



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

**Citation: 2011 TMOB 92**  
**Date of Decision: 2011-06-02**

**IN THE MATTER OF AN OPPOSITION  
by 2076631 Ontario Limited cba The  
Shoe Club to application No. 1,251,806  
for the trade-mark SHOE CLUB in the  
name of 2169-5762 Quebec Inc.**

[1] On April 15, 2005, 2169-5762 Quebec Inc. (the Applicant) filed an application to register the trade-mark SHOE CLUB (the Mark) based on proposed use in Canada in association with <TRANSLATION> “Operation of retail stores for the retail sale of men's, women's and children's shoes, boots, sandals, slippers and accessories, namely: hand bags and purses.” (the Services).

[2] The application was advertised for opposition purposes in the *Trade-marks Journal* of October 4, 2006.

[3] On March 5, 2007, 2076631 Ontario Limited cba The Shoe Club (the Opponent) filed a statement of opposition. The Applicant requested an interlocutory ruling regarding the sufficiency of two of the Opponent’s original grounds of opposition. In response, the Opponent requested and was granted leave to file an amended statement of opposition dated August 17, 2007 pursuant to r. 40 of the *Trade-marks Regulations* SOR/96-195 (the Regulations) on January 24, 2008 further detailing its grounds of opposition. The Opponent requested leave to file a further amended statement of opposition dated August 27, 2008. The Opponent was granted leave on September 10, 2008. It is the August 27, 2008 statement of opposition which is currently of record.

[4] The grounds of opposition can be summarized as follows:

- non-compliance with s. 30(i) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act) on the basis that the Applicant could not have been satisfied that it was entitled to use the Mark in Canada in association with the Services in view of previous use and making known in Canada by the Opponent and its predecessors-in-title, namely Mallorca Limited, Budget Shoe Warehouse Inc., Shoe Barn Inc., 542060 Ontario Limited, The Shoe Club Inc. and the Gil brothers (Vincent, Victor, John (Juan) and Camilo Gil) of the trade-mark THE SHOE CLUB (the Opponent's Mark) in association with the operation of retail stores and with the services of retail shoe store services, including, the sale of men's, women's and children's shoes, boots, sandals, slippers and accessories including handbags and purses and with the wares of discount cards offering discounts on purchases of repeat customers (the Opponent's Services).
- the Applicant is not entitled to registration of the Mark pursuant to s. 16(3)(a) of the Act in that as of the filing date of the application for the Mark, namely April 15, 2005, the Mark was confusing with the Opponent's Mark which had been previously used and made known in Canada by the Opponent and the Opponent's predecessors-in-title, namely Mallorca Limited, Budget Shoe Warehouse Inc., Shoe Barn Inc., 542060 Ontario Limited, The Shoe Club Inc. and the Gil brothers, in association with the Opponent's Services and had never been abandoned.
- the Applicant is not entitled to registration of the Mark pursuant to s. 16(3)(c) of the Act in that as of the filing date of the application for the Mark, the Mark was confusing with the trade name THE SHOE CLUB (the Opponent's Trade Name) which had been previously used in Canada by the Opponent and the predecessors-in-title, namely Mallorca Limited, Budget Shoe Warehouse Inc., Shoe Barn Inc., 542060 Ontario Limited, The Shoe Club Inc. and the Gil brothers, in association with the Opponent's Services and had never been abandoned
- the Mark is not distinctive of the Services, having regard to s. 2 of the Act on the basis that the Mark does not and is not adapted to distinguish the Services from the wares and services of the Opponent, and the Opponent's licensees and predecessors-in-title, namely Mallorca Shoes Limited, Budget Shoe Warehouse Inc., Shoe Barn Inc., 542060 Ontario Limited, The Shoe Club Inc. and the Gil brothers (Vincent, Victor, John (Juan) and Camilo Gil) which had been advertised, sold and performed in Canada in association with the Opponent's Mark and Trade Name since prior to the date of this statement of opposition (emphasis is mine).
- in the alternative, the Mark is not distinctive of the Services having regard to s. 2 of the Act on the basis that the Mark does not and is not adapted to distinguish the Services from the wares and services of the Opponent, Mallorca Shoes Limited, Budget Shoe Warehouse Inc., Shoe Barn Inc., 542060 Ontario Limited, The Shoe Club Inc. and the Gil brothers (Vincent, Victor, John (Juan) and Camilo Gil) which had been advertised, sold and performed in Canada in

association with the Opponent's Mark and Trade Name since prior to the date of filing this statement of opposition.

[5] The Applicant served and filed a counter statement on July 19, 2007 in which it denied the Opponent's allegations and put the Opponent to the strict proof thereof. The Applicant requested leave to file an amended counter statement dated July 29, 2009 which addressed the Opponent's August 27, 2008 statement of opposition. The Applicant was granted leave to file its amended counter statement on November 5, 2009.

[6] In support of its opposition, the Opponent filed an affidavit of Vince Gil sworn February 19, 2008 with Exhibits A through D as its evidence pursuant to r. 41 of the Regulations. The Opponent was also granted leave pursuant to r. 44 of the Regulations to file an additional affidavit of Vince Gil, sworn August 27, 2008, with no exhibits. Mr. Gil was cross-examined on his two affidavits on September 17, 2008. The associated transcript was filed with the Registrar as well as responses to undertakings which were filed on October 17, 2008.

[7] In support of its application, the Applicant filed the affidavit of Eric Chatila, sworn February 13, 2009 with Exhibits A-Z and AA to EE. Mr. Chatila was not cross-examined on his affidavit.

[8] Both parties filed written arguments. Both parties requested an oral hearing at which both parties were represented.

### Opponent's Evidence

#### *First Affidavit of Vince Gil*

[9] Mr. Gil is the President of the Opponent.

[10] In his first affidavit, Mr. Gil states that since 1992, and continuously to the date of swearing his affidavit, the Opponent and its predecessors-in-title, namely, The Shoe Club Inc., 542060 Ontario Limited and the Gil brothers, jointly, have operated retail department stores under the Opponent's Mark and Trade Name.

[11] Mr. Gil confirms that he has been a part owner of the Opponent's Mark and Trade Name and either an Officer or Director of The Shoe Club Inc., 542060 Ontario Limited or the Opponent since 1992.

[12] Mr. Gil states that the Opponent owns, operates or licenses the operation of 13 retail shoe stores and provides a list of 11 store addresses, all of which are located in the Greater Toronto Area (GTA). From 1992 to the date of swearing his affidavit, the Opponent and its predecessors-in-title have controlled the character or quality of the wares and services offered at each of the retail store locations operated under license.

[13] Mr. Gil states that the Opponent's Mark and Trade Name have always been displayed on and at all of the retail store locations on the exterior and interior signage. Mr. Gil provides undated photographs which he states display the Opponent's Mark and Trade Name on signage at a selection of the Opponent's retail stores across the GTA (Exhibits B and C).

[14] Mr. Gil states that the Opponent provides Bonus Points, Discount and Gift Cards to customers of the Opponent's retail stores. Mr. Gil states that these cards feature the Mark. Mr. Gil attaches photocopies of sample cards (Exhibit D).

[15] Mr. Gil estimates that gross sales from January 1, 1992 to the date of swearing his affidavit for the Opponent's retail stores operating under the Opponent's Mark and Trade Name amounted to greater than \$100 million. Mr. Gil states that average annual net sales of all products sold in the Opponent's retail stores from 1996-2007 amounted to approximately \$10 million.

[16] Mr. Gil states that since January 1, 1992 the Opponent has spent more than \$2 million on promotion and advertising for the Opponent's Mark and Trade Name and the associated retail store services. Mr. Gil specifies that the Opponent has engaged in advertising in print media, in particular in newspapers and widely distributed magazines. I note that Mr. Gil has not provided any sample advertisements or detailed circulation figures. Mr. Gil states that the Opponent's average annual advertising expenses for the years 1996-2007 amounted to greater than \$190,000 per year.

[17] Mr. Gil states that since at least as early as 1998 the Opponent has operated a website at *www.shoeclub.com*. Mr. Gil states that the website displays the Opponent's Mark and Trade Name (Exhibit E). I note that Exhibit E was not included in the affidavit as filed with the Board. In response to an undertaking given in Mr. Gil's cross-examination, the Opponent provided a copy of the website dated October 8, 2008 which Mr. Gil states is equivalent to Exhibit E. I accept this as evidence of the appearance of the Opponent's website as at October 8, 2008.

[18] To conclude his affidavit, Mr. Gil expresses his opinion that the Opponent's Mark and Trade Name are well known and widely recognized in Southern Ontario. I will not refer to or place any weight on these statements as they constitute the opinions of the affiant on issues that go to the merit of the oppositions [see *British Drug Houses Ltd. v. Battle Pharmaceuticals* (1944), 4 C.P.R. 48 at 53 (*Battle*) and *Les Marchands Deco Inc. v. Society Chimique Laurentide Inc.* (1984), 2 C.P.R. (3d) 25 (T.M.O.B.)].

#### *Second Affidavit of Vince Gil*

[19] In his second affidavit, Mr. Gil states that since 1992 and continuously to the date of swearing his affidavit, the Opponent and its related entities and predecessors-in-title, namely, The Shoe Club Inc., 542060 Ontario Limited, the Gil brothers jointly, Mallorca Shoes Limited, Budget Shoe Warehouse Inc. and Shoe Barn Inc., have operated retail department stores under the Opponent's Mark and Trade Name. Mr. Gil states that he is aware of this because he has been since 1992 a part owner of the Opponent's Mark and Trade Name and an Officer and/or Director of The Shoe Club Inc., 542060 Ontario Limited, Mallorca Shoes Limited, Budget Shoe Warehouse Inc., or the Opponent.

[20] Mr. Gil states that each of these entities and predecessors-in-title are all related as they are controlled by the same persons (namely, Mr. Gil and his brothers) and are operated commonly from the same premises at a common corporate office.

[21] Mr. Gil provides corporate details for each of these related corporate entities, as follows:

<b>Name</b>	<b>Incorporation Date</b>	<b>Officers/Directors</b>
Mallorca Shoes Limited	August 30, 1979	Juan, Vincent and Camilo Gil
Budget Shoe Warehouse Inc.	February 25, 1982	Vincent and Juan Gil
Shoe Barn Inc.	October 22, 1982	Victor Gil
542060 Ontario Limited	February 25, 1983	Camilo, Vincent and Juan Gil
The Shoe Club Inc.	September 21, 1992	Officers: Juan, Camilo, Victor Gil  Directors: Juan, Camilo, Victor and Vincent Gil
the Opponent	July 7, 2005	Officers: Vincent, Victor, Juan, Camilo Gil  Directors: Vincent and Camilo Gil

[22] Mr. Gil states that at the time of swearing his affidavit, the Opponent and its related companies (Mallorca Shoes Limited, Budget Shoe Warehouse Inc. and Shoe Barn Inc.) owned and operated or licensed the operation of 13 stores in Ontario. I note that, as will be discussed in further detail below, Mr. Gil contradicted this statement on cross-examination and in response to undertakings.

[23] Mr. Gil states that from July 7, 2005 to May 2006 the Opponent itself operated retail shoe stores at four different locations in the GTA. Mr. Gil states that in the same time period, Mallorca Shoes Limited, Budget Shoe Warehouse Inc. and Shoe Barn Inc. each operated stores in association with the Opponent's Mark and Trade Name being commonly controlled regarding the character and quality of the wares and services offered thereunder.

[24] Mr. Gil states that the Opponent was incorporated to carry on business under the Opponent's Mark and Trade Name either (a) directly at retail shoe stores which had been previously operated by 542060 Ontario Limited and (b) under a common arrangement with Mallorca Shoes Limited, Budget Shoe Warehouse Inc. and Shoe Barn Inc., in respect of stores

previously operated by these companies by which the character and quality of the wares and services was commonly controlled by the Opponent.

[25] Mr. Gil's statements suggest that Mallorca Shoes Limited, Budget Shoe Warehouse Inc. and Shoe Barn Inc. are licensees of the Opponent rather than predecessors-in-title. I note that in the statement of opposition these entities are referred to as being predecessors-in-title. At the oral hearing, the Applicant submitted, and I agree, that an entity cannot be both a licensee and a predecessor-in-title as an owner at the same time.

[26] Based on my review of the evidence of record, I am of the view that Mallorca Shoes Limited, Budget Shoe Warehouse Inc. and Shoe Barn Inc., can at best be classified as licensees, not predecessors-in-title as owners.

[27] As will be discussed in further detail below, on cross-examination Mr. Gil admitted that there were no written license agreements or written documents outlining the care and control exercised by the Opponent and its predecessors-in-title over the wares and services offered by the alleged licensees. Mr. Gil did, however, suggest that there were at some point oral licenses in place between these entities.

[28] Mr. Gil provided timelines for the Opponent's retail stores in an effort to set out the chain of title with respect to the operation of the retail stores as set out below:

- since 1992 the Finch Avenue store in Toronto Ontario was operated by The Shoe Club Inc. followed by 542060 Ontario Limited, followed by the Opponent.
- since 1997 the Steeles Avenue store in Brampton Ontario was operated by The Shoe Club Inc., followed by 542060 Ontario Limited, followed by the Opponent.
- since 1998 the Queensplate store in Etobicoke Ontario was operated by The Shoe Club Inc., followed by 542060 Ontario Limited, followed by the Opponent.
- since 2003 the East Mall store in Etobicoke Ontario was operated by The Shoe Club Inc., followed by the Opponent.

[29] Mr. Gil provides the same information for the retail stores operated by the alleged licensees, as follows:

- a. Mallorca Shoes Limited has operated a retail store on the Queensway in Etobicoke Ontario since 1992 and another store on St. Clair Avenue West in Toronto since November 1995. Mr. Gil confirms that he has always been an Officer and Director of Mallorca Shoes Limited.
- b. Budget Shoe Warehouse Inc. has operated a store at Dixie Mall in Mississauga Ontario since 1992, a store on Bramalea in Brampton since January 1997 and another store at Eglinton Square in Scarborough since September 2004. These dates and locations were confirmed on cross-examination. Mr. Gil states that he is an Officer and Director for Budget Shoe Warehouse Inc. and has been since its incorporation.
- c. Shoe Barn Inc. has operated a retail store in Agincourt Mall since 1992 and one in Bridlewood Mall since March 1999. Mr. Gil states that his brother Victor Gil has always been the sole Officer and Director of Shoe Barn Inc.

*Cross-examination of Mr. Gil on his affidavits and responses to undertakings*

[30] Mr. Gil was cross-examined on his two affidavits.

Mr. Gil's Credibility as a Witness

[31] In general it was apparent that Mr. Gil was somewhat confused regarding the terminology used (e.g. the difference between a license and a licensee) and had some trouble recalling various facts concerning the operation of the Opponent's retail stores (e.g. the number of stores operated by the Opponent under the Opponent's Mark and Trade Name) as well as exact details regarding the chain of title for the Opponent's Mark and Trade Name. Mr. Gil expressed that he felt "under pressure" during the cross-examination, that he suffers from Parkinson's disease and that his "memory is not the way it used to be" (Q149).

[32] The Applicant further submits that Mr. Gil made statements in cross-examination which contradicted statements made in his affidavits. For example, the Applicant highlighted Mr. Gil's statement on cross-examination that he and his brothers have never personally operated stores under the Opponent's Mark and Trade Name (Q534-39) which the Applicant states is in direct contradiction with statements in the Gil affidavits and in the statement of opposition which refer to the Gil brothers as being "licensees and/or predecessors-in-title" to the Opponent.



[33] The Applicant submits that as a result of these factors, Mr. Gil lacks credibility as a witness. At the oral hearing, the Applicant submitted that as a result of the foregoing, Mr. Gil was not the best person to have been put forward as a witness for the Opponent.

[34] The Opponent, by contrast, submitted that any inconsistencies between Mr. Gil's oral testimony on cross-examination and what was said in his affidavits were of a minor nature and resulted from Mr. Gil's confusion as to the questions being asked or the terminology being used.

[35] Based on a review of the affidavits and transcript as a whole, I am not prepared to find that Mr. Gil lacks credibility. The errors Mr. Gil made in his cross-examination (e.g. uncertainty regarding the number of stores operated by the Opponent) are not sufficient in my view to support a finding that Mr. Gil lacks credibility.

#### The Opponent's Chain of Title

[36] On cross-examination, questions were asked in an attempt to set out the chain of title between the Opponent and its alleged predecessors-in-title. Mr. Gil was unable to provide a specific date for the transfer of rights in the Opponent's Mark and Trade Name from The Shoe Club Inc. to 542060 Ontario Limited but suggested that title had passed to the Opponent in January or February 2006.

[37] In response to an undertaking, Mr. Gil provided copies of security interest agreements granted to M&V Sales Inc. by The Shoe Club Inc. on July 7, 2000 and by 542060 Ontario Limited on July 1, 2004. I note the Opponent's Mark and Trade Name are listed in the security agreements as collateral. The security interest agreement granted by The Shoe Club Inc. also provides the addresses for all of the properties leased to The Shoe Club Inc. at that time. I note that three of the stores which Mr. Gil claimed to have been operated by the Opponent with The Shoe Club Inc. as predecessor-in-title are listed in this security interest agreement as being properties leased to The Shoe Club Inc. as of July 7, 2000 (i.e. Finch Avenue West, Steeles Avenue East and Queensplate Drive locations). Furthermore, I note that the security interest agreement lists the expiry dates for the leases held by these locations as follows: Finch Avenue West location lease to expire September 30, 2003; Steeles Avenue East location lease to expire 2007; Queensplate Drive location lease to expire May 31, 2008.

[38] The Applicant introduced into evidence the fact that The Shoe Club Inc. and 542060 Ontario Limited have both declared bankruptcy [see Exhibits U and Y to the Chatila affidavit, respectively, discussed in further detail below]. Mr. Gil was asked a series of questions regarding the bankruptcies of both of these entities. Mr. Gil confirmed that the only assets of these corporations were the inventory thereof and also that the sole secured creditor for each was M&V Sales Inc.

[39] Mr. Gil was asked to provide the release, or agreement, emanating from the trustee in bankruptcy, which was delivered to either M&V Sales Inc. or another company owned by one of the Gil brothers, for each of The Shoe Club Inc. and 542060 Ontario Limited. Mr. Gil advised that he was unable to locate any such release or agreement. Mr. Gil was also asked to provide copies of the inventories listed in the bankruptcy documents for each of The Shoe Club Inc. and 542060 Ontario Limited but was unable to locate them. Mr. Gil's failure to provide documents relating to the bankruptcies will be discussed below in the analysis of the non-entitlement ground of opposition.

#### Alleged Licensed Use of the Opponent's Mark and Trade Name

[40] On the issue of the Opponent's alleged licensees, I note that throughout the course of his cross-examination, Mr. Gil made it clear that decisions relating to the Opponent's business operations were made by him in conjunction with his brothers as officers of the various corporate entities. Mr. Gil seemed somewhat confused as to what was meant by "care and control" but indicated that he and his brothers discuss logos, signage, merchandise and advertising regarding the Opponent's Mark and the Opponent's Services. Mr. Gil confirmed that while the use of the Opponent's Mark is controlled by him and his brothers, through their corporations, there is no written agreement in place to set out which companies use which marks and how. Furthermore, Mr. Gil confirmed that the Opponent does not have a written policy regarding care and control of the use of the Opponent's Mark. Mr. Gil did, however, allude to the fact that oral licenses may have existed at some point.

[41] Based on my reading of the transcript as a whole I am not convinced that Mr. Gil understood what was meant by the terms "license", "licensee" or the concept of "care and control" for the purpose of trade-mark licensing pursuant to s. 50 of the Act. The Applicant

submitted that the Opponent has not provided sufficient evidence to support a finding that the Opponent exercised the necessary degree of care and control over the alleged licensees as is required by s. 50 of the Act. I agree. As a result, any use of the Mark alleged to have been carried out by Mallorca Shoes Limited, Budget Shoe Warehouse Inc. or Shoe Barn Inc. will not accrue to the Opponent.

#### Documents Supporting the Opponent's Use Claims

[42] Mr. Gil was asked to provide, and did provide, addresses for each of the stores operated in association with the Opponent's Mark and Trade Name in the GTA.

[43] Mr. Gil was asked to provide the initial lease agreements for each of the stores operated by the Opponent and its related companies or, if the leases were unavailable, the contact information for the landlords and an authorization to contact the landlords. The Applicant submitted that these were required in order to support Mr. Gil's statements regarding which entities were operating stores at which locations. Mr. Gil was unable to provide copies of the leases; however, he did provide contact information for the landlords. Mr. Gil did not authorize the Applicant to contact the landlords. I find Mr. Gil's failure to provide the leases to be acceptable and I am satisfied that providing the contact information for the landlords was sufficient. I do not consider the Applicant's request for authorization to contact the Opponent's landlords to be an acceptable request. In this regard, I am satisfied that Mr. Gil's sworn statements regarding which entities were operating stores at specific locations are sufficient and that supporting documentation in the form of leases are not necessary in order to accept Mr. Gil's sworn statements.

[44] Mr. Gil was asked to provide copies of audited financial statements for The Shoe Club Inc. for the year 2000 as well as its declarations of income filed with Federal and Provincial tax authorities and associated tax assessments. Mr. Gil refused to provide these. I accept Mr. Gil's refusal on the basis that the documents requested are of a confidential nature and as a result I will not draw an adverse inference from these refusals.

[45] Mr. Gil however, did confirm that the income for The Shoe Club Inc. for the year 2000 was approximately \$7.3 million. Furthermore, Mr. Gil also provided a list of net sales of all

products sold at the Opponent's SHOE CLUB stores from 1992 to 2007 for stores operated by The Shoe Club Inc., 542060 Ontario Limited, Shoe Barn Inc., Budget Shoe Warehouse Inc., Mallorca Shoes Limited and the Opponent, as follows:

<b>Year</b>	<b>Net Sales (CAD)</b>
1992	702,010
1993	776,111
1994	4,322,112
1995	5,321,940
1996	6,542,100
1997	7,401,010
1998	7,493,084
1999	8,139,666
2000	15,445,922
2001	13,331,572
2002	12,962,782
2003	11,840,239
2004	11,483,173
2005	11,021,677
2006	6,825,299
2007	7,580,626

[46] Mr. Gil also provided a list of advertising expenses for the same years for the same stores operated by the same entities, as follows:

<b>Year</b>	<b>Annual Advertising Expenditures (CAD)</b>
1992	15,162
1993	20,519
1994	42,075
1995	62,089
1996	87,010
1997	74,300
1998	45,113
1999	439,976
2000	337,011
2001	66,966
2002	122,598
2003	199,894
2004	173,898
2005	319,450
2006	42,308
2007	81,032

[47] Mr. Gil was asked to provide receipts displaying the trade-mark THE SHOE CLUB generated from sales by The Shoe Club Inc. in 1992 and 1993. Mr. Gil was unable to locate any such receipts. At the oral hearing, the Opponent submitted that the Opponent is not under an obligation to retain records for over 20 years. Furthermore, the Applicant conceded that documents of this vintage may have been destroyed. While invoices from 1992 and 1993 would

have been helpful to further support Mr. Gil's sworn statements regarding the Opponent's sales, I am not of the view that the failure to provide these documents should result in my drawing an adverse inference.

[48] Mr. Gil was asked to provide copies of purchase orders for gift cards referred to in Exhibit D of his first affidavit. Mr. Gil advised that he was unable to locate any such purchase orders but did provide a photocopy of a sample The Shoe Club Bonus Points Card which was purchased at Keystone Manufacturing Ltd.

[49] In summary, the Applicant submitted at the oral hearing that Mr. Gil's refusal to provide the requested corporate records, despite having said that he had reviewed them and confirmed that they were under his care and control, should result in an adverse inference being drawn. Specifically, the Applicant submitted that where a party alleges sales figures, they must be able to provide evidence supporting these sales figures.

[50] By contrast, the Opponent submitted that Mr. Gil's evidence complies with the "best evidence rule". The Applicant was not able to show that the Opponent's claimed sales figures were wrong or false and as a result there is no reason to doubt the veracity of Mr. Gil's sworn statements regarding the Opponent's sales figures.

#### The Nature of Use of the Opponent's Mark and Trade Name

[51] Mr. Gil explained how the Opponent's retail stores carry out their business. Specifically, Mr. Gil stated that all inventory is purchased through M&V Sales Inc. Mr. Gil stated that the Officers and Directors for M&V Sales Inc. are also the Gil brothers. Mr. Gil stated that M&V Sales Inc. then distributes the inventory to the stores and the stores pay M&V Sales Inc. for the inventory.

[52] Mr. Gil was also asked questions regarding advertising of the Opponent's Mark and Trade Name. He explained that the Opponent has advertised on busses in the GTA, distributed flyers (2.2 million, 120,000 flyers each time distributed to homes, sometimes inserted in newspapers) and advertised on billboards in the GTA. Mr. Gil stated that the Opponent had also historically engaged in radio and television advertising but had not done so for many years.

Mr. Gil confirmed that advertising expenses were paid by all of the stores operating under the Opponent's Mark and Trade Name.

[53] On cross-examination, Mr. Gil confirmed that the Opponent has never operated stores under the names "Shoe Barn" or "Mallorca Shoes"; however, he admitted that Budget Shoe Warehouse Inc. has operated stores under the "Budget Shoe Warehouse" name. Mr. Gil also admitted that the Gil brothers have never personally operated a retail store under the Opponent's Mark and Trade Name.

Application for THE SHOE CLUB INC. filed by The Shoe Club Inc.

[54] Mr. Gil was asked a series of questions regarding the trade-mark application filed by The Shoe Club Inc. on September 17, 1997 for the trade-mark THE SHOE CLUB INC., the existence of which was introduced into evidence through the Chatila affidavit. The Applicant also introduced into evidence an office action issued against this application in which the Examiner cited the Applicant's CLUB CHAUSSURES marks in the context of a s. 12(1)(d) objection. Mr. Gil stated that his company chose not to move forward with the application and attempt to overcome the citation of the CLUB CHAUSSURES marks owned by the Applicant or pursue the Applicant as they had no interest in moving into the French market.

[55] The Applicant also submitted that it was relevant to note that The Shoe Club Inc. failed to identify any predecessors-in-title in the application. I note, however, that the application having been filed in 1997 and claiming use since 1992/1993, The Shoe Club Inc. was in existence at the relevant times and the evidence of record supports a finding that The Shoe Club Inc. could have been using the trade-mark THE SHOE CLUB INC. since then.

Applicant's Evidence

*Affidavit of Eric Chatila*

[56] Mr. Chatila states that the Applicant operates a business which was duly incorporated on April 30, 1984 and which specializes in the sale of shoes, purses and leather clothing.

[57] Mr. Chatila's affidavit provides evidence on two main points: (a) the Applicant's CLUB CHAUSSURES trade-marks; (b) the Opponent's activities and business records.

[58] Mr. Chatila states that on or about November 10, 2004 the Applicant was assigned the rights of J.B. Lefebvre Ltée. (J.B. Lefebvre) to the trade-marks, CLUB CHAUSSURES (TMA419,750), CLUB CHAUSSURES ET BOTTES D'AMERIQUE (TMA425,542) and CLUB CHAUSSURES & Dessin (TMA605,991) along with the associated goodwill upon payment of \$23,000 plus taxes to the trustee for bankruptcy of J.B. Lefebvre.

[59] Mr. Chatila states that the Applicant recorded the above-mentioned assignments with the Canadian Intellectual Property Office (CIPO) on or around May 26, 2006.

[60] Mr. Chatila states that J.B. Lefebvre, the Applicant's predecessor-in-title, operated more than 12 stores in Canada from the early 1990's until 2004 under the trade-marks CLUB CHAUSSURES, CLUB CHAUSSURES ET BOTTES D'AMERIQUE. The stores were all located in Quebec. Mr. Chatila states that J.B. Lefebvre obtained a registered business name for CLUB CHAUSSURES ET BOTTES D'AMERIQUE in Quebec as early as November 14, 1991.

[61] Mr. Chatila states that the registrations set out in paragraph 58 above resulted from applications filed by the Applicant's predecessor-in-title, the details of which are as follows:

<b>Trade-mark</b>	<b>Application Date</b>	<b>Registration Date</b>
CLUB CHAUSSURES	September 18, 1991	November 19, 1993
CLUB CHAUSSURES ET BOTTES D'AMERIQUE	November 5, 1991	March 25, 1994
CLUB CHAUSSURES & DESSIN	January 23, 2002	March 23, 2004

[62] Mr. Chatila states that the Applicant's predecessor-in-title declared bankruptcy on October 5, 2004.

[63] Mr. Chatila states that the Applicant began using the CLUB CHAUSSURES trade-mark after the assignment and also began operating five retail stores previously operated by J.B.



Lefebvre. Mr. Chatila attaches to his affidavit photographs of the stores (Exhibit M). I note that these photographs are undated.

[64] Mr. Chatila states that the Applicant has also opened six additional retail stores in association with the CLUB CHAUSSURES marks in other cities in the province of Quebec. Mr. Chatila states that these stores opened in late 2005, early 2006, June 2008, fall 2008, June 2006, summer 2007 and spring 2008, respectively. Mr. Chatila provides photographs of a selection of these stores as well (Exhibit N). I note that these photographs are not dated either.

[65] Mr. Chatila states that over the two years subsequent to the swearing of his affidavit, the Applicant intended to open at least seven more stores, all in Quebec.

[66] Mr. Chatila states that the Applicant applied for the Mark because it intends to eventually expand into the Anglophone provinces, in particular into Ontario and New Brunswick. Mr. Chatila states that the Applicant chose the Mark because, as he states, it is the identical English equivalent to the Applicant's CLUB CHAUSSURES mark. Mr. Chatila states that this would enable the Applicant to maintain consistency in its brand message across Anglophone and Francophone regions of Canada.

[67] Mr. Chatila expressed his opinion that by virtue of the Applicant's ownership of the CLUB CHAUSSURES marks, no one else should be permitted to use the English equivalents of these marks. In other words, that the Opponent should not be permitted to use the Opponent's Mark as it is the English equivalent of CLUB CHAUSSURES. Mr. Chatila also expressed his opinion on the issue of the distinctiveness of the Mark and the language equivalence between the parties' marks. I will not refer to or place any weight on these statements as they constitute the opinions of the affiant on issues that go to the merit of the oppositions [see *Battle, supra*].

[68] Mr. Chatila states that the Applicant has spent approximately \$300,000 to \$450,000 on advertising expenditures annually in relation to the CLUB CHAUSSURES marks. He further states that since 1990, the Applicant, and its predecessor-in-title, have circulated advertisements on television (i.e. TQS and TVA), on radio (i.e. Astral Media) and various print advertisements (i.e. newspapers and flyers) for the CLUB CHAUSSURES marks and related retail stores. I note

that Mr. Chatila has provided sample advertisements from 2005 and 2006 (Exhibit EE); however, he has not provided detailed circulation figures for these advertisements.

[69] Mr. Chatila provides a great deal of documentation regarding the Opponent and the Opponent's alleged predecessors-in-title. I must begin by noting that all of Mr. Chatila's statements regarding the Opponent and its predecessors-in-title have been made on information and belief and as a result are *prima facie* hearsay [see *Labatt Brewing Company Limited v. Molson Breweries, a Partnership* (1996), 68 C.P.R. (3d) 216 (F.C.T.D.)].

[70] Mr. Chatila provides the following documents regarding the Opponent and its alleged predecessors-in-title, all of which are also *prima facie* hearsay:

- corporate details for the Opponent obtained from the Ontario Ministry of Governmental Services (Exhibit R);
- application for THE SHOE CLUB INC. filed by The Shoe Club Inc. on September 17, 1997 (application No. 856,321) (Exhibit S);
- letter from the Registrar to The Shoe Club Inc. dated October 23, 1998 relating to the application for THE SHOE CLUB INC. (Exhibit T);
- default notice regarding application No. 856,321 (Exhibit T);
- information regarding application No. 856,321 obtained from the CIPO Trade-marks Database (Exhibit T);
- bankruptcy documents for The Shoe Club Inc. dated May 17, 2001 (Exhibit U);
- corporate details for M&V Sales Inc. (Exhibit V);
- bankruptcy documents for M&V Sales Inc. dated February 17, 2006 (Exhibit W);
- corporate details for 542060 Ontario Limited obtained from the Ontario Ministry of Governmental Services (Exhibit X);
- bankruptcy documents for 542060 Ontario Limited "carrying on business as SHOE CLUB" dated January 2, 2006 (Exhibit Y);
- corporate details for Mallorca Shoes Limited obtained from the Ontario Ministry of Governmental Services (Exhibit Z);
- corporate details for Budget Shoe Warehouse Inc. obtained from the Ontario Ministry of Governmental Services (Exhibit AA);
- materials printed from *canada411.ca* regarding Budget Shoe Warehouse Inc. (Exhibit BB);
- information regarding registration No. TMA333,748 for BUDGET SHOE WAREHOUSE obtained from the CIPO Trade-marks Database (Exhibit BB);
- corporate details for Shoe Barn Inc. obtained from the Ontario Ministry of Governmental Services (Exhibit CC); and
- materials printed from *canada411.ca* regarding Shoe Barn Inc. (Exhibit DD).

## Onus and Material Dates

[71] 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].

[72] The material dates that apply to the grounds of opposition are as follows:

- s. 38(2)(a)/30(i) - the date the application was filed [see *Georgia-Pacific Corp. v. Scott Paper Ltd.* (1984), 3 C.P.R. (3d) 469 at 475 (T.M.O.B.) and *Tower Conference Management Co. v. Canadian Exhibition Management Inc.* (1990), 28 C.P.R. (3d) 428 at 432 (T.M.O.B.)].
- s. 38(2)(c)/16(3)(a) and (c) - the date of filing the application [see s. 16(3) of the Act].
- s. 38(2)(d)/2 - the date of filing of the opposition [see *Metro-Goldwyn-Mayer Inc. v. Stargate Connections Inc.* (2004), 34 C.P.R. (4th) 317 (F.C.) (*MGM*)].

## Section 30 Grounds

### *Section 30(i)*

[73] The law is clear that 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 [see *Sapodilla Co. Ltd. v. Bristol-Myers Co.* (1974), 15 C.P.R. (2d) 152 (T.M.O.B.) at 155]. The Applicant has provided the necessary statement and this is not an exceptional case; the s. 30(i) ground is accordingly dismissed.

[74] The Applicant's extensive submissions in relation to the s. 30(i) ground of opposition regarding the parties' actions prior to the filing date with respect to the use of the Mark and the Opponent's Mark and Trade Name are equally relevant for the non-entitlement grounds of opposition and thus will be considered in the analysis thereof.

## Non-entitlement Grounds

### *Section 16(3)(a) and (c) of the Act*

[75] Despite the onus of proof on the Applicant to establish, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the Opponent's Mark and Trade Name, the Opponent has the initial onus of proving that the trade-mark and/or trade name alleged in support of its grounds of opposition based on s. 16(3)(a) and (c) of the Act was used or made known in Canada prior to the filing date for the Applicant's application (April 15, 2005) and had not been abandoned at the date of advertisement of the application for the Mark (October 4, 2006) [s. 16(5) of the Act].

[76] The first Gil affidavit makes reference to, among others, three stores operated by the Opponent, as follows:

- Finch Avenue West in Toronto since 1992 (hereinafter referred to as Store 1);
- Steeles Avenue East in Brampton since May 1997 (hereinafter referred to as Store 2); and
- Queensplate Drive in Etobicoke since May 1998 (hereinafter referred to as Store 3).

[77] Mr. Gil's first affidavit provides photographs of Stores 1, 2, 3 (Exhibits B3, B5 and B7) and states that the Opponent's Mark and Trade Name "is currently and has been since the opening of each of these stores displayed on and at each of the stores". While the photographs are not dated, as has been pointed out by the Applicant, I find that Mr. Gil's sworn statement that the Opponent's Mark and Trade Name has been displayed at the store locations since their opening, along with the sample photographs, is sufficient for me to infer that the Opponent's Mark has been displayed on signage at Stores 1, 2 and 3 since their respective opening dates.

[78] As discussed previously, in response to undertakings the Opponent provided a security interest agreement which was entered into between The Shoe Club Inc. and M&V Sales Inc. on July 7, 2000. In the agreement, The Shoe Club Inc. put up as collateral the Opponent's Mark and Trade Name as well as the leases for Stores 1, 2, and 3. This supports the Opponent's contention that its alleged predecessor-in-title, The Shoe Club Inc., was operating stores at least at these three locations in 2000. This, in association with net sales figures for The Shoe Club Inc. in 2000

amounting to \$7.3 million as well as the annual sales figures provided by Mr. Gil in his responses to undertakings for stores operating under the Opponent's Trade-mark and Trade Name for the years 1992-2007, supports the Opponent's allegation that its predecessor-in-title The Shoe Club Inc. was using the Opponent's Mark and Trade Name prior to April 15, 2005. I note that the detailed annual sales figures provided by Mr. Gil are for all stores operated by the Opponent and its predecessors and licensees and thus are not specific to these three stores. However, I find it reasonable based on a review of the evidence as a whole, to accept that at least some of these sales related to Stores 1, 2 and 3 operated by The Shoe Club Inc. at the relevant time.

[79] More complicated, however, is the issue of determining whether the Opponent or its predecessors-in-title had not abandoned the Opponent's Mark and Trade Name as of October 4, 2006. The Applicant has submitted that the bankruptcy of The Shoe Club Inc. without any reference to the Opponent's Mark and Trade Name in the list of assets or assignment documents evidencing the transfer of title is support for a finding that the bankruptcy of The Shoe Club Inc. in 2001 was an abandonment of the Opponent's Mark.

[80] In his second affidavit Mr. Gil states that Stores 1, 2, 3 were operated first by The Shoe Club Inc. then by 542060 Ontario Limited and ultimately by the Opponent. The Opponent has not provided any supporting assignment documents for these alleged transfers. On cross-examination, Mr. Gil reiterated this alleged chain of title and attempted to provide some detail in terms of the dates of transfer of title. From what I gather, as Mr. Gil's testimony is somewhat confusing, Mr. Gil alleges that Stores 1, 2 and 3 were operated by The Shoe Club Inc. until 2001 when the corporation went bankrupt, followed by 542060 Ontario Limited until January/February 2006 when the Opponent began operating the stores. Presumably, the final transfer of title must have occurred on or around January 2, 2006, the date that 542060 Ontario Limited declared bankruptcy.

[81] After a thorough review of the evidence, at best I could only piece together the following chain of title for the Opponent, which I do not find sufficient to enable the Opponent to meet its burden under s. 16(3)(a) and (c) of the Act.

[82] I agree with the Applicant that the bankruptcy documents for The Shoe Club Inc. and 542060 Ontario Limited as attached to the Chatila affidavit (Exhibits U and Y) do not refer to the Opponent's Mark and Trade Name as being assets with monetary value. I also agree that I have not been provided with any assignment documentation supporting the alleged assignments from The Shoe Club Inc. through its trustee in bankruptcy to 542060 Ontario Limited and the subsequent assignment to the Opponent.

[83] I have been provided with a security interest agreement between 542060 Ontario Limited and M&V Sales Inc. dated July 1, 2004 which makes reference to the Opponent's Mark and Trade Name belonging to 542060 Ontario Limited at that date. This supports a finding that there must have been a transfer of title from The Shoe Club Inc. to 542060 Ontario Limited sometime between 2001 when The Shoe Club Inc. declared bankruptcy and 2004 when 542060 Ontario Limited had title to the Opponent's Mark and Trade Name.

[84] I have also been provided with Mr. Gil's sworn statement on cross-examination that 542060 Ontario Limited transferred the rights to the Opponent's Mark and Trade Name to the Opponent in January/February 2006. This timing matches up with the fact that 542060 Ontario Limited declared bankruptcy on January 2, 2006. Presumably it was in conjunction with this bankruptcy that the Opponent obtained rights to the Opponent's Mark and Trade Name.

[85] There are a lot of ambiguities in the evidence in terms of the chain of title. I note that the law is clear that any ambiguities in the affidavit should be resolved against the party adducing the evidence [see *Conde Nast Publications Inc. v. Union des Editions Modernes* (1979), 46 C.P.R. (2d) 183 (F.C.T.D.)]. As a result, I am unable to conclude that the Opponent, through its predecessors-in-title, had not abandoned the Opponent's Mark and/or Trade Name as of the date of advertisement of the application for the Mark, namely, October 6, 2006.

[86] Furthermore, I am unable to rely on any alleged use by Mallorca Shoes Limited, Budget Shoe Warehouse Inc. or Shoe Barn Inc. in their capacity as alleged licensees as I have already determined that the Opponent has not provided sufficient evidence to support a finding that use by these entities would accrue to the Opponent in accordance with s. 50 of the Act.

[87] Based on the foregoing, I am not satisfied that the Opponent has provided sufficient evidence to enable it to meet its evidential burden and I dismiss the grounds of opposition based on s. 16(3)(a) and (c) accordingly.

Non-distinctiveness Ground – s. 38(2)(d) of the Act

[88] This ground of opposition essentially turns on the issue of confusion between the Mark and the Opponent's Mark and/or Trade Name used and made known in association with retail shoe store services.

[89] While there is a legal onus on the Applicant to show that the Mark is adapted to distinguish or actually distinguishes its Services 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.)], there is an initial evidential burden on the Opponent to establish the facts relied upon in support of the ground of non-distinctiveness.

[90] Pursuant to its evidential burden, the Opponent is under an obligation to show that, as of the filing of the statement of opposition, the Opponent's Mark and/or Trade Name had become known sufficiently to negate the distinctiveness of the Mark [see *Bojangles' International, LLC v. Bojangles Café Ltd.* (2004), 40 C.P.R. (4th) 553, affirmed (2006), 48 C.P.R. (4th) 427 (F.C.T.D.)].

[91] I note that at the oral hearing the Opponent submitted that the material date for considering the non-distinctiveness ground of opposition should be the date of filing the most recent amended statement of opposition whereas the applicant submitted that it should be the date the Opponent filed a request for an extension of time to oppose the application for the Mark. I do not accept either party's submission on this point. The material date for considering this ground of opposition is the date of filing the first statement of opposition, namely March 5, 2007 [see *MGM, supra*].

[92] The Opponent has raised two non-distinctiveness grounds of opposition, one based on use by the Opponent and its alleged licensees and predecessors-in-title and one based on use by the Opponent, Mallorca Shoes Limited, Budget Shoe Warehouse Inc., Shoe Barn Inc., 542060

Ontario Limited, The Shoe Club Inc. and the Gil brothers in their capacities as independent third parties.

[93] While the use by Mallorca Shoes Limited, Budget Shoe Warehouse Inc. and Shoe Barn Inc. does not enure to the benefit of the Opponent for the purposes of s. 50 of the Act, it can be relied on to prove non-distinctiveness of the Mark given that the Opponent has specifically relied on use by these entities independently in pleading one of its non-distinctiveness grounds. This is not unlike relying on a third party's use to prove non-distinctiveness. [See *Loblaws Inc. v. Premium Label Foods Ltd.* (2000), 8 C.P.R. (4th) 558 (T.M.O.B.)].

[94] Given the ambiguities with the chain of title for the Opponent discussed in the non-entitlement ground of opposition, I will assess the non-distinctiveness ground which is based on use by each of the entities as independent third parties as I am of the view that the Opponent's case is strongest with respect to this ground.

[95] The Opponent's evidence establishes that net sales figures for all of the retail stores operating under the trade-mark THE SHOE CLUB amounted to over \$7.5 million in 2007 with advertising expenditures of approximately \$80,000 that year. Furthermore, sales figures have ranged from a low of \$702,010 in 1992 to a high of \$15,445,922 in 2000 with relatively consistent sales in the intervening years. I acknowledge that the net sales figures provided are a lump sum of sales for all stores operated by all of the entities alleged in the statement of opposition.

[96] The Opponent's evidence establishes that advertising expenditures have ranged from a low of \$15,162 in 1992 to a high of \$439,976 in 1999 with relatively consistent expenditures in the intervening years. On cross-examination Mr. Gil confirmed that each of the entities operating stores under the trade-mark THE SHOE CLUB pay a portion of the advertising expenses.

[97] As mentioned previously, Mr. Gil provided details of the store locations operated by the Opponent (three locations in operation since approximately 2006), Mallorca Shoes Limited (one location in operation since 1992 and one since November 1995), Budget Shoe Warehouse Inc. (two locations in operation since 1992, one since January 1997 and one since September 2004)



and Shoe Barn Inc. (one location in operation since 1992 and one since March 1999) all in association with the trade-mark THE SHOE CLUB.

[98] Mr. Gil states that each of these entities has operated stores continuously to the date of swearing his affidavit.

[99] I note that on cross-examination, Mr. Gil admitted that, contrary to what has been pleaded, the Gil brothers have never personally operated shoe stores under the trade-mark THE SHOE CLUB.

[100] In Mr. Gil's first affidavit, he states that the stores have consistently displayed the trade-mark THE SHOE CLUB on signage since the opening of the first store. Mr. Gil also provides photographs of a number of the store locations operating under the trade-mark THE SHOE CLUB as follows:

- a. the Opponent's store at 1295 Finch Avenue West, Toronto (Exhibit B3);
- b. the Opponent's store at 575 Steeles Avenue East, Brampton (Exhibit B5);
- c. the Opponent's store at 200 Queensplate Drive, Etobicoke (Exhibit B7);
- d. Mallorca Shoes Limited's store at 1255 The Queensway, Etobicoke (Exhibit B2, B8);
- e. Budget Shoe Warehouse Inc.'s store at Dixie Mall, Mississauga (Exhibit B6);
- f. Budget Shoe Warehouse Inc.'s store at 25 Peel Centre Drive, Brampton (Exhibit B4);
- g. Budget Shoe Warehouse Inc.'s store at 1-70 Eglinton Square, Scarborough (Exhibit B2); and
- h. Shoe Barn Inc.'s store at Bridlewood Mall, Scarborough since March 1999 (Exhibit B1).

[101] Based on the foregoing, I am satisfied that the Opponent has established that the trade-mark THE SHOE CLUB has become known sufficiently to negate the distinctiveness of the Mark as of March 5, 2007.

[102] The onus now shifts to the Applicant to establish that the Mark is distinctive of the Services. More specifically, the Applicant must satisfy me on a balance of probabilities that there is no likelihood of confusion between the Mark and the trade-mark THE SHOE CLUB.

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

[104] 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. (4<sup>th</sup>) 321 (S.C.C.).]

*6(5)(a) – the inherent distinctiveness of the trade-marks and the extent to which they have become known*

[105] The parties' marks are essentially identical, the only difference being the addition of the preposition "the" to the trade-mark THE SHOE CLUB. As a result I find that the marks possess the same degree of inherent distinctiveness. I note, however, that given the descriptive nature of the words "shoe" and "club" used in association with retail shoe store services, both trade-marks are inherently weak.

[106] As the strength of a trade-mark may be increased by means of it becoming known in Canada through promotion or use, I will now turn to the extent to which the trade-marks have become known in Canada.

[107] The Applicant did not file any evidence directed to the use of the Mark subsequent to the filing of the application and as a result I am unable to conclude as to the extent to which the Mark has become known.

[108] By contrast, as was set out above, the Opponent has provided evidence of use of the trade-mark THE SHOE CLUB since approximately 1992 along with annual sales figures and advertising expenditures.

[109] Based on the foregoing, I find that this factor favours the Opponent.

*6(5)(b) – the length of time each has been in use*

[110] The Mark was applied for on April 15, 2005 on the basis of proposed use in Canada. The Applicant has not filed any evidence which is directed to the use of the Mark subsequent to the filing of the application.

[111] By contrast, the Opponent has established use of the trade-mark THE SHOE CLUB by itself, Mallorca Shoes Limited, Budget Shoe Warehouse Inc. and Shoe Barn Inc. since approximately 1992.

[112] Based on the foregoing, I find that this factor favours the Opponent.

*6(5)(c) and (d) – the nature of the services, business and trade*

[113] The Applicant has applied for the Mark in association with the operation of stores offering the retail sale of shoes and accessories. The Opponent has established that the trade-mark THE SHOE CLUB has been used in association with the operation of shoe stores.

[114] Based on the foregoing, I find that the nature of the parties' services, business and trade are essentially identical and as a result this factor favours the Opponent.

*6(5)(e) – the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them*

[115] The parties' marks are essentially identical, the addition of the preposition "the" to the trade-mark THE SHOE CLUB is not sufficient to create any significant differences in the parties' marks.

[116] Furthermore, the ideas suggested by the parties' marks are identical, namely a club for shoes.

[117] Based on the foregoing, this factor favours the Opponent.

*Additional Surrounding Circumstance: the Applicant's CLUB CHAUSSURES Marks*

[118] The Applicant is the owner of a series of trade-marks which contain the element CLUB CHAUSSURES which is essentially the French equivalent of SHOE CLUB.

[119] The Applicant asserts that its ownership of the CLUB CHAUSSURES marks gives it entitlement to the registration of the Mark.

[120] The Opponent, by contrast, submitted at the oral hearing that the CLUB CHAUSSURES marks are not relevant to the present opposition. In support of its submissions on this issue, the Opponent relies on the decision of the Board in *Restaurant Au Chalet Suisse Inc. v. Cara Operations Ltd.* (1988), 20 C.P.R. (3d) 331 (T.M.O.B) (*Chalet Suisse*). The facts of *Chalet Suisse* are directly on point with the present case. For ease of reference I will briefly summarize the facts of *Chalet Suisse*.

[121] In *Chalet Suisse*, the applicant applied to register the trade-mark CHALET SUISSE & Design based on proposed use and submitted that its right to that mark was derived from its use of the English trade-marks SWISS CHALET and SWISS CHALET & Design. The Board held that the ambit of protection afforded by the SWISS CHALET registrations may be such that they could prevent the use and registration by another of the French version of the mark but that rights in the French version of the mark could only be acquired by use of the CHALET SUISSE & Design mark itself. The Board held that the use by the applicant of its SWISS CHALET marks was of no relevance to the issue of the applicant's entitlement to registration of the proposed use

mark CHALET SUISSE & Design. The Opponent submits that the same approach should be taken in the present case regarding the Applicant's CLUB CHAUSSURES marks.

[122] By contrast, the Applicant submitted at the oral hearing that *Chalet Suisse* was wrongly decided and could be distinguished from the present case. The Applicant cited a series of cases which discussed the test for confusion when dealing with French and English trade-marks (*Smithkline Beecham Corporation v. Pierre Fabre Medicament* (2001), 11 C.P.R. (4th) 1 (F.C.A.), *Vie Sportive Inc. v. Coffee Life Inc.* 2009 CanLII 82094 (T.M.O.B.), *Rose et al. v. Fraternalite Interprovinciale des Ouvriers en Electricite et al.* (1977), 32 C.P.R. (2d) 42 (F.C.T.D.)) and submitted that these cases held against the finding in *Chalet Suisse*. While I agree with the Applicant that the cases it cited clearly set out the test for confusion when dealing with French and English trade-marks, I do not find that these cases serve to “overturn” *Chalet Suisse*.

[123] At the oral hearing, the Applicant submitted that *Chalet Suisse* can be further distinguished from the present case. The Applicant submitted that the issue in the present case is different from that in *Chalet Suisse* as the Opponent, and its predecessors, knew about the Applicant's CLUB CHAUSSURES marks before the Opponent filed its statement of opposition and because of this, the CLUB CHAUSSURES marks are necessarily relevant. I do not agree.

[124] Based on the foregoing, I find that the Applicant cannot rely on the CLUB CHAUSSURES marks to support its claim to entitlement for the Mark. As a result, I reject the Applicant's submission that it should be entitled to registration of the Mark merely by virtue of its ownership of the CLUB CHAUSSURES marks which it alleges give the Applicant priority over the Mark back to September 18, 1991 (the date when the Applicant's predecessor filed a proposed use application for CLUB CHAUSSURES).

*Additional Surrounding Circumstance: Applicant's Allegation of Unlawful Use*

[125] The Applicant objected to the Opponent's claimed use of the trade-mark THE SHOE CLUB and trade name on the basis that any such use would amount to “unlawful use” which cannot form the basis of a non-distinctiveness ground of opposition [see *Lin Trading Co. v. CBM Kabushiki Kaisha* (1988), 21 C.P.R. (3d) 417 (F.C.A.); *McCabe v. Yamamoto & Co. (America)*

*Inc. et. al.* (1989), 23 C.P.R. (3d) 498 (F.C.) (*McCabe*); *Lunettes Cartier Ltée. v. Cartier, Inc.* (1991), 36 C.P.R. (3d) 391 (T.M.O.B.) (*Lunettes Cartier*)].

[126] The Applicant alleges that the Opponent's use is unlawful for two reasons, as set out below.

[127] The Applicant submits that the Opponent, and the other entities, have not complied with s. 2(1) of the *Business Names Act* and as a result any use by the Opponent or these other entities would be unlawful use which cannot be used to attack the distinctiveness of the Mark.

Specifically, the Applicant submits that the corporate details attached to Mr. Chatila's affidavit (Exhibits R, X, Z, AA, CC) show that none of the Opponent or the other entities have registered business names containing the SHOE CLUB element. As a result, the Applicant claims that any use by these entities of the trade-mark THE SHOE CLUB and trade name would be unlawful.

[128] Secondly, the Applicant submits that the Opponent's use of the trade-mark THE SHOE CLUB and trade name is unlawful as it would amount to infringement of the Applicant's CLUB CHAUSSURES marks. The Applicant submitted that any use by the Opponent post-dates the pre-existing rights of the Applicant in the CLUB CHAUSSURES marks, dating back to the original proposed use application for CLUB CHAUSSURES filed by the Applicant's predecessor on September 18, 1991.

[129] I find the following passage from *Sunbeam Products, Inc. v. Mister Coffee Services Inc.* (2001), 16 C.P.R. (4th) 53 (F.C.) [*Sunbeam*] instructive on this issue:

In *McCabe*, the Federal Court had evidence of a finding by a U.S. Court that the respondent's use of the trade-mark was an infringement of the appellant's rights. In the *Lunettes Cartier* case, the Opposition Board had evidence that the respondent was subject to an injunction from the Federal Court enjoining the respondent's use of the trade-marks, the same trade-marks which the respondent was relying upon in support of its opposition.

In the case at bar, there is not clear evidence that the use of the trade-mark MISTER COFFEE by the respondent is unlawful. This question requires a proper hearing. ... The Registrar; in the course of opposition proceedings under s. 38 of the *Trade-marks Act*, does not have the jurisdiction to conduct a full hearing with *viva voce* evidence to determine the lawfulness of the respondent's use of the trade-mark. If the lawfulness issue was clear, then the Registrar has the jurisdiction to state that the respondent cannot

rely upon its use of the trade-mark because its use is not lawful. In the case at bar, the Registrar cannot come to that clear conclusion in this opposition proceeding.

[130] As was found in *Sunbeam*, I find that the issue of the lawfulness of the use of the trade-mark THE SHOE CLUB by the Opponent and the other entities in the present case is not clear. Furthermore, I find that determining whether or not use of the trade-mark THE SHOE CLUB would infringe the Applicant's CLUB CHAUSSURES marks and whether or not the Opponent and the other entities were in compliance with s. 2(1) of the *Business Names Act* is outside of the Registrar's jurisdiction under s. 38 of the Act. Finally, I note that the Opponent and the other entities have used the trade-mark THE SHOE CLUB for years without any objection from the Applicant.

[131] As a result, I am satisfied that the Opponent can rely on the use of the trade-mark THE SHOE CLUB by the Opponent, Mallorca Shoes Limited, Budget Shoe Warehouse Inc. and Shoe Barn Inc. to support its non-distinctiveness ground.

#### *Conclusion*

[132] Having considered all of the surrounding circumstances, in particular the overlap in the nature of the parties' services and trade and the fact that the parties' trade-marks are essentially identical, I am not satisfied that the Applicant has discharged its burden of showing, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the trade-mark THE SHOE CLUB.

[133] Based on the foregoing, I find that the ground of opposition based on non-distinctiveness of the Mark succeeds.

Disposition

[134] 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.

---

Andrea Flewelling  
Member  
Trade-marks Opposition Board  
Canadian Intellectual Property Office