



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

Citation: 2014 TMOB 156
Date of Decision: 2014-07-31

**IN THE MATTER OF AN OPPOSITION
by IGM Financial Inc./Société Financière
IGM Inc. to application No. 1,531,084 for
the trade-mark OWNED AND
OPERATED BY INVESTORS in the
name of EdgePoint Investment Group
Inc.**

[1] EdgePoint Investment Group Inc. (the Applicant) filed an application to register the trade-mark OWNED AND OPERATED BY INVESTORS (the Mark) on June 9, 2011. The application is based upon use in Canada since November 17, 2008, in association with “the operation, management and administration of mutual funds”.

[2] IGM Financial Inc./Société Financière IGM Inc. (the Opponent) filed a statement of opposition on September 20, 2012 to oppose the application under section 38 of the *Trade-marks Act*, RSC 1985, c T-13 (the Act).

[3] The application has been opposed on two grounds:

- i) the Mark is either clearly descriptive or deceptively misdescriptive of the character of the services, in contravention of section 12(1)(b) of the Act; and
- ii) the Mark is not distinctive.

[4] For the reasons that follow, the opposition is successful.

Onus

[5] 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 [*John Labatt Limited v The Molson Companies Limited* (1990), 30 CPR (3d) 293 (FCTD) at 298].

Evidence

Opponent's Evidence

[6] In support of its opposition, the Opponent filed the affidavit of Donna L. Janovcik, affirmed May 3, 2013 (the Janovcik affidavit). Ms. Janovcik was not cross-examined.

[7] Ms. Janovcik is the Associate Corporate Secretary for the Opponent [para 1]. Ms. Janovcik states that as a result of her position with the Opponent, she has personal knowledge of the matters referred to in her affidavit [para 1].

[8] Ms. Janovcik states that the Opponent is a publicly traded corporation listed on the Toronto Stock Exchange [para 2]. In paragraph 3 of her affidavit, Ms. Janovcik states that the Opponent and its subsidiaries are permitted to and do invest in shares in the capital stock of the Opponent. Ms. Janovcik further states that employees of the Opponent and its subsidiaries who invest in shares in the capital stock of the Opponent also assist in the operation of the Opponent and its subsidiaries [para 4].

[9] Ms. Janovcik concludes her affidavit by stating that she considers the Opponent and its subsidiaries to be owned and operated by investors in the capital stock of the Opponent [para 5].

Applicant's Evidence

[10] In support of its application, the Applicant filed the affidavit of Patrick Farmer, sworn September 4, 2013 (the Farmer affidavit). Mr. Farmer was not cross-examined.

[11] Mr. Farmer is the Chief Operating Officer and Chief Compliance Officer of the Applicant and the Chief Executive Officer of an affiliated company called EdgePoint Wealth Management Inc. These companies were co-founded by Mr. Farmer in 2008 [para 1].

[12] Mr. Farmer's affidavit provides background information on the Applicant, its business, the evolution of the Mark, its sales and advertising in association with the Mark and the nature of the Opponent's business. I will discuss some of the more relevant parts of Mr. Farmer's affidavit below.

The Applicant

[13] In paragraph 4, Mr. Farmer describes the Applicant as an "independently owned discretionary investment fund manager" based in Toronto. He indicates that the Applicant provides portfolio advisory services for its affiliate (EdgePoint Wealth Management Inc.), approximately 69% of which is owned by the Applicant.

[14] Mr. Farmer collectively refers to the Applicant and its affiliate as "EdgePoint" in some instances throughout his affidavit and I will do the same while summarizing his evidence.

[15] In paragraphs 6 and 7, Mr. Farmer explains that the Applicant is licensed as a Portfolio Manager and Exempt Market Dealer and as a Fund Manager with various provincial securities commissions within Canada and that its affiliate is registered as a Fund Manager with the Ontario Securities Commission.

[16] Mr. Farmer states that the Applicant's affiliate is the management firm that handles the day to day management of four open-ended mutual funds of EdgePoint [para 7].

The Mark

[17] In paragraph 9, Mr. Farmer explains that EdgePoint considers its investors and the advisors who represent them as "investment partners". Mr. Farmer states that the slogan OWNED AND OPERATED BY INVESTORS (the Mark), was coined by EdgePoint to distinguish itself in the marketplace as being an "investment-led firm", rather than a "sales and marketing-led firm" [paras 10, 15 and 17].

[18] Mr. Farmer further states that one way in which EdgePoint ensures that its focus remains on investment performance is by having it be led by its key investors. Employees not only own the majority of the firm but are collectively one of its largest clients [para 15].

[19] In paragraph 16, Mr. Farmer states that EdgePoint's fund managers "eat their own cooking". He explains that this means that the "owners of the company and the portfolio managers are one and the same people and as company owners, they are free to manage their funds creatively".

[20] Mr. Farmer states that both the Applicant and its affiliate use the Mark as part of their marketing and that to the extent that the Applicant's affiliate uses the Mark, it does so under license from the Applicant [para 28].

[21] In paragraph 29, Mr. Farmer states that the Applicant exercises control over the character or quality of the services provided by its affiliate in association with the Mark and provides examples of some of the ways in which such control is exercised.

The Applicant's Business

[22] In paragraph 8, Mr. Farmer states that EdgePoint reached business profitability in August of 2009 after 9 months in operation, with 21 full-time employees and \$450 million in assets under management ("AUM").

[23] According to Mr. Farmer, since its inception in 2008, EdgePoint has built up a base of 2,450 independent financial advisors and 92 dealers across Canada who sell its funds and other financial products [para 11]. Some of its dealers/brokers include CIBC World Markets Inc., BMO Nesbitt Burns Inc. and RBC Dominion Securities [para 11]. Mr. Farmer does not indicate where in Canada these advisors and dealers are located, nor does he indicate how many there were in each year leading up to the time of the swearing of his affidavit.

[24] EdgePoint's advisors and dealers sell funds to many different individual investors. According to Mr. Farmer, EdgePoint itself presently has approximately 60,000 individual investors located in many provinces across Canada and an AUM of over \$5 billion, approximately 70% of which is invested in EdgePoint's funds [paras 11, 12 and 13]. Mr. Farmer

has not provided a breakdown of how many investors in the Applicant's funds were third party investors in each year following the Applicant's inception and what percentage of its AUM was attributable to outside investors during each year following the Applicant's inception.

[25] In paragraph 13, Mr. Farmer provides a breakdown of its individual investment clients across Canada on a province by province basis. However, only a current breakdown has been provided. Thus, it is not possible to ascertain how many individual investors EdgePoint had in earlier years or where in Canada those investors were located.

[26] Mr. Farmer states that the net assets invested in the EdgePoint funds have significantly increased since their launch in 2008 from \$42 million to approximately \$3.5 billion in 2013 [para 14].

Advertising and Promotion of the Services in Association with the Mark

[27] In paragraph 17, Mr. Farmer states that since EdgePoint's inception and over the subsequent five years, all of its financial advisors and dealers, individual investment clients and other members of the Canadian public who are interested in its products and services have been repeatedly exposed to the Mark, which Mr. Farmer reiterates is intended to function as a shorthand way to communicate to the marketplace that EdgePoint follows an "investment-led" approach to its business, as opposed to a "sales and marketing" one.

[28] In paragraphs 18 to 26, Mr. Farmer details some of the ways in which EdgePoint has advertised and promoted its services in association with the Mark since 2008.

[29] Attached as Exhibit "1" is a copy of an insert featuring the Mark which was published on May 6, 2013 and which Mr. Farmer states is representative of inserts which have been mailed to all new investors on a quarterly basis since 2008. Mr. Farmer states that over 10,000 of such inserts are mailed each year [para 18]. There is no geographic breakdown provided.

[30] Attached as Exhibit "2" is a copy of an information circular featuring the Mark which was published on March 15, 2013 and which Mr. Farmer states is representative of information circulars which have been distributed at branch and advisor meetings and sent to prospective new financial advisors since 2008. No details are provided with respect to how many of these

circulars are sent out each year and no geographic breakdown of their circulation has been provided.

[31] Attached as Exhibit “3” is a facts information sheet featuring the Mark, which Mr. Farmer states is distributed quarterly by EdgePoint’s sales team for each of the EdgePoint funds. The facts information sheets are also available on EdgePoint’s website. Although this facts information sheet was produced on April 12, 2013, Mr. Farmer states that it is representative of how the Mark has appeared on similar facts information sheets since 2008 [para 20]. No details have been provided with respect to how many fact information sheets have been distributed each year since 2008 or where they have been distributed.

[32] The Mark is also featured on the electronic signatures and business cards of EdgePoint employees and has been since 2008 [paras 21 and 22, Exhibits “3” and “4”]. In addition, the Mark is displayed on the EdgePoint website and has been since 2008 [paras 23-25, Exhibits “5” – “9”]. In paragraph 26, Mr. Farmer states that EdgePoint’s website receives tens of thousands of visits each year, 90% of which originate from computers with Canadian IP addresses. Each of the pages viewed displays the Mark. Mr. Farmer provides some information regarding the number of unique visits and visitors to the website for the first quarter of 2013, but not for any other years [para 26].

[33] In paragraph 27, Mr. Farmer states that EdgePoint receives media coverage in newspapers and magazines with Canadian distribution, some of which refer to the Mark. Attached as Exhibits “10” to “12” are representative examples of such coverage from articles which appear in publications dated 2009-2011. No circulation data for these publications has been provided.

The Nature of the Opponent’s Business

[34] In paragraphs 30 to 35 of his affidavit, Mr. Farmer provides information in an attempt to establish that the Opponent owns at least one company which manages and distributes mutual funds and other managed asset products and which is an example of a “sales and marketing led” investment firm of the very sort from whom EdgePoint seeks to distinguish itself in the marketplace by using the Mark.

[35] Mr. Farmer states that what Ms. Janovcik has described in her affidavit amounts to some employees of the Opponent owning an incidental number of shares in what is a widely held company. He states that this is not the same as EdgePoint, which has a company culture that inspires employees to think and act like owners and where employees can own a meaningful share of the business. In this regard, Mr Farmer states that EdgePoint employees control directly or indirectly 100% of the Opponent, over 79% of its affiliate and have an aggregate investment in EdgePoint Funds of over \$63 million [para 35].

Analysis

[36] Neither party requested an oral hearing in this matter. Accordingly, this decision is being rendered solely on the basis of the pleadings, the evidence and the written arguments which were put forward by the parties. As mentioned previously, there are only two issues to be determined in this proceeding: i) whether the Mark is clearly descriptive or deceptively misdescriptive; and ii) whether the Mark is distinctive. I will deal with each of these issues in turn below.

Is the Mark Clearly Descriptive or Deceptively Misdescriptive?

[37] The Opponent has pleaded that the Mark is not registrable pursuant to section 12(1)(b) of the Act because it is either clearly descriptive or deceptively misdescriptive of the character of the services in association with which it has allegedly been used. More particularly, the Opponent has pleaded that the Mark OWNED AND OPERATED BY INVESTORS either describes that the provision of the services “the operation, management and administration of mutual funds” are provided by investors in the Applicant which is owned and operated by those investors or it deceptively misdescribes the Applicant and who is providing the services.

[38] The test to be applied when assessing whether a trade-mark violates section 12(1)(b) of the Act has been summarized by the Federal Court of Appeal in *Ontario Teachers’ Pension Plan Board v Canada* (2012), 99 CPR (4th) 213 (FCA) at para 29:

It is trite law that the proper test for a determination of whether a trade-mark is clearly descriptive is one of first impression in the mind of a normal or reasonable person. [...] One should not arrive at a determination of the issue by critically analyzing the words of the trade-mark, but rather by attempting to ascertain the immediate impression created by the trade-mark in association with the wares or services with which it is used or proposed

to be used. In other words, the trade-mark must not be considered in isolation, but rather in its full context in conjunction with the wares and services.

[39] The word “character” in section 12(1)(b) has been held to mean a feature, trait or characteristic of the product or service and the word “clearly” has been held to mean “easy to understand, self-evident or plain” [*Drackett Co of Canada Ltd v American Home Products Corp* (1968), 55 CPR 29 (Ex Ct) at 34].

[40] The material date for considering the registrability of the trade-mark under section 12(1)(b) of the Act is the filing date of the application, namely June 9, 2011 [*Fiesta Barbeques Ltd v General Housewares Corp* (2003), 28 CPR (4th) 60 (FCTD)].

[41] The only evidence which has been adduced by the Opponent in this case is the Janovcik affidavit. The Applicant has pointed out that Ms. Janovcik’s affidavit was sworn after the material date and that all of the statements made therein have been made in the present tense. The Applicant submits that Ms. Janovcik’s affidavit should be afforded no weight and that consequently, the Opponent has failed to meet its initial evidential burden in respect of its section 12(1)(b) ground of opposition.

[42] I do not find it necessary to consider the Opponent’s evidence in order to dispose of the Opponent’s section 12(1)(b) ground of opposition. As stated by Justice Martineau in *Neptune SA v Canada (Attorney General)* (2003), 29 CPR (4th) 497 (FCTD) at paragraph 11:

To determine whether a trade-mark falls under [the section 12(1)(b)] exclusion, the Registrar must not only consider the evidence at his disposal, but also apply his common sense in the assessment of the facts. The decision that the mark is either clearly descriptive or deceptively misdescriptive is based on his initial impression. He must consider it not in isolation but in light of the product or service in question.

[See also *Ontario Teachers' Pension Plan Board v Canada (Attorney General)* (2010), 89 CPR (4th) 301 (FC) at para 48; aff’d (2012), 99 CPR (4th) 213 (FCA).]

[43] In addition to applying common sense, I also note that I may exercise my discretion to take into account dictionary definitions for the words which make up the Mark [*Envirodrive Inc v 836442 Alberta Ltd*, 2005 ABQB 446 (ABQB); *Yahoo! Inc v audible.ca inc* (2009), 76 CPR (4th); *Lakeside Produce Inc v Imagine IP, LLC* 2011 TMOB 17 (CanLII)].

[44] The *Canadian Oxford Dictionary* (2d) defines “own” as “belonging to oneself or itself”, “operate” as “manage, work, control”, and “invest” (from which “investor” is derived), as “put money for profit (into stocks etc.)”.

[45] As mentioned previously, the Opponent has pleaded that the Mark OWNED AND OPERATED BY INVESTORS either describes that the provision of the services “the operation, management and administration of mutual funds” are provided by investors in the Applicant which is owned and operated by those investors or it deceptively misdescribes the Applicant and who is providing the services.

[46] The Applicant submits that the Mark is capable of multiple meanings including: 1) that the Applicant’s mutual fund company is operated by individuals who have an ownership interest in the mutual fund company (this is in line with the Opponent’s submissions); 2) that the individuals who operate the Applicant mutual fund company are also investors in the mutual funds of the company; 3) that consumers who invest in the Applicant’s mutual funds are given an operating role in the company or funds; or 4) that the Applicant mutual fund company is owned and operated by “professional” investors, rather than marketers or business people in general. The Applicant submits that all of the aforementioned interpretations are plausible on their face. I disagree.

[47] While its true that marks which are capable of suggesting multiple possible meanings may not be held to be clearly descriptive in some cases, the mere fact that a mark has more than one meaning does not prevent a section 12(1)(b) ground of opposition from succeeding. If each of the meanings is clearly descriptive then the mark is unregistrable under section 12(1)(b) [*Canadian Tire Corp v Hunter Douglas Inc* (2010), 81 CPR (4th) 304 (TMOB), *Pillsbury Co v Alantra Imports Co* (1999), 1 CPR (4th) 252 (TMOB) and *Holiday Juice Ltd v Sundor Brand Inc* (1990), 33 CPR (3d) 509 (TMOB)].

[48] With respect to 4) above, although Mr. Farmer has stated in his affidavit that the Mark was coined by EdgePoint to distinguish itself in the marketplace as being an “investment-led firm”, rather than a “sales and marketing-led firm” [Farmer affidavit, paras 10, 15 and 17], I do not view this interpretation as one which would be readily apparent to the reasonable person as a matter of first impression. In my view, arriving at such an interpretation would require some

degree of mental processing as to the meaning of the Mark and perhaps even some degree of knowledge regarding the various business models which are utilized within the mutual fund industry.

[49] With respect to 3) above, I also consider it unlikely that the normal or reasonable person would assume as a matter of first impression that purchasing the mutual funds of the Applicant would result in some sort of operational role in the Applicant's company or in how it manages and administers its funds. In my view, this would not be a reasonable expectation of the average consumer.

[50] Insofar as 1) is concerned, when one considers the Mark in the context of the Applicant's services, I agree with the Opponent that the message conveyed is that the Applicant's services, namely, "the operation, management and administration of mutual funds" are provided by investors in the Applicant which is owned and operated by those investors.

[51] I also agree with the Applicant that the Mark is also capable of conveying 2), namely, that the individuals who own and operate the Applicant's mutual fund company also invest in its mutual funds, the operation, management and administration of which are performed by the Applicant.

[52] In fact, both 1) and 2) are true. The Applicant's company is operated by individuals who have an ownership interest in it and the services are therefore being provided directly by investors in the Applicant. In addition, the individuals who own and operate the Applicant's company are also investors in its mutual funds [Farmer affidavit, paras 15, 16 and 35].

[53] Since both 1) and 2) are true in the present case, I find that the Mark clearly describes two aspects of the character of the Applicant's services. I therefore find the Mark to be clearly descriptive within the meaning of section 12(1)(b) of the Act.

[54] I note that a trade-mark that is not registrable by reason of being clearly descriptive under section 12(1)(b) of the Act can become registrable if it has been so used in Canada by the applicant or his predecessor in title as to have become distinctive at the date of filing an application for its registration [section 12(2) of the Act; *Backrack Inc v STK, LLC* 2013 FC 424].

[55] In the present case, the Applicant has not claimed the benefit of section 12(2) in its application, nor has it made any submissions regarding the possible registrability of the Mark under section 12(2). Even if it had raised this issue, I would likely not have found the Farmer affidavit sufficient to conclude that the Mark had become distinctive as of the filing date of the application.

[56] Overall, the information regarding advertising, sales and use of the Mark has not been sufficiently broken down to enable me to properly assess any distinctiveness which the Mark may have acquired between its date of first use and the filing date of the application.

[57] In view of the foregoing, this ground of opposition is successful.

Is the Mark Distinctive?

[58] The material date to assess this ground of opposition is the filing date of the statement of opposition, namely, September 20, 2012 [*Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* (2004), 34 CPR (4th) 317 (FC)].

[59] The Opponent has pleaded that the Mark is not capable of distinguishing the services of the Applicant from the services of others in the mutual fund management field, as many companies which provide “the operation, management and administration of mutual funds” are owned and operated by the persons who have invested in such companies. The Opponent takes the position that since the Mark is clearly descriptive of a character of the services in association with which it is used, it cannot be distinctive of the Applicant’s services. I agree.

[60] A trade-mark that is clearly descriptive or deceptively misdescriptive is necessarily not distinctive [see *Canadian Council of Professional Engineers v APA - The Engineered Wood* (2000), 7 CPR (4th) 239 (FCTD) at 253]. I have already found the Mark to be clearly descriptive of the character of the Applicant’s services as of June 9, 2011 and I am unable to come to any other conclusion regarding its descriptiveness or distinctiveness as of September 20, 2012.

[61] Accordingly, the non-distinctiveness ground of opposition is also successful.

Disposition

[62] Pursuant to the authority delegated to me under section 63(3) of the Act, I refuse the application pursuant to section 38(8) of the Act.

Lisa Reynolds
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office