

IN THE MATTER OF AN OPPOSITION
by New Balance Athletic Shoes, Inc.
to application No. 608,932 for the
trade-mark BALANCE & Design filed
by Ray Matthews

On June 6, 1988, the applicant, Ray Matthews, filed an application to register the trade-mark BALANCE & Design (illustrated below) based on proposed use in Canada for the following wares:

men's clothing, namely unisex clothing,
namely pants, singlets, shirts, T-shirts
and shorts.

The application was advertised for opposition purposes on June 7, 1989.

The opponent, New Balance Athletic Shoes, Inc., filed a statement of opposition on October 5, 1989, a copy of which was forwarded to the applicant on October 24, 1989. The first ground of opposition is that the applicant's application does not comply with the provisions of Section 30(i) of the Trade-marks Act in view of the opponent's prior use and registration of its trade-mark NEW BALANCE. The second ground of opposition is that the applied for trade-mark is not registrable pursuant to Section 12(1)(d) of the Act because it is confusing with the opponent's trade-mark NEW BALANCE registered under No. 224,869 for the following services:

operation of retail outlets for the sale
of footwear, clothing and luggage items

and for the following wares:

athletic shoes, insoles, heel pads, arch
supports and T-shirts; athletic, recreational
and sports footwear, clothing and luggage items,
namely shirts, sweaters, singlets, pants, shorts,
socks, jackets, suits for casual and athletic
wear, aerobic dancewear, shoes, boots, sweat
bands, visors, hats and carrying bags.

The third ground of opposition is that the applicant is not the person entitled to registration pursuant to Section 16(3) (a) of the Act because, as of the applicant's filing date, the applied for trade-mark was confusing with the trade-mark NEW BALANCE previously used in Canada by the opponent. The fourth ground is also one of prior entitlement based on prior use of the opponent's trade-name. The fifth ground of opposition is that the applicant's trade-mark is not distinctive in view of the foregoing.

The applicant filed and served a counter statement. As its evidence, the opponent filed an affidavit of David Shelbourne. As his evidence, the applicant filed affidavits from the following individuals:

Nancy Vaughan

John Skibinski

Dianna Hoover

Bruce Curry

Cecilia Lee

Karianne Buckner

Jolene Bond

Peggy Stonnell

Paul Sia

Bruce A. Campbell

Both parties filed a written argument and an oral hearing was conducted at which only the applicant was represented.

As for the ground of opposition based on Section 12(1)(d) of the Act, the material time for considering the circumstances respecting the issue of confusion with a registered trade-mark is as of the date of my decision: see the opposition decision in The Conde Nast Publications Inc. v. The Canadian Federation of Independent Grocers (1991), 37 C.P.R.(3d) 538 at 541-542. Furthermore, the onus or legal burden is on the applicant to show no reasonable likelihood of confusion between the marks at issue. Finally, in applying the test for confusion set forth in Section 6(2) of the Act, consideration is to be given to all of the surrounding circumstances including those specifically set forth in Section 6(5) of the Act.

The applicant's trade-mark is inherently distinctive. In her affidavit, Ms. Vaughan identifies herself as the Vice-President of Balance Fashions Inc. which she states is a proposed registered user of the applicant's mark. She describes the manner of use of the applicant's mark but she does not give any indication of the extent of such use. Thus, I am unable to ascribe any reputation of note to the applicant's mark.

The opponent's trade-mark is also inherently distinctive. The Shelbourne affidavit establishes that there have been fairly extensive sales throughout Canada of both athletic footwear and clothing products for a number of years in association with the trade-mark NEW BALANCE. The trade-mark has also been advertised throughout Canada. Thus, I am able to conclude that the opponent's trade-mark has become fairly well known in Canada.

The length of time the marks have been in use favors the opponent. The wares of the parties are the same. In fact, each of the items listed in the applicant's statement of wares appears in the opponent's registration. The applicant sought to differentiate the wares of the parties on the basis of such factors as style and fabric weight. However, no such restrictions appear in either the applicant's or the opponent's statement of wares and that is what governs in the present case: see the decisions in Mr. Submarine Ltd. v. Amandista Investments Ltd. (1987), 19 C.P.R.(3d) 3 at 10-11 (F.C.A.) and Henkel Kommanditgesellschaft v. Super Dragon (1986), 12 C.P.R.(3d) 110 at 112 (F.C.A.).

Presumably, the trades of the parties could also be the same. In her affidavit, Ms. Vaughan states that her company has only sold the applicant's wares to independent dealers who then sell them through a "home-party system." She further states that neither her company nor the applicant intend to sell the applicant's wares through other trade channels such as retail stores. Once again, however, there is no such restriction in the applicant's statement of wares and that is what governs. The applicant is seeking to obtain the exclusive right to use his trade-mark throughout Canada with no limitations as to trade channels.

The trade-marks at issue bear a fair degree of visual resemblance due to the common use of the word BALANCE. The degree of phonetic resemblance is even greater since the applicant's mark would be pronounced "balance" and the opponent's mark would be pronounced "new balance." The ideas suggested are similar.

In its written argument, the applicant listed a number of registrations for trade-marks incorporating the word "balance" in support of his contention that other traders have adopted and used such marks. However, the applicant failed to evidence these registrations when he was given the opportunity to file evidence. It would be unfair to consider the state of the register when it has only been referred to for the first time in a party's written argument: see the opposition decision in Unitron Industries Ltd. v. Miller Electronics Ltd. (1983), 78 C.P.R. (2d) 244 at 253.

As a further surrounding circumstance, the applicant relied on a consumer survey conducted in the Vancouver area by the market research firm Campbell Goodell Consultants Limited. All but one of the affidavits filed by the applicant relate to the survey, the most important one being the affidavit of Mr. Campbell, the President of the market research firm and the designer of the survey.

The survey was conducted in two locations in the Vancouver area. Interviewers presented individuals with two cards, each card containing six different trade-marks. One of the six marks on one card was the applicant's mark BALANCE & Design and one of the six marks on the other card was the word mark NEW BALANCE. The individuals were asked the name of the company that they associated with each mark. They were then asked what products they associated with each mark. The results for the marks BALANCE & Design and NEW BALANCE were tabulated and Mr. Campbell interpreted those results in a report which is appended as Exhibit I to his affidavit. In essence, his interpretation was that the survey results showed that there was little or no confusion.

Survey evidence is admissible but care must be taken to ensure its reliability. As stated by Mr. Justice MacKay in Joseph Seagram & Sons v. Seagram Real Estate (1990), 33 C.P.R. (3d) 455 at 471 (F.C.T.D.):

The question of admissibility and reliability of surveys of public opinion polls has been the subject of debate in numerous trade mark cases. However, after considering the jurisprudence concerning the matter, I understand the general principle to be that the admissibility of such evidence and its probative value are dependant upon the relevance of the survey to the issues before the court and the manner in which the poll was conducted; for example, the time period over which the survey took place, the questions asked, where they were asked and the method of selecting the participants.

In the present case, it is apparent that Mr. Campbell is well qualified to conduct market research surveys. It is also apparent that great care was taken in carrying out the particular survey under consideration. However, that survey is subject to a number of criticisms as follows:

(1) The survey was limited to the Vancouver area. No reason was given for this restriction.

(2) The survey was deliberately biased towards females, there being roughly twice as many female respondents as male respondents. The reason given by Mr. Campbell at page 2 of his report (Exhibit I to his affidavit) is that, in discussions with his client, it was determined that the typical customer of the products at issue is more likely female. However, there is no indication as to how such a determination was reached respecting the opponent's goods. And as for the applicant's goods, such a conclusion is somewhat surprising since the present application is for "men's clothing."

(3) The applicant's trade-mark was presented to consumers as it appears in use. The opponent's mark, on the other hand, was presented as the two words NEW BALANCE in block letters. The opponent's evidence reveals that its mark usually appears in lower case lettering and is generally used in conjunction with a design mark comprised of the letters NB. Consumer recognition would more likely have been keyed by showing respondents the opponent's mark as actually used.

(4) The initial question asked in the survey was leading. That question was: "What is the name of the company you associate with that trade mark?" Where a trade-mark includes or comprises ordinary words, it seems likely that a number of people would respond to that question by assuming that the name of the associated company incorporates the words of the trade-mark whether or not they have any knowledge of the actual company that is associated with the mark. In other words, if consumers were shown a card with the trade-mark RHINOCEROS on it and were asked the survey question, a certain number would answer "Rhinceros" even though they had no knowledge of any specific associated company.

(5) An underlying assumption of the survey seems to be that the marks of both parties are known in the Vancouver area. However, there is no evidence in this opposition that the applicant's mark has any acquired reputation. The fact that roughly a quarter of the respondents answered "Balance" when questioned about the applicant's trade-mark might be explained more by factor (4) above than by any acquired reputation the applicant's mark may have in the Vancouver area.

(6) The survey only assessed the visual perception of respondents. As discussed, in assessing the degree of resemblance between the marks at issue, the phonetic resemblance is also relevant. In fact, it is arguably more important in this case since the degree of phonetic resemblance between the marks is greater than the degree of visual resemblance.

None of the foregoing shortcomings is fatal to the applicant's survey although cumulatively they do lessen the reliability of the results. However, there are more fundamental flaws which make the survey results of limited use in this case. One flaw is that the instructions given for the conduct of the survey were too limiting. Paragraph 4 of Mr. Campbell's affidavit reads as follows:

4. THAT the firm of Russell & DuMoulin retained the services of Campbell Goodell to design and conduct a market research survey...and to evaluate the results to determine, with respect to the two marks...the following:

(a) whether a particular segment of the Canadian public associates each of the two trade-marks...with a specific company and is able to identify such

- (b) company or organization;
whether such segment of the Canadian public associates each of the two trade-marks...with the same company or organization;
- (c) whether such segment of the Canadian public associates each of the two trade-marks...with the same goods.

The foregoing is not the test for confusion. Whether or not a consumer can match up a specific trade-mark with a particular company is not a prerequisite for considering the issue of confusion. The test for confusion is not whether a consumer identifies two trade-marks at issue with the same specifically identified company. That is much too high a standard. The test is whether or not a consumer familiar with one trade-mark and the associated goods is likely to infer that the goods associated with a second trade-mark come from the same source, whether or not that source is known.

The underlying error in the survey is highlighted by Mr. Campbell's conclusion at page 6 of his report:

In conclusion, we feel that these results show clearly that there is little or no confusion as to the companies associated with the trade-mark and design used by Ray Matthews and Balance Fashions, Inc. and the trademark used by the New Balance Athletic Shoe Company, Inc. and New Balance Canada, Inc.

The test in Section 6(2) of the Act is not whether there is confusion as to the companies associated with the trade-marks at issue. The test is whether a consumer is likely to infer a common source, whether or not that source is known.

As noted by the applicant's agent at the oral hearing, it is difficult to design a survey that approximates the test for confusion without prejudicing the respondents' replies. Although the applicant's survey has minimized the risk of such prejudice, it has done so by unduly restricting the scope of the enquiry. It is preferable to design a survey that elicits a consumer's first impression by the use of open-ended questions such as "What do you think of when you see (or hear) this mark?" or "What word comes to mind when you see this mark?" This allows a respondent to reply in any number of ways. He might state that the mark reminds him of another mark, that it reminds him of a particular company, that he associates it with particular wares or services, that he associates it with a particular emotion or feeling, etc. Such a question should be followed up by one or more prompts in which the respondent is asked if there is anything else he thinks of when he sees the mark. This allows for a more complete assessment of the respondent's first impression which is the essence of the test for confusion.

The second aspect of the applicant's survey is more useful since the respondents were asked what products they associated with the trade-marks they were shown. However there is also a flaw in that aspect of the survey since, as noted above, such a question should have been followed up with one or more prompts. In the case of the opponent's trade-mark it is conceivable that a number of respondents who had identified the opponent's wares as shoes or running shoes would, if questioned further, have also identified clothing or sportswear and vice versa.

Even given the shortcomings in the survey and the fundamental flaws in its structure, Mr. Campbell still concluded that as many as 11% of the respondents were

"confused." Thus, given the narrow constraints of the survey, the results tend to confirm to some extent the likelihood of confusion between the marks at issue.

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 reputation associated with the opponent's mark and the similarities between the wares, trades and marks of the parties, I find that the applicant has failed to satisfy the onus on him to show that his proposed mark is not confusing with the opponent's registered mark. The second ground of opposition is therefore successful and the remaining grounds need not be considered.

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

DATED AT HULL, QUEBEC, THIS 28th DAY OF August, 1992.

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