

IN THE MATTER OF AN OPPOSITION
by Multi Restaurants Inc.
to application No. 729,398
for the trade-mark **DQ KID'S PICK-NIC! & DESIGN**
filed by American Dairy Queen Corporation

On May 20, 1993, American Dairy Queen Corporation filed an application to register the trade-mark **DQ KID'S PICK-NIC! & DESIGN**, for the wares "Combination meal for children consisting of chicken nuggets or a hamburger sandwich or a hotdog sandwich or tacos, together with french fried potatoes, a soft drink and a soft serve cone, for consumption on or off the premises", and "Restaurant services". I have reproduced the mark below:



The application was filed based on proposed use in Canada, with a priority date of May 14, 1993 based on the filing of a corresponding U.S. trade-mark application, and was advertised in the Trade-marks Journal for the purposes of opposition on March 23, 1994.

The opponent, Multi Restaurants Inc., filed a statement of opposition on May 24, 1994, which was forwarded to the applicant on August 26, 1994. The first ground of opposition is that the application does not comply with Section 30(e) of the Trade-marks Act, R.S.C. 1985, c. T-13, (hereinafter, the Act), in that the applicant does not itself intend to use the trade-mark in Canada. The second ground of opposition is that the trade-mark application is not in compliance with Section 30(i) of the Act. In particular, the opponent alleges that the applicant could not have been satisfied that it was entitled to use the trade-mark in Canada because of the existence of the opponent's registered trade-mark **PIK-NIK**. The third ground of opposition is that the trade-mark is not registrable pursuant to Section 12(1)(d) of the Act, as the applicant's mark is confusing with the opponent's registered trade-mark **PIK-NIK** TMA151,053 for use in association with "the services performed by restaurants, drive-in restaurants, snack bars and doughnut bars". The fourth ground of opposition is that the applicant is not entitled to register the mark pursuant to Section 16(2)(a) of the Act because, as of the applicant's filing date, the mark was confusing with the opponent's trade-mark **PIK-NIK**, previously used in Canada since at least as early as May 1967. The fifth ground of opposition is that the applicant is not entitled to register the mark pursuant to Section 16(3)(a) of the Act because, as of the applicant's filing date, the

mark was confusing with the opponent's trade-mark **PIK-NIK** previously used in Canada since at least as early as May 1967. The sixth ground of opposition is that the mark is not distinctive of the wares and services of the applicant, in that it does not distinguish the wares and services of the applicant from the wares and services of others, particularly the services of the opponent.

The applicant filed and served a counter statement on September 9, 1994 in which it denied the opponent's allegations. The applicant also amended its application on that date to replace the phrase "The applicant by itself and through licensees" in its statement of wares with "The applicant, by itself or through licensees". The applicant's statement of services was not amended. The amended application was accepted by the Opposition Board on October 21, 1994.

The opponent filed as its evidence the affidavit of Joseph Rabbat, the president of Multi Restaurants Inc. The applicant filed the affidavit of Gary H. See, the vice-president of marketing and consumer research of American Dairy Queen Corporation. There was no cross-examination of these affidavits. Both parties filed written arguments but only the applicant was represented at an oral hearing.

The first ground of opposition is based on Section 30(e) of the Act, the opponent alleging that the applicant itself does not intend to use the trade-mark in Canada. The material date is the filing date of the application, namely May 20, 1993. (see **Canada National Railway Co. v. Schwauss** (1991), 35 C.P.R. (3d) 90 (TMOB), hereinafter **Schwauss**). An initial evidential burden rests on the opponent to raise sufficient doubts respecting the applicant's compliance with Section 30 (see **Joseph E. Seagram & Sons Ltd. v. Seagram Real Estate Ltd.** (1984), 3 C.P.R. (3d) 325 (TMOB)). That evidential burden is light respecting the issue of non-compliance with Section 30(e) of the Act as the facts at issue may be exclusively in the possession of the applicant (see page 95 of the **Schwauss** decision and **Green Spot Co. v. J.B. Food Industries** (1986), 13 C.P.R. (3d) 206 at pp. 210-211 (TMOB)). The evidence does not necessarily have to be filed by the opponent in order to meet the opponent's burden (see **Labatt Brewing Co. Ltd. v. Molson Breweries, A Partnership** (1996), 68 C.P.R. (3d) 216 at pp. 230-232 (FCTD)). The purpose and application of Section 30(e) has been discussed in **Hunter Douglas Canada Ltd. v. Flexillum Inc.** (1983), 78 C.P.R. (2d) 212 at pp. 222-223 (TMOB).

In my view, the opponent has not met the initial onus resting upon it. The opponent alleged that the applicant *itself* does not intend to use the mark in Canada, but pointed to no evidence which would indicate that at the filing date of the application the applicant lacked the intention to use its mark with the wares and services listed in the application. As

the opponent has failed to meet its initial evidential burden, I have dismissed this first ground of opposition.

The second ground of opposition is based on Section 30(i) of the Act, the opponent alleging that the applicant could not be satisfied that it was entitled to use the trade-mark **DQ KID'S PICK-NIC! & DESIGN** in Canada in association with the wares and services in its application, because of the existence of the opponent's registered trade-mark **PIK-NIK**. The opponent did not allege or file evidence which would indicate that the applicant was aware of the existence of the opponent's mark at the relevant date. As a result, I have dismissed this ground of opposition.

The third ground of opposition is that the applicant's mark is confusing with the opponent's registered trade-mark **PIK-NIK** TMA 151,053 for use in association with "the services performed by restaurants, drive-in restaurants, snack bars and doughnut bars" under Section 12(1)(d) of the Act. The legal burden is on the applicant to prove that there would be no reasonable likelihood of confusion between the trade-marks. The material date for considering the issue of confusion with a registered trade-mark is the date of my decision (see Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. (1991), 37 C.P.R. (3d) 413 (FCA)). Furthermore, in assessing whether there would be any reasonable likelihood of confusion between the trade-marks, the Registrar may have regard to all the surrounding circumstances, including those specifically enumerated in Section 6(5) of the Act. I have reproduced this subsection below:

- 6.(5) In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including
- (a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;
 - (b) the length of time the trade-marks or trade-names have 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 or trade-names in appearance or sound or in the ideas suggested by them.
- R.S., c. T-10, s. 6.

The first consideration is with regard to the inherent distinctiveness of the marks in question and the extent to which they have become known. Both trade-marks contain the phonetic equivalent of the word PIC-NIC. As I am permitted to consider dictionary definitions in order to evaluate distinctiveness, I have taken judicial notice of the dictionary definition of this word. Webster's Third New International Dictionary defines "pic-nic or pick-nic" as "1a: a social entertainment at which each person contributes food to a common table" and "b: an excursion or outing with food usually provided by members of the group and eaten in the open". The word PIC-NIC (or its phonetic equivalent) is suggestive of food or dining, and is thus not highly distinctive. As this word (or its phonetic equivalent) comprises the whole of the opponent's mark, the opponent's mark can only be said to have *some* inherent distinctiveness. The applicant's mark contains the word KID'S, which is

descriptive of an intended consumer of the applicant's wares and services. This word has been disclaimed by the applicant, indicating that it is descriptive, or at the least not distinctive of the applicant. Although the applicant's mark is not highly distinctive, it does contain the somewhat distinctive letters DQ. It is worth noting that no evidence was filed with respect to distinctiveness that may have been acquired by use of this portion of the applicant's mark on its own. In any event, the applicant's mark would appear to be more inherently distinctive than the opponent's mark.

With respect to the extent to which the marks have become known, the applicant's evidence indicates that use of the applicant's trade-mark commenced in Canada on July 7, 1993, and that advertising expenditures relating to this trade-mark amounted to \$382,000 in Canada in 1994. The applicant has 455 Dairy Queen stores throughout Canada, and the trade-mark **DQ KID'S PICK-NIC! & DESIGN** is used in all Dairy Queen stores. Although no indication is given of the amount of sales of the applicant's wares in association with the trade-mark in Canada, it would appear that the applicant's mark has become known in respect of both wares and services. The opponent commenced use of its mark on May 16, 1967, and operates 65 restaurants under the trade-mark **PIK-NIK** in Ontario and Quebec. Approximate sales in association with the trade-mark exceeded \$18 million in 1992 and \$16 million in 1994. Advertising expenditures exceeded \$33,000 in 1992, and \$44,000 in 1994. I have inferred from the above figures that this mark has also become known, but not as well known as the applicant's mark. As for the length of time the trade-marks have been in use, the evidence shows that the opponent's mark has been in use since May 16, 1967, much longer than the applicant's mark. As a result, this circumstance favours the opponent.

With respect to the nature of the wares and services, the applicant's "restaurant services" are included in the opponent's "...services performed by restaurants...". It would also appear that the applicant's "Combination meal for children consisting of chicken nuggets or a hamburger sandwich or a hotdog sandwich or tacos, together with french fried potatoes, a soft drink and a soft serve cone, for consumption on or off the premises" is a restaurant meal which could potentially be available at the opponent's restaurants. As a result, the applicant's wares could at the least be said to be related to the opponent's services. Further, without evidence to the contrary, there would presumably be some overlap in the channels of trade associated with the respective wares and services of the parties.

The last consideration under Section 6(5) is the degree of resemblance between the marks in appearance, sound and ideas suggested. The marks at issue are **PIK-NIK** and **DQ KID'S PICK-NIC! & DESIGN**. The common element in these marks is the phonetic equivalent of the word PIC-NIC. It is this common element, and the limited distinctiveness

of the remainder of the applicant's mark, that makes these marks somewhat similar visually, in sound, and with respect to the ideas suggested by them. It could be said that the applicant has appropriated the whole of the opponent's mark within its mark.

As a surrounding circumstance, the applicant submitted evidence of the state of the register. Evidence of the state of the register is only relevant in as much as inferences may be made on it concerning the state of the marketplace (see **Ports International Ltd. v. Dunlop Ltd.** (1992) 41 C.P.R. (3d) 432 (TMOB)). Inferences regarding the state of the marketplace based on state of the register evidence can only be drawn when a significant number of pertinent registrations are located (see **Kellogg Salada Canada Inc. v Maximum Nutrition Ltd.** (1992), 43 C.P.R. (3d) 349 (FCA)). The applicant's affiant attached to his affidavit twelve certified copies of registrations and two applications for trade-marks which include the word PIC-NIC (or variations), all used in association with "food products and restaurant services". The applicant did not include the opponent's registered trade-mark in this compilation. No evidence was shown of use of any of the marks in the marketplace. It is noteworthy that these registered marks are owned by only eight owners, and that most of these marks are registered for use in association with packaged foods, for the most part unrelated to restaurant services. However, as there are at least twelve relevant registrations including the word PIC-NIC (or variations) used in association with "food products and restaurant services", one may infer that some of these marks are in use. As a result, some weight can be given to this state of the register evidence. It would appear from this state of the register evidence that at least a few other traders are using the word PIC-NIC (or a phonetic equivalent) in association with food products that may be available in the opponent's "...restaurants, drive-in restaurants, snack bars and doughnut bars", such as "gâteaux" (**PIC-NIC** TMA343,745) and "shoestring potatoes and potato chips" (**PIK-NIK DESIGN** TMA439,096). In any event, if the intention of the applicant was to indicate that a narrow ambit of protection should be given to the word PIC-NIC, this has already been considered to some extent, in my assessment of the inherent distinctiveness of the marks as a whole. The word PIC-NIC is suggestive of food and is apparently in use by several traders. However, as the applicant's state of the register evidence only showed marks used in association with food products, and not restaurant services, the applicant's evidence does not serve to diminish the distinctiveness of the opponent's mark with respect to restaurant services. In fact, this evidence appears to indicate that the applicant could not locate any relevant marks used in association with restaurant services, and that the opponent's mark is the only mark on the register in which the word PIC-NIC (or a phonetic equivalent) is used in association with "restaurant services", enhancing the distinctiveness of the opponent's mark in respect of "the services performed by restaurants, drive-in restaurants, snack bars and doughnut bars".

As a further surrounding circumstance, the applicant has suggested that the

likelihood of confusion would be minimized as both the applicant and the opponent operate or franchise their own restaurant chain, and that their trade-marks never appear in the others' outlets. In my opinion, the application does not restrict the use of the mark in the manner described by the applicant. In any event, there is nothing preventing the applicant in the future from licensing the trade-mark to another user where the confusion minimizing circumstances envisioned by the applicant may not exist. As a result, I have given the applicant's argument little weight.

The legal burden is on the applicant to show that there is no reasonable likelihood of confusion between the marks at issue. Any doubts are to be resolved against the applicant. In applying the test for confusion, I have considered that it is a matter of first impression and imperfect recollection. In my opinion, the applicant has appropriated the whole of the opponent's mark (or at least a phonetic equivalent) within its mark for use in association with identical services. In addition, it would appear from the applicant's own evidence that the opponent's mark is the only trade-mark having as a component the word PIC-NIC (or a phonetic equivalent), which is registered for use in association with "restaurant services". I find that the applicant has failed to satisfy the burden on it to show that its mark is not confusing with the opponent's registered mark in respect of "restaurant services".

On the other hand, I must consider the limited distinctiveness of the opponent's mark and its resulting narrow ambit of protection. It would appear from the state of the register evidence that other traders are using the word PIC-NIC (or a phonetic equivalent) in association with relevant food products. An opponent cannot appropriate a suggestive word and expect to exercise a wide ambit of protection, without showing a *significant* amount of acquired distinctiveness or other relevant factors. Although related, the applicant's food products are not identical to the opponent's restaurant services. In addition, there are sufficient differences between the marks as a whole both visually and when spoken aloud to find that the marks, when considered in their totalities, are not confusing in respect of the wares "Combination meal for children consisting of chicken nuggets or a hamburger sandwich or a hotdog sandwich or tacos, together with french fried potatoes, a soft drink and a soft serve cone, for consumption on or off the premises". The third ground of opposition is therefore successful with respect to "restaurant services", and is otherwise unsuccessful.

The material date with respect to the fourth and fifth grounds of opposition under Subsection 16(2) and (3) would be the date of filing the application, namely May 20, 1993. The opponent has shown use of this mark in Canada prior to this date, and non-abandonment. In my view, the circumstances existing at this date are not materially

different from those I reviewed in assessing the third ground, with the exceptions being that the applicant's mark was not yet in use, and that reduced weight should be given to the state of the register evidence, as at least two of the marks were not registered at the material date. As the issue of entitlement also turns on the question of confusion, I find the fourth and fifth grounds of opposition would be decided the same as the third ground.

The sixth ground, the issue of distinctiveness must be considered as of the date the statement of opposition was filed namely May 24, 1994 (see **Cellular One Group, a partnership v. Brown, now standing in the name of Bell Mobility Cellular Inc.** (1996), 69 C.P.R. (3d) 236 (TMOB)). Similar to the above, I do not believe that my findings with respect to the entitlement of the parties to the mark would differ materially from the result of my analysis for the third ground of opposition above.

I refuse the applicant's application in respect of the services "restaurant services" and I otherwise reject the opponent's opposition. Authority for such a divided result may be found in **Produits Menagers Coronet Inc. v. Coronet-Werke Heinrich Schlerf GmbH** (1986), 10 C.P.R.(3d) 482 at p. 492 (FCTD).

DATED AT HULL, QUEBEC, THIS 27th DAY OF OCTOBER, 1997.

Peter C. Cooke,
Member,
Trade-marks Opposition Board