITAL for "steakettes" and "side bacon." However, the Rimell affidavit casts serious doubt on the Beehler affidavit. In his affidavit, Mr. Rimell states that he was previously employed by Gainers Inc. and that for the two-year period immediately preceding October 6, 1989, he was the Food Service Manager. He states that the opponent primarily used its trade-mark CAPITAL BRAND internally within the company and on invoices to identify certain bulk sales. According to Mr. Rimell, prior to 1988, Gainers Inc. used the designation CAPITAL BRAND to identify a certain grade of beef patties, steakettes and bacon to meat buyers but that none of the bulk packaging or product packaging displayed an ingredient label with the words CAPITAL BRAND on it.

According to Mr. Rimell, the only time that the opponent used its trade-mark CAPITAL BRAND on a product intended for retail sale was for sliced bacon and that early in 1987 a new label for that product was adopted. However, due to confusion arising with the applicant's products sold under its trade-marks CAPITAL and CAPITAL PACKERS, the opponent's CAPITAL BRAND sliced bacon was shortly discontinued.

As for the practice of stamping names on cartons referred to by Mr. Beehler in paragraph six of his affidavit, Mr. Rimell states that this practice was discontinued by the opponent as early as 1982 when such names were replaced with product codes. According to Mr. Rimell, in the fall of 1988 senior management of the opponent decided to discontinue use of the mark CAPITAL BRAND in any manner and Mr. Rimell instructed his staff accordingly at that time.

In view of the Rimell affidavit, I am unable to conclude that there has been any recent use of the opponent's trade-marks CAPITAL and CAPITAL BRAND. In fact, the Rimell affidavit suggests that the opponent has abandoned those marks. In any event, even if I could conclude that there has been some use of the trade-mark CAPITAL, I do not consider that use of that mark constitutes use of the opponent's registered trade-mark CAPITAL BRAND in view of my decision in the summary expungement proceeding respecting the opponent's registration in Arvic Search Services Inc. v. Gainers Inc. (1992), 47 C.P.R.(3d) 100 (T.M.O.B.).

As for the opponent's ground of opposition based on Section 12(1)(d) of the Act, I have exercised my discretion and checked the trade-marks register to determine the status of the opponent's registration No. 186,973: see the opposition decision in Quaker Oats Co. of Canada Limited v. Menu Foods Ltd. (1986), 11 C.P.R.(3d) 410. Notwithstanding that my decision in the Gainers case was to expunge the opponent's registration, it is still subsisting which suggests that the opponent has appealed my decision to the Federal Court. In any event, the opponent's registration is still current and therefore must be considered since the validity of an opponent's registration is not in issue in opposition proceedings: see Sunshine Biscuits, Inc. v. Corporate Foods Ltd. (1982), 61 C.P.R.(2d) 53 at 62 (F.C.T.D.).

The material time for considering the circumstances respecting the issue of confusion with a registered trade-mark is the date of my decision: see the decision in Conde Nast Publications Inc. v. Canadian Federation of Independent Grocers (1991), 37 C.P.R.(3d) 538 at 541-542 (T.M.O.B.). Furthermore, the onus or legal burden is on the applicant to show no reasonable likelihood of confusion between the marks at issue. 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 marks of both parties are inherently distinctive although neither mark is inherently strong. The word "capital" means "chief in importance" or "the seat of government" and thus the marks at issue could be viewed as being somewhat laudatory or suggestive. In view of my conclusions noted above, I must conclude that the opponent's mark has not become known at all in Canada as of the material time. On the other hand, the Komarnicki affidavit evidences lengthy and extensive use and advertising of the applicant's trade-mark CAPITAL & Design in Alberta. I am therefore able to conclude that the applicant's mark has become well known in that province.

The length of time the marks have been in use favors the applicant. The applied for wares are very similar to the opponent's registered wares. The applied for services are closely related to the opponent's wares and from a review of the applicant's evidence it is clear that the applicant and the opponent are direct competitors. The trades of the parties are therefore presumably the same and the applicant's evidence would seem to confirm such a finding. In any event, the trades of the parties must be viewed as being similar since no trade restrictions appear in either the applicant's statement of wares and services or the opponent's statement of wares and that is what governs: see the decisions in Mr. Submarine Ltd. v. Amandista Investments Ltd. (1987), 19 C.P.R.(3d) 3 at 10-11 (F.C.A.) and Henkel Kommanditgesellschaft v. Super Dragon (1986), 12 C.P.R.(3d) 110 at 112 (F.C.A.).

As for Section 6(5)(e) of the Act, I consider that there is a fairly high degree of resemblance between the marks at issue in all respects in view of the common use of the word "capital." This is particularly so in view of the fact that the second component of the

opponent's mark is the non-distinctive word "brand."

As an additional surrounding circumstance, I have considered portions of the applicant's own evidence which underscore the likelihood of confusion occurring between the marks at issue. In his affidavit, Mr. Rimell discusses the opponent's introduction of CAPITAL BRAND bacon and states as follows:

> **Early in 1987 new Bacon Boards, bearing the "Capital Brands" label, were used to package a 500 gram sliced bacon in a cryovac retail package.**
>
> **This package was sold to retailers, however, the decision to discontinue the use of the bacon boards, as a result of confusion with Capital Packers, was made by senior management. These bacon boards, and this product line, were discontinued once the initial supply of bacon boards was exhausted.**

Paragraph 26 of the Komarnicki affidavit reads in part as follows:

> **For a period of approximately one year Gainers Inc. did market three retail packages bearing the name "Capital" on the label. These packages did cause Gainers some embarrassment as the consuming public thought that these products were being offered by Capital Packers Limited. Gainers removed their products from retail locations.**

Thus, the applicant's own evidence illustrates that when the trade-marks of both parties were used in the same area, incidents of actual confusion occurred.

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 wares, services, trades and marks of the parties and the applicant's own evidence pointing to incidents of actual confusion having occurred in the past, I find that the applicant has failed to satisfy the onus on it to show that the marks at issue are not confusing. Thus, the ground of opposition based on Section 12(1)(d) of the Act is successful. It is therefore unnecessary to consider the remaining grounds of opposition although none of those additional grounds would likely have been successful.

It is perhaps somewhat ironic that the opponent should succeed in the present case since it apparently has abandoned its registered trade-mark and the applicant has made significant use of its applied for mark. However, as noted, the opponent's registration is still on the register notwithstanding an earlier decision to expunge it. Since the opponent must have appealed that decision in order to avoid expungement of its mark, it is surprising that the applicant apparently did not press the opponent to proceed with its appeal or discontinue it.

In view of the above, I refuse the applicant's application.

DATED AT HULL, QUEBEC, THIS 29TH DAY OF APRIL 1994.

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