



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

Citation: 2013 TMOB 181
Date of Decision: 2013-10-24

**IN THE MATTER OF AN OPPOSITION
by Cosmetic Warriors Limited to
application No. 1,408,287 for the trade-
mark KARMA LIVING NOW in the
name of Karma Now Pty Ltd.**

[1] On August 22, 2008, Karma Now Pty Ltd. (the Applicant) filed an application to register the trade-mark KARMA LIVING NOW (the Mark) based on proposed use for various services. The Applicant filed a revised application on March 2, 2012. The revised application was accepted by the Registrar on March 13, 2012. The application, as amended, claims the following services:

retail, online retail, telephone retail, and mail order catalogue services featuring candles, candle holders, candle accessories, cards, books, compact discs, stationery, indoor and outdoor furniture, outdoor homewares, outdoor accessories, giftware, wind chimes, bed sheets, towels, linens, soft furnishings, jewellery, glassware, homewares, kitchenware, vases, photo frames, furniture, rugs, and providing product information regarding the foregoing;

classes, seminars, workshops, conferences, and training programs in the field of health, well-being, personal awareness, self-help, and empowerment, and providing information in the field of the foregoing;

resort and hotel lodging services;

serving of food and drink and beverages;

health spa services, namely, providing beauty care and health care.

[2] The application was advertised for opposition purposes in the *Trade-marks Journal* of December 1, 2010.

[3] On January 1, 2011, Cosmetic Warriors Limited (the Opponent) filed a statement of opposition.

[4] The statement of opposition includes grounds of opposition based on sections 38(2)(a) and 30(e), (h) and (i) of the *Trade-marks Act*, RSC 1985, c T-13 (the Act). However, at the oral hearing, the Opponent conceded that no evidence was filed in support of these grounds of opposition but that it wished to maintain them in the event of a potential appeal. In the absence of evidence or submissions in support of these grounds of opposition, I find that the Opponent has failed to meet its evidential burden and the grounds of opposition based on sections 38(2)(a) and 30(e), (h) and (i) are all dismissed accordingly.

[5] The remaining grounds of opposition, all of which are based on allegations of confusion, can be summarized as follows:

- Pursuant to sections 38(2)(b) and 12(1)(d) of the Act, the Mark is not registrable as it is confusing with the following registered trade-marks:
 - KARMA (TMA596,247) owned by the Opponent and registered in association with “perfumes; bath preparations, namely, bath salts, bubble bath, bath foams, bath oils, shower and bath gel, body scrubs and washes; non-medicated toilet preparations, namely, talcum powder; cosmetic preparations, namely, skin creams, skin cleaners, skin toners, face masks, complexion treatments, skin moisturizers, powders, lipsticks, mascaras, eye creams, eye shadows and eyeliners; lotions, powders and creams all for use on the skin; dentifrices; depilatory preparations; personal deodorants; preparations for care of the hair; shampoos; soaps, namely, moisturizing and revitalizing bath soaps, toilet soaps, fragrance soaps and liquid soaps” (the Opponent’s Wares); and
 - KARMA (TMA514,161) owned by Smed International Inc. and registered for “office furniture, namely, chairs”.
- Pursuant to sections 38(2)(c) and 16 of the Act, the Applicant was not the person entitled to registration of the Mark because at the filing date, and any other material date, the Mark was confusing with the Opponent’s trade-mark KARMA which was previously used or made known by the Opponent and its predecessors (or for their benefit by licensees) in association with the Opponent’s Wares.

- Pursuant to sections 38(2)(d) and 2 of the Act, the Mark does not actually distinguish the Applicant's services from the wares and services of others, including those of the Opponent, nor is it adapted to so distinguish them; the Mark is used outside the scope of the licensed use provided for by section 50 of the Act.

[6] The Applicant served and filed a counter statement in which it denied the Opponent's allegations and put the Opponent to the strict proof thereof.

[7] In support of its opposition, the Opponent filed certified copies of the registrations for KARMA (TMA596,247) owned by the Opponent and KARMA (TMA514,161) owned by a third party as well as an affidavit of Alex Leonini.

[8] The Applicant did not file any evidence in support of its application.

[9] Neither party filed a written argument. An oral hearing was held at which only the Opponent was represented.

Onus and Material Dates

[10] 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 CPR (3d) 293 (FCTD) at 298].

[11] The material dates that apply to the grounds of opposition are as follows:

- sections 38(2)(b)/12(1)(d) - the date of my decision [see *Park Avenue Furniture Corporation v Wickes/Simmons Bedding Ltd and The Registrar of Trade Marks* (1991), 37 CPR (3d) 413 (FCA)]
- sections 38(2)(c)/16(3) - the date of filing the application [see section 16(3) of the Act].
- sections 38(2)(d)/2 - the date of filing of the opposition [see *Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* (2004), 34 CPR (4th) 317 (FC)].

Preliminary Remark

[2] In coming to my decision I have considered all of the evidence filed by the parties and the submissions made by the Opponent; however, only the portions of the evidence and submissions which are directly relevant to my findings will be discussed in the body of my decision.

Non-registrability Ground of Opposition – Section 12(1)(d) of the Act

[12] An opponent's initial onus is met with respect to a section 12(1)(d) ground of opposition if the registration(s) relied upon is in good standing as of the date of the opposition decision. The Registrar has discretion to check the register in order to confirm the existence of the registration(s) relied upon by an opponent [see *Quaker Oats of Canada Ltd/La Compagnie Quaker Oats du Canada Ltée v Menu Foods Ltd* (1986), 11 CPR (3d) 410 (TMOB)]. I have exercised that discretion and note that the registrations for the pleaded KARMA trade-marks remain extant. Thus the Opponent has met its evidential burden. The Applicant is now under a legal onus to establish, on a balance of probabilities, no likelihood of confusion between the Mark and the pleaded KARMA trade-marks.

[13] 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.

[14] In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in section 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 CPR (4th) 321 (SCC) and *Masterpiece Inc v Alavida Lifestyles Inc* (2011), 96 CPR (4th) 361 (SCC).]

[15] At the oral hearing, the Opponent submitted that when analysing the likelihood of confusion between the parties' marks we must take into account the following four contextual factors which the Opponent submits work together to create a "worst case scenario" for the Applicant:

- a. the application is based solely on proposed use;
- b. the Applicant has failed to provide evidence of use of the Mark and therefore we have no information as to the nature of the Applicant's channels of trade;
- c. the comparison is between two word marks and thus there would be nothing preventing the Applicant from using the Mark in any manner, including in a manner similar in appearance to the Opponent's KARMA mark as used on the Opponent's bath and beauty products;
- d. the applied-for services do not include any restrictions on the channels of trade and thus it can be assumed that the parties' channels of trade could overlap.

[16] At the oral hearing, the Opponent focused its submissions on the nature of the parties' wares and services, addressing the remaining section 6(5) factors only briefly at the conclusion of the oral hearing. I agree with the Opponent that the determining factors in the confusion analysis in the present case are sections 6(5)(c) and (d) and thus I will begin my analysis with a brief discussion of the other section 6(5) factors.

[17] The Opponent made submissions with respect to the meaning of the word KARMA. Specifically, I note that the *Oxford English Dictionary* indicates that the word KARMA is derived from Buddhism and/or Hinduism and is defined as "the sum of a person's actions in previous states of existence, viewed as deciding his or her fate in future existences". I am of the view that the parties' marks share the same degree of inherent distinctiveness by virtue of being made up of common dictionary words which have no particular meaning with respect to associated wares and services.

[18] The application for the Mark is based on proposed use and the Applicant has not provided any evidence of use or reputation for the Mark. As a result, it is clear that the Opponent's KARMA mark, for which I have been provided with evidence of use and reputation in Canada (as will be discussed further below in the analysis of the non-entitlement ground of opposition), has become known to a greater extent and has been used longer than the Mark.

Accordingly the section 6(5)(a) and (b) factors favour the Opponent, at least with respect to the Opponent's KARMA mark. I note that the same is not true with respect to the third party KARMA mark as the Opponent has not provided any evidence of use or reputation for registration No.TMA514,161.

[19] As submitted by the Opponent, it is relevant that the first portion of the Mark is identical to the pleaded KARMA marks as the first portion of a mark is generally considered the most important for the purposes of distinguishing [see *Pernod Ricard v Molson Breweries* (1992), 44 CPR (3d) 359 (FCTD); *Masterpiece, supra*]. That being said, the law is clear that when assessing confusion it is not proper to dissect trade-marks into their component parts, rather, marks must be considered in their entirety [see *British Drug Houses Ltd v Battle Pharmaceuticals*, [1944] Ex. CR 239, at 251, affirmed [1946] SCR 50 and *United States Polo Assn v Polo Ralph Lauren Corp* (2000), 9 CPR (4th) 51 at para 18, aff'd [2000] FCJ No 1472 (CA)].

[20] The Mark is not identical to the pleaded KARMA marks; rather, the Mark features additional words which create some differences in appearance, sound and ideas suggested. With respect to the ideas suggested I note that the additional words in the Mark, LIVING NOW, suggest the notion of a lifestyle employing the concept of KARMA, whereas the trade-mark KARMA merely suggests the concept of KARMA generally

[21] I will focus the remainder of my analysis on the nature of the parties' wares and services.

[22] It is the Applicant's statement of services as defined in its application versus the Opponent's registered wares that govern my determination of this factor [see *Esprit International v Alcohol Countermeasure Systems Corp* (1997), 84 CPR (3d) 89 (TMOB)].

[23] The initial application for the Mark claimed "retail, online retail, telephone retail, and mail order catalogue sale" of wares which were directly overlapping with the Opponent's bath and beauty products, namely "... soaps, lotions, beauty products, massage oils, aromatherapy oils, aromatherapy accessories, crystals...". By way of a revised application filed March 2, 2012 and accepted by the Registrar on March 13, 2012, these were deleted from the application for the Mark.

[24] Despite the fact that the directly overlapping products were deleted from the application, the Opponent maintained its opposition and made submissions at the oral hearing to the effect that all of the applied-for services share varying degrees of similarity with the Opponent's bath and beauty products. The Opponent submitted that each of the claimed services are sufficiently similar to the Opponent's wares such that that the parties' target customers would likely overlap and thus in light of the other relevant surrounding circumstances, a reasonable likelihood of confusion exists as between the parties' marks.

[25] Relying on *BAB Holdings*, the Opponent submits that confusion will be likely where the public may assume that the Applicant's services are "approved, licensed or sponsored by the Opponent so that a state of doubt and uncertainty exists in the minds of the purchasing public" (para 11). The Opponent submits that the circumstances of the present case are such that consumers will make an assumption that the Applicant's services are "approved, licensed or sponsored" by the Opponent.

[26] At the oral hearing the Opponent's submissions focused on the hypothetical nature of the confusion test and the notion that a likelihood of confusion is to be assessed assuming that the marks are used "in the same area" and "whether or not the wares or services are of the same general class".

[27] I agree with the Opponent that the likelihood of confusion test is a hypothetical one; however, the Opponent fails to acknowledge the fact that the parties' wares and services do not share any real degree of similarity. Instead the Opponent submits that by virtue of its alleged extended period of use (more than 17 years) of its KARMA trade-mark – the Opponent has established sufficient reputation such that in a hypothetical scenario wherein the Applicant's services were being offered through a store, hotel, or restaurant next door to one of the Opponent's LUSH stores in which the KARMA bath and beauty products were being sold – customers would be likely to infer some sort of relationship between the sources of the wares and services.

[28] I do not agree with the Opponent's assessment of the similarities between the parties' wares and services. Specifically, I do not agree with the Opponent's submission that, for example, consumers taking advantage of the Applicant's "serving of food and drink and

beverages” services in a venue beside one of the Opponent’s LUSH stores in which KARMA bath and beauty products are sold would assume that the Opponent had authorized the Applicant’s services such that consumers would think the source of the wares and services was the same.

[29] Lastly, I note that the Opponent cited several Board decisions in support of its submissions regarding the section 6(5)(c) and (d) factors; specifically, decisions in which confusion was found despite the fact that the wares and services at issue were not identical. Although I have reviewed all of these decisions, it is trite law that each case must be decided based upon its own merit.

[30] Despite the Opponent’s extensive submissions to the contrary, ultimately I find that the following services in the application do not share any similarity with the Opponent’s bath and beauty products:

retail, online retail, telephone retail, and mail order catalogue services featuring candles, candle holders, candle accessories, cards, books, compact discs, stationery, indoor and outdoor furniture, outdoor homewares, outdoor accessories, giftware, wind chimes, bed sheets, towels, linens, soft furnishings, jewellery, glassware, homewares, kitchenware, vases, photo frames, furniture, rugs, and providing product information regarding the foregoing;

classes, seminars, workshops, conferences, and training programs in the field of health, well-being, personal awareness, self-help, and empowerment, and providing information in the field of the foregoing;

resort and hotel lodging services;

serving of food and drink and beverages;

[31] I do, however, find some similarity between the parties’ wares and services with respect to “health spa services, namely, providing beauty care and health care” which relate in some way to bath and beauty products.

[32] Furthermore, I find that the services “[retail, online retail, telephone retail, and mail order catalogue services featuring] ... indoor and outdoor furniture...” share some similarity with the registered wares for the pleaded third party registration No. TMA514,161 (i.e. “office furniture, namely chairs”).

Conclusion

[33] In applying the test for confusion, I have considered it as a matter of first impression and imperfect recollection. While I acknowledge the importance of the degree of resemblance between the marks in assessing the likelihood of confusion, and the fact that the Mark incorporates the whole of the pleaded KARMA marks, I find that there are differences between the marks at issue in terms of sound, appearance and ideas suggested. Furthermore I find that the difference between the parties' wares and services is sufficient to shift the balance of probabilities in the Applicant's favour with respect to the following services which share no similarity with the registered wares associated with the pleaded KARMA marks (TMA596,247 and TMA514,161):

Retail, online retail, telephone retail, and mail order catalogue services featuring candles, candle holders, candle accessories, cards, books, compact discs, stationery, . . . , outdoor homewares, outdoor accessories, giftware, wind chimes, bed sheets, towels, linens, soft furnishings, jewellery, glassware, homewares, kitchenware, vases, photo frames, furniture, rugs, and providing product information regarding the foregoing;

classes, seminars, workshops, conferences, and training programs in the field of health, well-being, personal awareness, self-help, and empowerment, and providing information in the field of the foregoing;

resort and hotel lodging services;

serving of food and drink and beverages

[34] When considering all of the relevant surrounding circumstances, I find that the Applicant has met its legal burden of establishing on a balance of probabilities no likelihood of confusion between the Mark and the pleaded registered KARMA trade-marks with respect to the above-noted services.

[35] With respect to the services "[retail, online retail, telephone retail, and mail order catalogue services featuring] . . . indoor and outdoor furniture . . ." mentioned above, I find that despite the similarity between the wares and services, the differences between the marks and the absence of any evidence of use or reputation for the third party registration TMA512,161 shifts the balance of probabilities in the Applicant's favour.

[36] However, with respect to “health spa services, namely, providing beauty care and health care”, I find that the similarity in the nature of the wares and services is sufficient to shift the balance of probabilities in favour of the Opponent. As a result, when considering all of the relevant circumstances, I find that the Applicant has failed to meet its legal burden with respect to these services.

[37] Based on the foregoing, the section 12(1)(d) ground of opposition is successful in part, namely with respect to the services “health spa services, namely, providing beauty care and health care” and dismissed with respect to the remainder of the applied-for services.

Non-entitlement Ground of Opposition

Section 16(3)(a) of the Act

[38] Despite the burden of proof on the Applicant to establish, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the Opponent’s claimed KARMA trade-mark, the Opponent has the initial onus of proving that the claimed mark was in use prior to the filing date of the application for the Mark and had not been abandoned as of the date of advertisement for the Mark [section 16(5) of the Act].

[39] The Opponent has provided evidence of use and reputation for its registered KARMA mark in association with bath and beauty products. In his affidavit, Mr. Leonini states that the Opponent’s first sales in Canada of KARMA brand bath and beauty products date back to as early as May 1996 and that the Mark has been used continuously since then by the Opponent’s authorized licensee. Mr. Leonini confirms that the Opponent has always asserted the necessary degree of care and control (either directly or indirectly) over the character and quality of the bath and beauty products sold in association with the Opponent’s KARMA mark.

[40] In support of his sworn statements, Mr. Leonini provides copies of images of bath and beauty products sold under the KARMA trade-mark which he states are representative of the KARMA brand bath and beauty products as sold in Canada prior to August 22, 2008 and which continued to be sold as of the date of swearing his affidavit (Exhibit 3). I note that the KARMA trade-mark is clearly marked on the products.

[41] Mr. Leonini states that the Opponent also offers mail catalogue services which feature the KARMA bath and beauty products. He provides sample copies of the Canadian version of this catalogue, entitled LUSH TIMES (from 2005 – 2009) each of which contains advertisements for the KARMA brand bath and beauty products (Exhibit 4).

[42] Mr. Leonini also explains that in addition to sales made through the Opponent's retail stores (operated under the trade-mark LUSH), the Opponent also generates sales from its website business where it has been offering retail sale services in Canada for its KARMA bath and beauty products since approximately 2003. He attaches to his affidavit printouts from the Canadian website *www.lush.ca* which features images of various KARMA products, namely soap, shampoo, body cream, bath melt and perfume (Exhibit 5).

[43] Mr. Leonini provides worldwide sales figures for the Opponent's KARMA bath and beauty products for the years 2005 – 2010 which range from a low of over \$73 million in 2005 to a high of over \$200 million in 2010. At the oral hearing the Opponent submitted that the fact that Mr. Leonini did not specify the portion of these sales figures which related to the Canadian marketplace is not fatal since the figures are so substantial that even if only 10% of the sales related to the Canadian market, the Canadian sales would be significant. I accept the Opponent's submission and I am willing to infer that Canadian sales of the Opponent's KARMA brand bath and beauty products have been significant.

[44] Mr. Leonini also provides the Opponent's Canadian advertising and promotional expenditures which ranged from a low of \$142,972 in 2006 to a high over \$216,612 in 2010. However, I note that these expenditures are not broken down by trade-mark such that it is unclear what proportion of these expenses relates specifically to the KARMA trade-mark.

[45] Mr. Leonini also provides representative samples of print advertisements from newspapers and magazines in Canada which feature the Opponent's KARMA mark from 2004 and 2005 (Exhibit 7).

[46] Based on the foregoing, I am satisfied that the Opponent has established evidence of use of its KARMA mark before August 22, 2008 and non-abandonment as of December 1, 2010. As such, the Opponent has succeeded in meeting its evidential burden.

[47] The difference in material dates is not significant and as such my findings under the section 12(1)(d) ground of opposition apply equally at this earlier material date and thus the ground of opposition based on section 16(3)(a) of the Act is successful with respect to the services “health spa services, namely, providing beauty care and health care” but dismissed with respect to the remaining services.

Non-distinctiveness Ground of Opposition – Section 38(2)(d) of the Act

[48] While there is a legal onus on the Applicant to show that the Mark is adapted to distinguish or actually distinguishes its services from those of others throughout Canada [see *Muffin Houses Incorporated v The Muffin House Bakery Ltd.* (1985), 4 CPR (3d) 272 (TMOB)], there is an initial evidential burden on the Opponent to establish the facts relied upon in support of the ground of non-distinctiveness.

[49] Pursuant to its evidential burden, the Opponent is under an obligation to show that, as of the filing date of the statement of opposition, one or more of the pleaded KARMA marks had become known sufficiently to negate the distinctiveness of the Mark [see *Bojangles’ International, LLC v Bojangles Café Ltd* (2004), 40 CPR (4th) 553, affirmed (2006), 48 CPR (4th) 427 (FC)].

[50] The Opponent did not provide any evidence of use or reputation for the third party registration for KARMA (TMA514,161) and thus the non-distinctiveness ground of opposition is dismissed as to the extent that it is based on this mark.

[51] As discussed in further detail above in the analysis of the registrability and non-entitlement grounds of opposition, the Opponent has provided evidence of use and reputation for its KARMA trade-mark as of the date of filing of the statement of opposition. The onus is now on the Applicant to establish no likelihood of confusion as between the Mark and the Opponent’s KARMA trade-mark.

[52] As with the non-entitlement ground of opposition, the difference in material dates is not significant such that my findings under the section 12(1)(d) ground of opposition apply equally at this earlier material date. Based on the foregoing, the non-distinctiveness ground of opposition

is successful with respect to the services “health spa services, namely, providing beauty care and health care” but dismissed with respect to the remaining services.

[53] Lastly, I note that the non-distinctiveness ground of opposition also includes an allegation that the Mark was used outside the scope of licensed use pursuant to section 50 of the Act. The Opponent has not provided any evidence in support of this allegation and accordingly this portion of the non-distinctiveness ground is dismissed on account of the Opponent’s failure to meet its evidential burden.

Disposition

[54] Pursuant to the authority delegated to me under section 63(3) of the Act, I refuse the application for the Mark with respect to “health spa services, namely, providing beauty care and health care” and I reject the opposition with respect to “Retail, online retail, telephone retail, and mail order catalogue services featuring candles, candle holders, candle accessories, cards, books, compact discs, stationery, indoor and outdoor furniture, outdoor homewares, outdoor accessories, giftware, wind chimes, bed sheets, towels, linens, soft furnishings, jewellery, glassware, homewares, kitchenware, vases, photo frames, furniture, rugs, and providing product information regarding the foregoing; classes, seminars, workshops, conferences, and training programs in the field of health, well-being, personal awareness, self-help, and empowerment, and providing information in the field of the foregoing; resort and hotel lodging services; serving of food and drink and beverages” pursuant to section 38(8) of the Act [see *Produits Menagers Coronet Inc v Coronet-Werke Heinrich Schlerf GmbH* (1986), 10 CPR (3d) 492 (FCTD) as authority for a split decision].

Andrea Flewelling
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office