

**IN THE MATTER OF AN OPPOSITION by  
1594210 Ontario Inc. to application No. 1217997  
for the trade-mark ACTIVE KIDZ filed by  
2042950 Ontario Ltd.**

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[1] On May 26, 2004, 2042950 Ontario Ltd. (the “Applicant”) filed an application to register the trade-mark ACTIVE KIDZ. The Applicant has disclaimed the right to the exclusive use of the word KIDZ apart from the trade-mark.

[2] The application was advertised for opposition purposes in the Trade-marks Journal of December 8, 2004. At that point of time, the application was based upon use of the Mark in Canada in association with the services “daycare centre” since at least October 1, 2003.

[3] On May 9, 2005, 1594210 Ontario Inc. (the “Opponent”) filed a statement of opposition. The Opponent has pleaded grounds of opposition under s. 38(2)(a) and (c) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the “Act”).

[4] The Applicant filed and served a counter statement. It also filed an amended application, which was accepted by the Registrar on November 17, 2005. The amendment identified a predecessor-in-title to the Applicant and further defined the services as “operation of a daycare centre”.

[5] In support of its opposition, the Opponent filed the affidavit of Eموke Fekete. The Applicant obtained an order for the cross-examination of Ms. Fekete and the transcript of cross-examination and answers to undertakings have been filed.

[6] In support of its application, the Applicant filed the affidavit of Karoly Sarkadi. The Opponent obtained an order for the cross-examination of Mr. Sarkadi and the transcript of cross-examination and answers to undertakings have been filed.

[7] Only the Opponent filed a written argument. An oral hearing was not requested.

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[8] 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].

## First Ground of Opposition

[9] I reproduce below the first ground of opposition pleaded by the Opponent:

Prior Use (Section 38(2)(c)): The Opponent has applied to register the trade-mark ACTIVE KIDS and ACTIVE KIDS & Caterpillar Design (the “Opponent’s Marks”). These applications were made on February 16, 2004, and have been given Application Serial Numbers 1206577 and 1206578 respectively. These applications are both based on the Opponent’s use in association with the services described as “child care services, namely, operating a day care centre” since at least as early as November 7, 2003, and on the Opponent’s proposed use in association with the services described as “instruction to children in physical education.” Although the claimed date of first use in the Opponent’s applications is November 7, 2003, and the claimed date of first use in the Applied-for Mark is October 1, 2003, the Opponent has used the Opponent’s Marks prior to October 1, 2003. Given that the Opponent’s first use of the Opponent’s Marks pre-dates the use of the Applied-for Mark by the Applicant, and given that the services in association with which the Applicant has used the mark are identical to those in association with which the Opponent uses its Marks, it appears that the Applicant has passed off its services as those of the Opponent’s, and is in fact prevented, by virtue of Sections 16(1)(a) and 16(1)(c) of the *Trade-marks Act* from registering the Applied-for Mark. The Applicant is not, in accordance with Section 38(2)(c) of the *Act*, the person entitled to registration of the Applied-for Mark.

[10] The material date for assessing a s. 16(1) ground of opposition is the Applicant's claimed date of first use. Thus in order to meet its initial burden, the Opponent must demonstrate that it did in fact use its trade-mark(s) prior to October 1, 2003. It must also demonstrate that it had not abandoned such use as of the date of advertisement of the present application, namely December 8, 2004. (s. 16(5))

[11] Use of a trade-mark in association with services is defined in s. 4(2) of the Act as follows:

4(2) A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.

[12] Since use of the design version of the Opponent's mark would also qualify as use of the Opponent's word mark, I will focus on its word mark and references below to the Opponent's mark are references to ACTIVE KIDS.

[13] I will now assess the evidence of Ms. Fekete, insofar as it relates to the issue of use of the Opponent's mark prior to October 1, 2003.

[14] Ms. Fekete is the Opponent's Secretary/Treasurer. She is also the President of Active Kids Daycare Centre Inc. She states that the two corporations are owned by the same principals and are operated for similar purposes.

[15] Ms. Fekete sets out the various steps that were taken towards opening a daycare centre. As none of these qualify as use of the trade-mark ACTIVE KIDS as per s. 4 of the Act, they are not relevant to the issue at hand. Suffice it to say that Active Kids Daycare Centre Inc. was incorporated on August 1, 2003 (Exhibit "E") and that a yellow pages telephone listing appeared in the Mississauga Yellow Pages in the fall of 2003, which displayed the ACTIVE KIDS trade-mark (Exhibit "K"). Ms. Fekete attests, "We were open and ready to take clients at this time." (paragraph 9)

[16] Ms. Fekete alleges that the Opponent's mark has been in use since at least as early as September 3, 2003, the date when their business telephone line was connected and they were "open for business and available to take reservations from clients." (paragraph 17) Her affidavit contains no evidence of how the mark was used or displayed in the performance or advertising of operating a daycare as of September 3, 2003, but this point was explored further during her cross-examination and the following discussion will incorporate the evidence that was added through the cross-examination.

[17] It is not known when the fall 2003 issue of the Mississauga Yellow Pages would have been distributed to the public and Exhibit "1" of the undertakings, which allegedly is the underlying contract, does not appear to relate to Yellow Pages. In these circumstances, I am only willing to accept that distribution of the fall 2003 issue would have occurred prior to December 2003.

[18] Ms. Fekete does provide various other print advertisements as Exhibits "S" through "Z". The earliest of these is an ad that appeared in *The Mississauga News* on November 7, 2003 (this is what Exhibit "1" to the undertakings appears to relate to). It does display ACTIVE KIDS but it states, "coming Jan. 2004", which suggests that although they were ready to take registrations, they would not be in a position to provide the services of "child care services, namely, operating a day care centre" before January 2004. There is case law that says that advertisement of a mark in association with services is not use in accordance with s. 4 unless the trade-mark owner was in a position at that time to provide the services [*Wenward (Canada) Ltd. v. Dynaturf Co.*, 28 C.P.R. (2d) 20]. Therefore, at most, this evidence suggests that the Opponent intended to commence use of the ACTIVE KIDS trade-mark prior to January 31, 2004, which date does not of course predate the Applicant's claimed date of first use. Nevertheless, as set out below, there is evidence from the cross-examination that use of the Opponent's mark actually began prior to October 1, 2003.

[19] Ms. Fekete explained during cross-examination that she first began using the Opponent's mark in association with a daycare that offered services for only five children. Apparently, there is an exception to the regulations of the *Day Nursery Act* for daycares of that size. (questions 40-

42) So, the Opponent was able to operate prior to obtaining approval for its larger daycare, and the January 2004 date is the date concerning the larger daycare. The use of the mark with the smaller daycare prior to October 1, 2003 is supported by the following evidence: outdoor signage displaying the Opponent's mark (questions 21-22; Exhibit "2A"); contract and receipt issued by the Opponent for daycare services provided in September 2003 (questions 85-88; Exhibit "6").

[20] Based on the foregoing, I am satisfied that the ACTIVE KIDS mark was used in Canada in association with daycare services prior to October 1, 2003 and also that it had not been abandoned as of December 8, 2004. However, there is one other hurdle that the Opponent must overcome before I am satisfied that it has met its initial burden and that is whether the use of ACTIVE KIDS enured to the benefit of the Opponent. In this regard, I note that the receipt in Exhibit "6" was issued by Active Kids Daycare Centre Inc., not by 1594210 Ontario Inc. The relationship between the Opponent and Active Kids Daycare Centre Inc. has however been explained by Ms. Fekete.

[21] Ms. Fekete attests that commercial litigation arose between her company and the Applicant's principals and so:

[i]n order to ensure my day care business could operate without being affected by such litigation, I incorporated a new company, 1594210 Ontario Inc., on October 31, 2003. This corporation is registered in my father-in-law's name, but I act as a Director and the Secretary/Treasurer of that corporation. I have attached these new Articles of Incorporation as Exhibit "P". I have also attached as Exhibit "Q" a motion showing that I am an equal shareholder in the corporation.

(paragraph 15)

[22] Moreover, Ms. Fekete confirms that any and all trade-mark rights owned by Active Kids Daycare Centre Inc. were verbally assigned to the Opponent, 1594210 Ontario Inc., as of the incorporation of the Opponent on October 31, 2003.

[23] I note that the Applicant did not cross-examine Ms. Fekete on the foregoing points. Nevertheless, the Applicant takes the position that the assignment was improper on the basis that it was done without the consent of Ms. Kamilla Saramo, who it says owned 50% of the shares in Active Kids Daycare Center Inc. Ms. Fekete herself introduced as Exhibit "O" to her affidavit a copy of an undated Transfer of Share document in favour of Ms. Saramo but it is Ms. Fekete's position that Ms. Saramo never purchased the shares and failed to fulfill the terms of their agreement. Currently, there is a lawsuit pending concerning whether or not Ms. Saramo is in fact entitled to the transfer of such shares (Exhibits C, D and E, Sarkadi affidavit).

[24] In the circumstances of this case, I am prepared to accept Ms. Fekete's sworn statement that a verbal assignment occurred as of October 31, 2003, bearing in mind that the lawsuit concerning the parties' contract rights has not resulted in any judicial decision and the Articles of Incorporation for Active Kids Daycare Centre Inc. (Exhibit "E", Fekete affidavit) make no reference to any individual other than Eموke Fekete.

[25] I therefore find that the Opponent has satisfied its initial burden with respect to this ground of opposition.

[26] I will now assess the evidence of both parties with a view to determining if the Applicant has met the legal burden on it to demonstrate that, based on a balance of probabilities, confusion between ACTIVE KIDS and ACTIVE KIDZ is not likely.

[27] 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.

[28] 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. (4th) 321 (S.C.C.).]

[29] Neither mark has a great degree of inherent distinctiveness (due to their suggestive nature) and neither has become known to any great extent.

[30] Neither mark has been used for very long but a consideration of s. 6(5)(b) requires me to address the Applicant's evidence in a bit more detail.

[31] The Applicant's evidence is from its President, Mr. Sarkadi. Mr. Sarkadi attests that Eموke Fekete and her husband approached him in June 2003 with respect to establishing a business relationship for the operation of a licensed day care centre in which both couples would have a 50% interest. (paragraph 8) To this end, he says Ms. Fekete signed a Share Transfer agreement in August 2003 that granted his wife (Kamilla Saramo) an equitable interest in 50% of the shares of Active Kids Daycare Centre Inc. (Exhibit "O", Fekete affidavit; paragraph 10, Sarkadi affidavit) It is Mr. Sarkadi's position that Ms. Fekete unlawfully failed or refused to complete the documents necessary to complete her legal obligations under the Share Transfer agreement. In the meantime however, Mr. Sarkadi started an unlicensed day care centre under the trade-mark ACTIVE KIDZ in partnership with Judit Ronai, allegedly in anticipation of operating a licensed daycare centre with the Feketes. The Applicant was incorporated on March 16, 2004 and a *nunc pro tunc* assignment was executed by Karoly Sarkadi and Judit Ronai on September 2, 2005 to confirm their assignment of the trade-mark ACTIVE KIDZ and the present application to the Applicant as of March 16, 2004. (Exhibit "A") Hence it is clear that the first use relied upon by the Applicant is that of its alleged predecessor and it is that party's use that I will discuss next.

[32] A flyer displaying the Mark and promoting an open house between July 2 and 6, 2003 was distributed to the public in June and July 2003. (Exhibit F; paragraph 20) The first, and apparently only, child to enroll in the unlicensed daycare service was registered on July 24, 2003 and began her attendance on August 5, 2003. (Exhibit G and H, paragraphs 23 and 24; cross-examination question 93)

[33] Based on the foregoing, the Applicant now submits that it has used the Mark through its predecessor since August 5, 2003. I do not contest that point. However, it is not possible for an applicant to change the date of first use in an application after the application has been advertised in the Trade-marks Journal. (*Trade-marks Regulations*, r. 32(b)) Accordingly, even though the Applicant may have used ACTIVE KIDZ before the Opponent used ACTIVE KIDS, this does not result in defeating the s. 16 ground of opposition.

[34] Factors 6(5)(c), (d), and (e) favour the Opponent because the nature of each party's services and trade are essentially identical, as are their trade-marks.

[35] Having considered all of the surrounding circumstances, I find that the s. 16(1) ground of opposition is successful. It is not mandatory for an applicant to claim its earliest date of first use in an application, but the failure to do so in the present case resulted in an outcome that might have otherwise been avoided.

### Second Ground of Opposition

[36] The second ground of opposition pleads that the application is not in compliance with s. 30(b) and (i) of the Act.

[37] The basis for the s. 30(b) ground is that the corporate Applicant did not exist as of the date of first use claimed. However, this ground is now moot since the Applicant has amended its application to rely upon a predecessor-in-title. The s. 30(b) ground is therefore dismissed.



[38] 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. [*Sapodilla Co. Ltd. v. Bristol-Myers Co.* (1974), 15 C.P.R. (2d) 152 (T.M.O.B.) at 155] Based on the evidence before me, I cannot conclude that the Applicant acted in bad faith. The s. 30(i) ground is accordingly dismissed.

#### Third Ground of Opposition

[39] The third ground pleads that the claimed date of first use does not conform to any actual use of the Mark, contrary to s. 30. As the evidence does not support such a conclusion, this ground is also dismissed.

#### Disposition

[40] Having been delegated by the Registrar of Trade-marks by virtue of s. 63(3) of the Act, I refuse the application pursuant to s. 38(8) of the Act.

DATED AT TORONTO, ONTARIO, THIS 7th DAY OF JULY 2009.

Jill W. Bradbury  
Member  
Trade-marks Opposition Board