

IN THE MATTER OF AN OPPOSITION by Best Western International, Inc. to application No. 825,679 for the trade-mark BEST CANADIAN MOTOR INNS & Design filed by Best Canadian Motor Inns Ltd.

On October 10, 1996, the applicant, Best Canadian Motor Inns Ltd., filed an application to register the trade-mark BEST CANADIAN MOTOR INNS & Design (shown below) based on use in Canada by itself and/or through a licensee since February, 1990. The application was amended May 27, 1997, to disclaim the right to the exclusive use of the words BEST, CANADIAN, MOTOR and INNS and the eleven point maple leaf design. The application covers the following services: "Hotel, restaurant and accommodation services; promotional services relating to hotel, restaurant and accommodation services". The application was advertised for opposition purposes on September 17, 1997.



The opponent, Best Western International, Inc., filed a statement of opposition on January 19, 1998. The grounds of opposition, as pleaded, are as follows:

a) The opponent bases its opposition on the grounds set out in Section 38(2)(a), namely that the application does not comply with the provisions of Section 30(i) in that on the October 10, 1996, date of filing the application, and at the alleged February 1990 date of adoption, the applicant well knew or should have known of the probability of confusion between the mark of its application for the services claimed therein and the well known BEST WESTERN and BEST WESTERN logo trade-marks of the opponent, registered in Canada under regn. 407,630, and regn. 235,558, current copies attached, for the same or similar services. The trade-mark of regn. 407,630 has been used in Canada by the opponent, by itself and/or through its licensees, in association with the services set out in its registration for over 32 years, and the mark of regn. 235558 has been so used in Canada for over 22 years. At the October 10, 1996 date of filing the application, Opponent, by itself and/or through licensees, was also using another BEST WESTERN Logo trade-mark extensively in Canada in association with the same or similar services, namely the trade-mark of regn. 460083, current copy attached. Opponent has been using the trade-mark of regn. 460083 in Canada since at least as early as April 1994. As a result of continuous and extensive use, opponent's trade-marks have become famous throughout Canada. Applicant could not, at the October 10, 1996 and February, 1990 dates aforesaid have been unaware of the reputation residing in the opponent's trade-marks and could not have been satisfied that it was entitled to use the trade-mark of its application in Canada in association with

the services claimed in the application.

b) The Opponent bases its opposition on the grounds set out in Section 38(2)(b), namely, that pursuant to the provisions of Section 12(1)(d) the trade-mark is not registrable for the services set out in the application because it is confusing, within the meaning of Section 6, with the following registered trade-marks of the opponent:

- a) Regn. No. 407,630 - BEST WESTERN
Registered February 5, 1993
- b) Regn. No. 235,558 - BEST WESTERN & Crown/Rectangle Design
Registered August 31, 1979
- c) Regn. No. 150,720 - MEMBER/THE BEST WESTERN MOTELS & Crown/Rectangle Design
Registered May 12, 1967
- d) Regn. No. 460,083 - BEST WESTERN Logo
Registered July 12, 1996

c) The Opponent bases its opposition on the grounds set out in Section 38(2)(b), namely that pursuant to the provisions of Section 12(1)(b), the trade-mark is not registrable for the services set out in the application because it is clearly descriptive or deceptively misdescriptive in the English language of the character or quality of those services.

d) The Opponent bases its opposition on the grounds set out in Section 38(2)(c), namely that pursuant to the provisions of Section 16(1)(a) the applicant is not the person entitled to registration of the trade-mark because at the alleged February 1990 date of adoption, it was confusing with the following trade-marks [BEST WESTERN and BEST WESTERN & Crown/Rectangle Design] previously used and made known in Canada by the Opponent, well prior to said alleged date of adoption and which had not been abandoned as of the September 17, 1997 date of advertisement of the applicant's application.

e) The Opponent bases its opposition on the grounds set out in Section 38(2)(c), namely that pursuant to the provisions of Section 16(1)(c) the Applicant is not the person entitled to registration of the trade-mark because at the alleged February 1990 date of adoption it was confusing with the trade-names BEST WESTERN, BEST WESTERN INTERNATIONAL, and BEST WESTERN INTERNATIONAL INC., previously used and made known in Canada by the opponent and which had not been abandoned as of the September 17, 1997, date of advertisement of the applicant's application.

f) The Opponent bases its opposition on the grounds set out in Section 38(2)(d), namely that having regard to Section 2 of the Trade-marks Act, the trade-mark is not distinctive of the services of the applicant set forth in the application, because it does not distinguish, nor is it adapted to distinguish, said services from identical or like services previously and currently performed in Canada by Opponent, by itself and/or through its licensees, under the BEST WESTERN and BEST WESTERN Logo trade-marks which are registered under registrations 407630, 235558 and 460083, and under its trade-names BEST WESTERN, BEST WESTERN INTERNATIONAL and BEST WESTERN INTERNATIONAL, INC.

The applicant filed and served a counter statement in which it generally denied the

allegations asserted by the opponent in its statement of opposition. As its evidence, the opponent submitted certified copies of each of its registrations, along with the affidavit of Vicki Lynn Meyers. The applicant's evidence consists of the affidavits of Robert J. Campbell, Kathrynne Anne Marshall and Mary P. Noonan. Both parties filed a written argument and an oral hearing was conducted at which both parties were represented.

Preliminary Matter

On December 6, 2001, 12 days before the date scheduled for the oral hearing, the opponent requested leave under Rule 44(1) of the Act to file additional evidence, comprised of the affidavit of Dr. Ruth Corbin and an accompanying survey in which an association between the word BEST and the mark BEST WESTERN, in a hotel context, was allegedly shown. However, given the late stage of the opposition proceedings, the fact that the opponent did not satisfactorily explain why such evidence was not filed earlier, and the potential prejudice that could be suffered by the applicant, the opponent's request for leave was denied (see Board ruling dated December 17, 2001). Therefore, the affidavit evidence of Dr. Corbin does not form part of the evidence in the present proceeding.

Opponent's Evidence

As part of its evidence, the opponent submitted certified copies of the opponent's Canadian trade-mark registrations 150720; 235,558; 407,630; and 460,083, three of which are design marks shown below.



Regn. No. TMA 150,720



Regn. No. TMA 235,558



Regn. No. TMA 460,083

The remainder of the opponent's evidence consisted of the affidavit of Vicki Lynn

Meyers, Managing Director of Advertising of the opponent. Ms. Meyers outlines the history and development of the opponent's chain of hotels and motels since 1946. She provides Canadian gross reservation and revenue figures (in U.S. dollars) for the years 1984 through 1997 which total over \$350,000,000.

The opponent's revenues are effected through the motel and hotel services of about 140 member lodging establishments throughout Canada as of 1997. Exhibits B and C to the Meyers' affidavit deal with the membership agreement into which each member establishment is obliged to enter with the opponent and under which the opponent maintains control over the use of its trade-marks and trade-names by the member and the quality of services being rendered by the member.

Ms. Meyers also provides numerous exhibits of promotional materials and advertisements illustrating the use of the opponent's trade-marks and trade-names in all aspects of the operation of the opponent's member establishments. The majority of those materials illustrate the use of the word mark BEST WESTERN and the design mark as shown in Registration No. 460,083. As pointed out by the applicant, the opponent's evidence shows that the design mark shown in Registration No. 460,083 was adopted by the opponent in 1993 to replace previous designs, including those which are the subject of Registration Nos. 235,558 and 150,720.

Exhibit N to Ms. Meyer's affidavit shows the close proximity in Alberta of two of the applicant's motels to motels operated by member lodging establishments of the opponent.

Applicant's Evidence

In his affidavit, Mr. Campbell identifies himself as the President of the applicant, Best

Canadian Motor Inns Ltd. He describes the business of the applicant and states that the applicant's mark has been used by licensees of the applicant in association with the applied for services since approximately February, 1990. Exhibit C shows that at the date of Mr. Campbell's affidavit, there were seven Best Canadian Motor Inns in operation throughout Alberta.

Mr. Campbell states that in 1999, the applicant's gross revenue exceeded \$4.5 million. He further states that in 1998 and 1999 the applicant spent more than \$112,000 in advertising and promotion. The applicant regularly advertises and promotes its services in telephone directories, business directories, visitor guides, travel brochures and travel guides. The applicant also sponsors various sports teams and programs and is recognized as a sponsor in the sports arena in Fort McMurray, Alberta, by the display of the Best Canadian Motor Inns design mark. The applicant's mark is also displayed on various and typical motel sundry items including soap dishes, soap bar packaging, shampoo bottles, pens, housekeeping cards, match book covers and the like.

Mr. Campbell states at paragraph 11 of his affidavit that his company's "theme" is to promote the "best of Canada", its people, its heritage and its products. On this basis, his company has adopted a "National Pride" photograph display intended to be a reminder of Canadian heritage and relate to a remarkable Canadian personality or outstanding event, which appears in every one of his company's motel rooms.

At paragraph 13 of his affidavit, Mr. Campbell deposes that he has never been made aware of any situation of customer confusion between the business names, logos or services of the applicant and those of the opponent, throughout the 11 years of use of his company's business name and nearly 10 years of use of its logo.

The Marshall affidavit serves to introduce into evidence, *inter alia*, the results of Ms. Marshall's searches of industry publications, hotel and motel accommodations guides, hospitality services listings, travel websites, Canadian telephone listings, and other common law sources, for references to trade-names and trade-marks incorporating the term BEST or WEST or derivatives thereof used in association with hotel, accommodation or restaurant services and/or related wares and services. Ms. Marshall located numerous listings for motels and hotels that included the word WEST or a derivative thereof in their name. Of the listings for motels and hotels that Ms. Marshall found that had the word BEST in their name, only about 6 were for hotels or motels not associated with either the applicant or the opponent. Ms. Marshall also made telephone inquiries and confirmed that at least 3 of the hotels and motels that included the word BEST in their names were in operation.

The Noonan affidavit serves to introduce into evidence the results of Ms. Noonan's search of BEST and WESTERN trade-marks on the Canadian Trade-Marks Register. Ms. Noonan found 1161 listings for marks including the term BEST, approximately 121 of which were in association with hotel, accommodation, or restaurant services and/or related wares and services. Very few of these marks were for hotel or motel services which included the word BEST in their names and were not owned by either the applicant or the opponent. Ms. Noonan found 493 listings for marks including the term WESTERN, approximately 56 of which were in association with hotel, accommodation, or restaurant services and/or related wares and services. Ms. Noonan also conducted similar searches on the U.S. Federal Trade-Marks Register, however, I consider this evidence to be of little value since the issues in this proceeding concern Canada only.

Grounds of Opposition

The first ground of opposition is based on Section 30(i) of the Act, the opponent alleging that, as of the filing date of the present application, the applicant was aware of the opponent's trade-marks and therefore could not have been satisfied that it was the person entitled to use the trade-mark in Canada in association with the applied for services. While the legal burden is upon the applicant to show that its application complies with Section 30 of the Act there is an initial evidential burden on the opponent to establish the facts relied upon by it in support of its Section 30 ground (see Joseph E. Seagram & Sons Ltd. et al v. Seagram Real Estate Ltd., 3 C.P.R. (3d) 325, at pp. 329-330; and John Labatt Ltd. v. Molson Companies Ltd., 30 C.P.R. (3d) 293).

In the present case, the opponent has evidenced long and extensive use of its trade-marks and trade-name in Canada prior to the filing date of the present application. However, even were the applicant aware of the opponent's trade-marks prior to filing the present application, no evidence has been adduced to show that the applicant could not properly have been satisfied that it was entitled to use its trade-mark in Canada in association with the applied for services on the basis, *inter alia*, that its trade-mark is not confusing with the opponent's marks. Thus, the success of this ground is contingent upon a finding that the applicant's trade-mark is confusing with the opponent's trade-marks, such that the applicant's trade-mark is not registrable or not distinctive, or that the applicant is not the person entitled to registration, as alleged in those grounds (see Consumer Distributing Co. Ltd. v. Toy World Ltd., 30 C.P.R. (3d) 191 at 195; and Sapodilla Co. Ltd. v. Bristol-Myers Co., 15 C.P.R. (2d) 152 at 155).

As for the second ground of opposition, 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 Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd, 37 C.P.R. (3d) 413 (F.C.A.). The onus or legal burden is on the applicant to show no reasonable likelihood of confusion between the marks at issue. Further, 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.

With respect to s.6(5)(a) of the Act, the applicant's mark is arguably descriptive of the applied for services or, at the very least, laudatory. Thus, the applied for mark is inherently weak. Given the Canadian sales evidenced by Mr. Campbell, I am able to conclude that the applicant's mark has become known to some extent in Canada, and especially in Alberta, in association with motel and hotel services.

The opponent's trade-marks are also inherently weak as their dominant components include the laudatory term BEST and the word WESTERN which appears to be commonly used in the trade. The evidence of record does show, however, that the opponent's marks have become very well known in Canada in association with motel and hotel services. This factor therefore favours the opponent.

As for Section 6(5)(b) of the Act, the applicant has shown use of its mark since 1990 while the opponent has shown use of at least one of its marks in Canada since at least as early as 1946. This factor therefore also favours the opponent.

With respect to Sections 6(5)(c) and 6(5)(d), the services of the parties' are identical and their channels of trade overlap.

As for Section 6(5)(e) of the Act, the only resemblance between the trade-marks in

appearance or sound is the fact that first component of each of the marks (with the exception of Registration No. 150,720) is the word BEST. The opponent suggests that this Board should concentrate on this common first word, because the first word or first syllable in a trade-mark is important for the purposes of distinction (see Conde Nast Publications Inc. v. Union Des Editions Modernes (1979), 26 C.P.R. (2d) 183 at 188 (F.C.T.D.)). The applicant, on the other hand, submits that in evaluating the likelihood of confusion between two marks, the marks must not be dissected but rather must be considered as a whole (see Compagnie Gervais Danone v. Astro Dairy Products, March 26, 1999, T-147-98). In the present case, the applicant's mark includes other significant components, including design components, and the word BEST is used to laud the other words in the applied for mark. Further, the word BEST is inherently weak when used with any wares or services, and thus minor differences are sufficient to distinguish it from other marks comprising or including that word. With respect to the ideas suggested by the marks, I consider the words BEST WESTERN in the opponent's marks to suggest the idea of the finest in quality coming from or situated in a Western geographical location while the idea suggested by the applicant's mark is that of Canadian motor inns of superior quality.

As an additional surrounding circumstance, the applicant has relied on state of the register evidence, common law searches and state of the marketplace evidence to show that the words BEST and WESTERN are common components of trade-marks. To some extent, the Noonan and Marshall affidavits support that contention. However, in Canada, there is only a minimal number of registered trade-marks owned by third parties that include the word BEST for motel and hotel services, and a minimal number of references in telephone and travel directories to motels and hotels whose names include the word BEST when the applicant's and the opponent's motels and hotels are excluded. The evidence of third party use of such marks in Canada is also minimal. Thus, while I am satisfied that the applicant's evidence shows that the word WEST or a derivative thereof is a common component of trade-marks for hotel and motel

services, it does not show that the word BEST is also common in the hotel and motel industry. Rather, the evidence merely reinforces the observation that the word BEST is a laudatory and inherently weak word in general.

The applicant has also relied on the absence of evidence of actual confusion between the marks at issue as an additional surrounding circumstance. Mr. Campbell's uncontradicted testimony is that no such instances were brought to his attention notwithstanding the fairly co-extensive use of the parties' marks in Alberta. In fact, even though at least two of the applicant's motels are located in close proximity to motels operated by members of the opponent (see Meyer affidavit, paragraph 15 and Exhibit N), no actual confusion has been evidenced. In advancing this argument, the applicant relied on the decisions in **Multiplicant Inc. v. Petit Bateau Valton S.A.** (1994), 55 C.P.R. (3d) 372 (F.C.T.D.), **Compulife Software Inc. v. CompuOffice Software Inc.** (2001), 13 C.P.R. (4th) 117 (F.C.T.D.) and **Bay Rest Bedding Co. v. Bedford Furniture Industries, Inc.** (2001), 11 C.P.R. (4th) 23 (F.C.T.D.).

The opponent, on the other hand, relied on the Opposition Board decision in **Venator Group Canada Inc. v. Upstein's Ltd.** (2000) 7 C.P.R. (4th) 142, where Board Member Martin did not consider the absence of confusion between two marks that began with the same word, and used in the same trade, was of much relevance. However, that case can be distinguished from the present case because the applicant's sales in that case had been limited and made exclusively through its own stores in three communities in Newfoundland. Given that the actual trades of the parties up until the date of the Board's decision had been separated, and given the limited sales of the applicant's wares, the absence of evidence of confusion was not found to be surprising. In the present case, however, the applicant's sales have been significant in Alberta and the evidence shows that the parties' have offered their services in close proximity to one another.

In the recent unreported TMOB decision Coca-Cola Ltd. v. The Southland Corporation (now 7-Eleven, Inc.) (Application Nos. 793,369 and 793,370; December 20th , 2001), Board Member Martin considered the fact that no actual confusion had been evidenced between two similar products sold side by side despite fairly co-extensive use of the parties' marks to be a significant factor in his assessment of the likelihood of confusion between the parties' marks. That case is also similar to the present case in that there was an inherent weakness in the only component that both parties' marks shared and the opponent's trade-marks had become extremely well known in Canada in association with the wares. I therefore consider the absence of confusion to be a relevant factor in the present case.

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 inherent weakness of the marks at issue, the low degree of resemblance between the marks, and the absence of any evidence of confusion or mistake notwithstanding the fame of the opponent's BEST WESTERN marks, I find that the applicant's mark is not confusing with any of the opponent's registered marks. Thus, the second ground of opposition is unsuccessful in this case.

In view of the foregoing, I do not propose to consider the fourth, fifth and sixth grounds of opposition in detail. However, having regard to the above comments concerning the likelihood of confusion between the applicant's mark and the opponent's trade-marks, I am satisfied that the non-entitlement and non-distinctiveness grounds which are based on allegations of confusion between the applicant's mark and the opponent's trade-marks and trade-names would also have been found to be unsuccessful even though the material dates for considering these grounds, that is, the applicant's filing date for the non-entitlement grounds and the date of opposition for the non-distinctiveness ground, differ from the material date for assessing the likelihood of confusion in relation to the s.12(1)(d) ground.

As its third ground of opposition, the opponent has argued that the applicant's mark is clearly descriptive of the applicant's services. The issue as to whether the trade-mark is clearly descriptive of the character or quality of the applicant's services must be determined from the point of view of the average consumer of those wares. Further, in determining whether the mark BEST CANADIAN MOTOR INNS & Design is clearly descriptive, the trade-mark must not be dissected into its component elements and carefully analysed, but rather must be considered as a whole and as a matter of immediate impression (see Wool Bureau of Canada Ltd. v. Registrar of Trade-Marks, 40 C.P.R. (2d) 25 at 27-28 and Atlantic Promotions Inc. v. Registrar of Trade-Marks, 2 C.P.R. (3d) 183 at 186). Finally, the material date for considering this ground is the date of decision (see Lubrication Engineers, Inc. v. The Canadian Council of Professional Engineers, 41 C.P.R. (3d) 243 (F.C.A.)).

The applicant in the present case is seeking to register a design mark which includes the words BEST, CANADIAN, MOTOR and INNS. The opponent argues that because the design features of the applicant's mark are non-distinctive, the applicant's mark is in effect nothing more than a clear description of the services being offered, i.e. the applicant offers the highest standard motor inns in Canada. In this regard, the opponent submits that the two horizontal lines and the stylized lettering of the applicant's mark are not sufficient to render the mark distinctive, and the 11-point maple leaf cannot distinguish the goods or services of any one trader. The opponent also notes that each of the words comprising the applicant's mark, as well as the maple leaf, have been disclaimed.

Section 12(1)(b) of the Act prohibits the registration of trade-marks that are clearly descriptive when depicted, written or sounded. As the applied for mark is a design mark, I had regard to the following comments of former Chairman Partington in Insurance Co. of Prince Edward Island v. Prince Edward Island Mutual Insurance Co., 2 C.P.R. (4th) 103 at pp.108-

111, concerning the provisions of s.12(1)(b) as they relate to the sounding of a trade-mark:

“The opponent has submitted in its written argument that the applicant's trade-mark when sounded offends Paragraph 12(1)(b) of the Trade-marks Act since the only way one would sound the applied for mark is by using the clearly descriptive word "MUTUAL". With respect to this issue, the opponent has relied upon two Opposition Board decisions involving the trade-marks RENTERS NEWS & Design (Application No. 670,379) [see *Arthur v. Auto Mart Magazine Ltd.* (1995), 66 C.P.R. (3d) 117 (T.M.O.B.)] and PERMANENT DISCOUNT & Design (Application No. 601,799) [see *Great Pacific Industries Inc. v. Westfair Foods Ltd.* (1997), 76 C.P.R. (3d) 518 (T.M.O.B.)], representations of which are set out below.



In his decision involving the trade-mark RENTERS NEWS & Design, Board Member Martin commented as follows concerning the Paragraph 12(1)(b) issue [at p. 121]:

The words "renters news" clearly describe the character of the applicant's publication, namely a newspaper that provides information in the form of advertisements directed at renters. The applicant's own promotional brochure (ex. B to the Francis affidavit) emphasizes the descriptiveness of its mark by using such phrases as "Renters News is tailored to the renters market . . ." and ". . . it is the #1 Rental Guide in Metro . . .". Furthermore, the applicant has disclaimed both words from its mark.

The applicant's position is that there is sufficient design matter in its mark to render it registrable even if the words "renters news" are clearly descriptive. To the extent that the mark is viewed, I agree with the applicant's contention. However, s. 12(1)(b) of the Act also prohibits the registration of trade marks that are clearly descriptive when sounded and the only way that consumers would sound the applicant's mark is by using the clearly descriptive words "renters news". Thus, the applied-for mark offends s. 12(1)(b) of the Act and the third ground is successful. The applicant relied on the decision in *Lake Ontario Cement Ltd. v. Registrar of Trade Marks* (1976), 31 C.P.R. (2d) 103 (F.C.T.D.), where a disclaimer of the descriptive word "premier" was held sufficient to allow registration of a mark due to the additional design matter included in the mark. However, the issue of the sounding of the mark was not considered in that case. Furthermore, that case is distinguishable because the additional design matter included a large stylized letter "P" apart from the word "premier" which presumably could be sounded instead of, or together with, the word "premier".

Further, in the second decision involving the opposition to registration of the trade-mark

PERMANENT DISCOUNT & Design, Board Member Martin stated as follows [at pp. 524-5]:

The applicant has further submitted that even if the words PERMANENT DISCOUNT are clearly descriptive, its applied for mark is still registrable in view of the design components. I disagree. As for the stylized S appearing in the mark, it is an integral component of the word DISCOUNT and therefore does not avoid the prohibition in Section 12(1)(b) of the Act: see *John Labatt Ltd. v. Registrar of Trade Marks* (1984), 79 C.P.R. (2d) 110 (F.C.T.D.) at 120. As for the border surrounding the words PERMANENT DISCOUNT, Exhibit J to the McCabe affidavit shows that such devices are very common in the food industry and are therefore not distinctive. Furthermore, I have considered the following finding of Mr. Justice Gibbs at page 39 of his decision in the *Westfair Foods* case:

"The same rule of 'non-exclusivity' applies to the rectangular shape of each of the marks at issue here. It would be untenable to suggest that merely enclosing words in a rectangular border conferred upon the party doing so the right to prevent anyone else from doing so forever."

Even if the applicant were correct in its assertion that the design components of its mark circumvent Section 12(1)(b), I would still find that the applicant's mark is clearly descriptive of the character or quality of the applied for services since Section 12(1)(b) prohibits registration if the mark is clearly descriptive when sounded: see *Arthur v. Auto Mart Magazine Ltd.* (1995), 66 C.P.R. (3d) 117 (T.M. Opp. Bd.). In the present case, the only way to sound the applicant's mark is by sounding the clearly descriptive words PERMANENT DISCOUNT.

In view of the above, I find that the applicant has failed to meet its onus or evidential burden to show that its trade-mark PERMANENT DISCOUNT & Design is registrable. Consequently, the second ground of opposition is successful.

In my view, Paragraph 12(1)(b) of the Trade-marks Act may not have been intended to preclude the registration of a design trade-mark comprising design elements which could otherwise be registrable as a trade-mark apart from the descriptive wording. Certainly, it does not seem reasonable that a design trade-mark should suddenly become unregistrable by virtue of the addition of a descriptive word (or descriptive words), particularly where Section 35 of the Trade-marks Act contemplates the disclaimer of such portions of a trade-mark. On the other hand, the wording of Paragraph 12(1)(b) of the Act is clear in precluding the registration of a trade-mark which, when sounded, is *inter alia* clearly descriptive in the English language of the character or quality of the services in association with which it is used. In this regard, the Registrar must apply the Trade-marks Act as it currently exists and not as it ought to be drafted.

In the present case, the applicant has disclaimed the right to the exclusive use of the word MUTUAL apart from its trade-mark and such disclaimer is arguably an admission that the word is either clearly descriptive of the character or quality of the applicant's services, or is otherwise common to the trade or is the name of such services. Furthermore, the dictionary meaning of the word MUTUAL as an adjective confirms that it is descriptive as applied to insurance related services. As a result, and having regard to

the above decisions of the Opposition Board, I find that the opponent has met its evidential burden in relation to this ground and that the applicant must therefore meet the legal burden upon it of demonstrating that its trade-mark MUTUAL & Design is registrable. However, no evidence or argument has been presented by the applicant to establish that its trade-mark does not offend the provisions of Paragraph 12(1)(b) of the Trade-marks Act. Likewise, no evidence has been furnished by the applicant to establish that, as of the filing date of the present application, the mark MUTUAL & Design had become distinctive in Canada, as contemplated by Subsection 12(2) of the Trade-marks Act. The applicant has therefore failed to meet its legal burden in relation to the final ground. Thus, the Paragraph 12(1)(b) ground of opposition is successful.”

In the present case, the applicant has disclaimed the right to the exclusive use of the words BEST, CANADIAN, MOTOR and INNS and the maple leaf design and such disclaimers are arguably an admission that these words are either clearly descriptive of the character or quality of the services or are otherwise common to the trade or are the name of such services. Further, the ordinary meanings of each of the words in the applicant’s mark confirm that they are each descriptive when applied to the applicant’s services. As a result, and having regard to the above decisions of the Opposition Board, I find that the opponent has met its evidential burden in relation to this ground and that the applicant must therefore meet the legal burden upon it of demonstrating that its mark is registrable.

The applicant presented several arguments about why its mark is registrable. First, the applicant submitted that even if some of the individual components of the BEST CANADIAN MOTOR INNS & Design mark are descriptive, the combination of the words and the design component together as a whole cannot be clearly descriptive of the character or quality of the services themselves. Second, it is the applicant’s submission that the disclaimer of the components apart from the mark eliminates the concern of granting a monopoly over terms that describe common features of the services. Third, the applicant argues that the subject mark is distinctive because the combined form of the words and design which the applicant has chosen is unique insofar as the services in issue are concerned and does not deprive or harm other traders,

nor will registration of the mark interfere with the use by any person of any *bona fide* description of the character or quality of his goods or services.

I respectfully disagree with the applicant's submission that even if the words BEST CANADIAN MOTOR and INNS are clearly descriptive, the applied for mark is still registrable in view of the other design components. In this regard, the representation of the maple leaf has been disclaimed and, as asserted by the opponent, cannot be distinctive of any one particular trader. As for the lines appearing above and below the words BEST CANADIAN, and the fact that these words use a different font and style of lettering than what is used for the words MOTOR INNS, I do not consider these design features are sufficient to render the mark registrable. In my view, the applied for mark would be sounded by reference to the dominant words forming the mark. I would therefore expect the average person to sound the applicant's mark as "BEST CANADIAN MOTOR INNS". I therefore find that the mark is clearly descriptive, or deceptively misdescriptive, when sounded, of the applicant's services in Canada and therefore offends s.12(1)(b) of the Act. This ground of opposition is therefore successful.

I would like to add that, had the applicant relied on the provisions of s.12(2) of the Act, it may have been successful in obtaining a registration territorially restricted to Alberta pursuant to s.32(2) of the Act. Pursuant to s.12(2) of the Act, a trade-mark that is not registrable by reason of s.12(1)(b) may still be registrable if it has been so used in Canada by the applicant or its predecessor- in- title as to have become distinctive at the date of filing of the application.

Section 32 of the Act provides as follows:

32. (1) An applicant who claims that his trade-mark is registrable under subsection 12(2) or section 13 shall furnish the Registrar with evidence by way of affidavit or statutory declaration establishing the extent to which and the time during which the trade-mark has been used in Canada and with any other evidence that the Registrar may require in support of the claim.

Registration to be restricted -- s. 32(2)

(2) The Registrar shall, having regard to the evidence adduced, restrict the registration to the wares or services in association with which the trade-mark is shown to have been so used as to have become distinctive and to the defined territorial area in Canada in which the trade-mark is shown to have become distinctive.

The Federal Court of Appeal has found, however, that s.32(2) of the Act is only applicable to applications under s.12(2) or s. 13. In this regard, the Court made the following comments at p. 202 of its decision in **John Labatt Ltd. v. Molson Breweries, A Partnership** (2000), 5 C.P.R. (4th) 180:.

The scheme of section 32 in its entirety would seem to support the view that territorially restricted trade-marks are limited to cases to which subsection 12(2) or section 13 apply. Subsection 32(2) does not appear to be an independent provision applicable to all trade-mark applications, but rather only to those to which subsection 32(1) applies, namely applications under subsection 12(2) or section 13. The Trial Division judge was correct in holding that "a trade-mark is registrable as long as it distinguishes those wares in a restricted area in which registration is sought" but I would limit the statement and the application of Great Lakes on this issue to applications under subsection 12(2) or section 13 of the Trade-marks Act.

In view of the above, I consider myself prevented from granting the applicant a restricted registration in the present case, even though Mr. Campbell's evidence may have been sufficient to show that the applicant's mark is distinctive of it in the province of Alberta. In any event, it wouldn't be fair, in my view, to apply s.32(2) in this case since the opponent was not put on notice and may have cross-examined or filed additional evidence had it been aware of this potential claim.

Accordingly, and with the authority delegated to me under s. 63(3) of the Act, I refuse the applicant's application pursuant to s.38(8) of the Act.

DATED AT HULL, QUEBEC, THIS 20th DAY OF February, 2002.

C. R. Folz
Member,
Trade-Marks Opposition Board