

**IN THE MATTER OF AN OPPOSITION by
Color Your Carpet, Inc.
to application No. 668,198 for the trade-mark COLOR YOUR CARPET
in the name of ICI Canada Inc.**

On October 11, 1990, Color Your World Corp. filed an application to register the trade-mark COLOR YOUR CARPET for use in association with carpets and a retail store selling carpets based upon proposed use of the trade-mark in Canada.

The application was advertised for opposition purposes in the Trade-marks Journal of August 7, 1991. The opponent, Color Your Carpet, Inc., filed a statement of opposition on December 9, 1991. Two grounds of opposition have been pleaded:

- 1. the applicant is not the person entitled to registration in view of subsection 16(3) of the *Trade-marks Act* since at the date of filing of the application, the applicant's trade-mark COLOR YOUR CARPET was confusing with the opponent's trade-marks COLOR YOUR CARPET and COLOR YOUR CARPET & Design which had been previously used in Canada and continue to be so used, and had been previously made known in Canada, by the opponent and/or the opponent's approved users in association with carpets;**
- 2. the applicant's proposed mark is not distinctive in Canada of the applicant's wares in that it does not serve to distinguish the applicant's wares from the wares of the opponent's marks COLOR YOUR CARPET and COLOR YOUR CARPET & Design.**

Throughout this decision, I will refer to the opponent's trade-marks as simply its COLOR YOUR CARPET trade-mark.

Color Your World Corp. filed and served a counter statement on February 21, 1992 in which it denied the opponent's allegations and stated that it owns five Canadian trade-mark

registrations for marks that include the words **COLOR YOUR WORLD**, which it alleges have been so extensively used in Canada that virtually every Canadian is aware of the wares and services offered under these trade-marks.

The opponent did not file any evidence pursuant to rule 41. Instead, it requested consecutive extensions of time from March 1992 through September 1996, relying in large part on the applicant's consent on the basis that settlement negotiations were ongoing between the parties. By letter dated October 2, 1996, the Opposition Board advised the opponent that no further extensions of time would be granted for the filing of evidence pursuant to rule 41. Accordingly, in order to maintain the opposition, on October 23, 1996 the opponent filed a statement that it did not wish to submit evidence pursuant to rule 41, reserving its right to request leave to file evidence pursuant to rule 44(1). On October 29, 1996, the opponent filed the affidavit of Connie B. D'Imperio (sworn October 23, 1996) and a request that leave be granted to permit the filing of such evidence pursuant to rule 44(1). The Board sent a letter to the applicant on November 26, 1996 advising it that if it did not raise an objection, the requested leave would likely be granted. No objection was received but it appears that through an oversight no letter granting the requested leave was ever issued. I therefore now confirm that such leave is granted. All of the surrounding circumstances (including the stage the opposition proceeding has reached, why the evidence was not filed earlier, the importance of the evidence, and the prejudice which will be suffered by the applicant) favour the granting of leave.

On February 10, 1998, the Canadian Intellectual Property Office recorded ICI Canada Inc. as the owner of the present application.

The applicant obtained consecutive extensions of time beginning November 1996 for the purpose of filing its rule 42 evidence. Such evidence was ultimately filed on November 22, 1999, in the form of the affidavits of Kathryn Anne Marshall and Mary P. Noonan.

On December 21, 1999, the applicant requested an order for the cross-examination of Ms. D'Imperio on her affidavit sworn October 23, 1996. Such an order issued on January 10, 2000.

On May 1 and 8, 2000, the opponent filed evidence in reply pursuant to rule 43, namely the affidavit of Connie D'Imperio sworn April 25, 2000 and the affidavit of Karen West sworn May 2, 2000.

On June 8, 2000, the applicant requested an order for the cross-examination of Ms. West on her affidavit. Such an order issued on August 2, 2000.

On December 3, 2001, the cross-examinations of Ms. D'Imperio and Ms. West were conducted. Copies of the transcripts were filed on October 9, 2002. Each transcript was submitted in two portions since the opponent had requested that a section of each cross-examination be submitted in a sealed envelope as a confidential document. Answers to undertakings given during the cross-examinations also form part of the record.

Before proceeding, I believe I should clarify that there is no procedure for maintaining the confidentiality of evidential documents in an opposition proceeding. Instead, rule 45 of the

Trade-marks Regulations makes it clear that all evidence filed in an opposition shall be open to public inspection.

Only the applicant filed a written argument but both parties were represented at an oral hearing.

The Evidence

D’Imperio Affidavit of October 23, 1996

Ms. D’Imperio is the President and “100% owner” of the opponent. She attests that the opponent, a Florida corporation, owns a U.S. trade-mark registration for COLOR YOUR CARPET & Design for franchising services, namely offering technical assistance in the establishment and/or operation of businesses involved in the dyeing and cleaning of carpets; carpet cleaning services; and carpet dyeing services. She clarifies that the opponent “does not sell carpet to its franchisees or the general public, nor does [it] sell any products or equipment to the general public under the name COLOR YOUR CARPET or any other name. Color Your Carpet, Inc, through its franchisees, provides only carpet dyeing and restoration services to owners of existing carpet only.”

Ms. D’Imperio further states, “Color Your Carpet, Inc. has been marketing and advertising in Canada under its COLOR YOUR CARPET trademark since at least as early as 1989 for the sale and support of COLOR YOUR CARPET franchises in Canada.” She summarizes particulars of certain Canadian franchises as follows:

<u>Individual</u>	<u>Location</u>	<u>Date of Franchise Agreement</u>	<u>Details re Operation</u>
Curby Klaibert	Victoria, B.C.	January 1990	Began operating master franchise for carpet dyeing services July 1990
Dennis Sargent	Victoria, B.C.	July /August 1990	Operating and supervising franchises as of August 1990
Daniel Wong	Surrey, B.C.	September/October 1990	Operating and supervising franchises as of October 1990

The only exhibits provided by Ms. D’Imperio are as follows.

- A) a copy of the opponent’s U.S. trade-mark registration;
- B) “a photograph of a COLOR YOUR CARPET van used by one of the Canadian franchisees who provides carpet dyeing and carpet cleaning services. This van was licensed by Canadian motor vehicle authorities in September 1990 and operated under the name and mark of COLOR YOUR CARPET in Canada since September 1990.”;
- C) an original copy of a page signed in June 1990 by Curby B. Holdings Ltd. and Color Your Carpet, Inc. Ms. D’Imperio states that this is from the July 1990 franchise agreement between Color Your Carpet, Inc. and Curby R. Klaibert granting the right to Curby R. Klaibert and his corporation Curby B. Holdings Ltd. to the use of the name and the mark COLOR YOUR CARPET in accordance with the Color Your Carpet, Inc.’s franchise agreement, but we have been provided with no other documentation confirming the content or terms of the agreement.

Ms. D’Imperio does however attest that “Color Your Carpet, Inc. has voluminous documentation ready to make available to any challenge of first usage of the name and mark COLOR YOUR CARPET dated from 1989 forward.”

Noonan Affidavit of November 22, 1999

Ms. Noonan, a trade-mark searcher, provides certified copies of the applicant’s COLOR YOUR WORLD trade-mark registrations. She also provides a certified copy of a pending application to register COLOR YOUR CARPET in the name of Color Your Carpet, Inc.

Ms. Noonan states, “I was asked to conduct a State of the Register search and provide copies of all active ‘COLOR YOUR’ prefixed marks of record for all goods and services. I confirm that my search uncovered the COLOR YOUR WORLD registrations and an extension application for one of those registrations in the name of ICI Canada Inc., the subject application for COLOR YOUR CARPET, as well as a pending application in the name of Color Your Carpet, Inc., the opponent in this matter. Attached to my Affidavit and identified as Exhibit B are the State of the Register search results requested.” Exhibit B is simply a list of the 8 marks discussed by Ms. Noonan, without any evidence of the search strategy that she used in her “State of the Register search”. Accordingly, I am not prepared to conclude, as argued by the applicant, that the applicant is the only party to own a Canadian registration for a “COLOR YOUR” prefixed mark.

Marshall Affidavit of November 22, 1999

Ms. Marshall, a law clerk, states that on November 11, 1999 she conducted a “Canada 411” search for COLOR YOUR WORLD and found 220 hits, the results of which she attaches as

Exhibit A to her affidavit. Exhibit A provides addresses and telephone numbers for these businesses.

Ms. Marshall states, “I accessed the COLOR YOUR CARPET website at www.carpetcolor.com and attempted to gain access to the Canadian distributor information.” She located “a list of purported franchisees indicating that they had stores in Edmonton/Calgary, Winnipeg, Kingston, London, Windsor, Kelowna, and Victoria.” She goes on to say, “When I attempted to access the links to the Winnipeg, Kingston, London and Kelowna websites, the link simply took me back to the home page for the www.carpetcolor.com site, and I was denied access to these locations. When I attempted to access the link to the Edmonton website, I received an error message indicating that the site could not be found. When I attempted to access the link to the Calgary website for a COLOR YOUR CARPET, I gained access to the Edmonton website of COLOR YOUR CARPET representative, with a telephone number using a 403 area code. When I called the number at this website, there was a Bell Canada message indicating that it was not in service. I was unable to find any current telephone listing for locations in London, Windsor or Victoria.”

D’Imperio Affidavit of April 25, 2000

In her reply evidence, Ms. D’Imperio states that the opponent presently has six Canadian franchisees that are using COLOR YOUR CARPET in Victoria, Kelowna, Winnipeg, Tamworth, Windsor and Alberta. Furthermore, she states that there has been a COLOR YOUR CARPET franchise using COLOR YOUR CARPET in Canada continuously since 1989.

West Affidavit of May 4, 2000

Ms. West is “the owner of the Edmonton, Alberta franchise of Color Your Carpet, Inc.” She has owned the franchise since 1995, when she bought it from an existing franchisee. Although her evidence sets out considerable evidence of her use of COLOR YOUR CARPET, in reply to Ms. Marshall’s evidence that suggested that there were no active franchises as of 1999, none of Ms. West’s evidence predates 1992. The material dates in these proceedings are the filing date of the applicant’s application, October 11, 1990 with respect to subsection 16(3) and the date of filing of the opposition, December 9, 1991 with respect to non-distinctiveness [see *Metro-Goldwyn-Meyer Inc. v. Stargate Connections Inc.* (2004), 34 C.P.R. (4th) 317 (F.C.T.D.) at 324]. As Ms. West’s evidence concerns matters that all postdate the material dates, I will not discuss it further.

Cross-examination of Ms. D’Imperio

I will summarize those portions of the cross-examination that I consider to be the most pertinent, namely those portions that relate to activities in Canada that predate the material dates.

First I note that Ms. D’Imperio attests, “all we do is carpet dyeing” (question 73). She also says that her company was at two trade shows in Canada at either the end of ’89 or the beginning of ’90, one in Victoria and one in Vancouver, (questions 76-80) and that a representative from Colour Your World came to their exhibit (question 61). Negotiations began with Mr. Klaibert for him to be a master franchisee in 1989, with the agreement being signed in June 1990.

However, Mr. Klaibert sold the first franchise to Dennis Sargent in 1989 before the master franchise agreement was signed and Ms. D’Imperio stated that she may have permitted Mr. Sargent to start the business before the franchise agreement was signed. (questions 175-181) Later on, Ms. D’Imperio says that the first franchisee was either Mr. Sargent or Mr. Wong. (question 203) At question 209, she goes on to say, “All of this was far prior to June, 1990. That’s the key issue. Dennis Wong, Dennis Sargent, Curby Klaibert, I believe Dale Cox; I’m not positive but all of those were prior to June, ’90.” During examination by her own counsel, Ms. D’Imperio stated, “The first franchisees were started – marketing and advertising were started in ’89. I know the franchise for Daniel Wong, Dennis Sargent, Curby Klaibert and Dale Cox – well, excluding Dale Cox, were all effective before the end of June in 1990. I know that Dale Cox was shortly thereafter.” (question 338) She thought that product was shipped to franchisees and paid for in 1989 and that royalties were received in 1990. (question 223)

Exhibit A to the cross-examination is a copy of an article from the Times-Colonist Homes Magazine dated April 21, 1990, which discusses one Color Your Carpet Inc.’s franchise and mentions three others in Vancouver, Saskatoon and Calgary. Exhibit C is a copy of four pages from an old version of the Color Your Carpet web site dated Dec. 2, 2001.

Undertakings provided include:

- 2001 telephone yellow pages ad for COLOR YOUR CARPET in Edmonton
- A page showing that Curby R. Klaibert signed an agreement with the opponent on behalf of his company Curby B. Holdings Ltd. in June 1990; a document entitled Exhibit K to Master Franchise Agreement between the opponent and Mr. Klaibert

regarding payment schedule signed by Mr. Klaibert on October 24, 1990; and an agreement between Curby B. Holdings Ltd. and Dennis & Susan Sargent signed in August 1990. Although these documents relate to franchises, the pages provided do not include a grant of a trade-mark license.

- Two Service Proposal/Invoices signed Dec. 21/90 and Dec. 28/90 in B.C. However, there is no indication as to who exactly was to perform this service – the top of the documents state simply “On Site” Carpet Dyeing & Color Restoration followed by an address and telephone number that has been crossed-out and written in by hand. The only reference to COLOR YOUR CARPET is in small print near the end of the document – “It is understood that COLOR YOUR CARPET will not be held responsible in any way for damage... Colour your carpet accepts full liability...Color Your Carpet is authorized to do the work as specified... The COLOR YOUR CARPET TECHNICIAN has shown me the color that my carpet will be dyed.”
- Handwritten notes setting out various monetary figures relating to various Canadian franchisees. The applicant has lodged a number of criticisms with respect to this documentation which I will not deal with in detail since these figures are in any event not useful in these proceedings because they have not been broken down by the material dates.

However, there were many more undertakings given that were not answered, such as the following:

- Produce pictures and articles with respect to the trade shows attended in B.C. in 1989/90 (question 80)

- In terms of what happened in 1989 and 1990 with Curby Klaibert and the first franchise in Victoria, produce whatever arrangement there was, whether it was between Color Your Carpet, Inc., Mr. Klaibert and Mr. Sargent that would tell when that business began and under what authority it began (question 195)
- Produce franchise agreements for Sargent, Wong, Cox, and Klaibert, or at least excerpts such as the trademark provisions and signing pages (questions 210-212)
- Provide records of any sales in Canada in 1989 and 1990 (questions 223-233)
- Provide the original photograph of the van (questions 329-332)

The applicant submits that the opponent has failed to satisfactorily answer the majority of the undertakings given during the cross-examination of Ms. D’Imperio. Although the opponent’s written reply was that it has provided everything that it was capable of providing, this statement appears to be inconsistent with the statement in Ms. D’Imperio’s first affidavit that she had “voluminous documentation ready to make available to any challenge of first usage of the name and mark COLOR YOUR CARPET dated from 1989 forward.” Moreover, during cross-examination, Ms. D’Imperio attested that she had pictures and newspaper articles from the trade shows her company attended in Canada in 1989 or 1990 (questions 75, 79 and 80), news clippings from one of the early Canadian franchisees (question 62), *etc.* At the oral hearing, the opponent seemed to say that it was unaware that additional evidence was requested or required. Whatever the reason, the failure to provide answers to the undertakings given can only be interpreted against the interests of the opponent.

Legal and Evidential Burdens

There is a legal burden on the applicant to establish on a balance of probabilities that there would be no reasonable likelihood of confusion between the marks in issue. This means that if a determinate conclusion cannot be reached, the issue must be decided against the applicant [see *John Labatt Ltd. v. Molson Companies Ltd.* (1990), 30 C.P.R. (3d) 293]. However, before the applicant has to meet its onus, the opponent must satisfy its evidential burden. In the present case, in support of its entitlement ground of opposition, the opponent is required to show use or making known of the trade-mark COLOR YOUR CARPET in Canada prior to the applicant's filing date. In support of its distinctiveness ground of opposition, the opponent is required to show that its trade-mark COLOR YOUR CARPET had acquired sufficient reputation in Canada prior to the filing of the opposition to negate the distinctiveness of the applied for mark. I find that the opponent has not met either of its evidential burdens for the following reasons.

I find that the opponent has not met its initial burden with respect to its entitlement ground of opposition for two alternative reasons. First, the opponent has pled prior use and making known of its trade-mark in association with carpets. However, the opponent's evidence is that it does not sell carpets. Second, if the opponent had pled prior use in association with its carpet dying services, there is insufficient evidence for me to conclude that the opponent had used its COLOR YOUR CARPET mark in Canada in association with such services prior to October 11, 1990. It appears that the earliest use that the opponent relies upon relates to its activities to sell franchises of its business. Promoting the sale of its franchises is not use of the mark in association with carpet-dying services. In any event, the evidence of the opponent's activities

prior to October 11, 1990, is insufficient to enable me to conclude that the opponent was using its mark. Although Mr. Klaibert is said to have begun operating in July 1990, I understand that he never performed carpet dyeing services but rather was a master franchisee. Moreover, there is no specific evidence of any one performing or advertising carpet dyeing services in Canada in association with the mark COLOR YOUR CARPET prior to October 11, 1990, despite Ms. D'Imperio's statement that they were. The article dated April 21, 1990 is an article about the dyeing services, not an advertisement for the COLOR YOUR CARPET services. It is only evidence that such an article appeared; it is not evidence of the facts related within the article. Even if it were, it does not indicate how COLOR YOUR CARPET is associated with the services provided by Mr. Sargent. In fact, the only reference to "Color Your Carpet" appears in the sentence, "He recently opened a franchise of Color Your Carpet Inc., a Florida-based company...."

I also cannot find that Exhibit "B" to Ms. D'Imperio's first affidavit shows use of COLOR YOUR CARPET in Canada prior to October 11, 1990. Although Ms. D'Imperio attests that this van operated under the name and mark of COLOR YOUR CARPET in Canada since September 1990, I cannot make out the words COLOR YOUR CARPET on the van from the photograph. I am not saying that these words do not appear on the van. I am simply saying that they cannot be read from the photograph provided. The dominant words on the van, which I can read, are CARPET DYEING. I am also concerned by the fact that Ms. D'Imperio did not indicate which franchisee was using this van and her failure to respond to the undertakings given with respect to this photograph.

Without pursuing the matter, I would also add that it does not appear to me that the opponent has provided sufficient evidence to enable me to conclude that any use of COLOR YOUR CARPET by its early franchisees enured to its benefit pursuant to section 50 of the *Trade-marks Act*.

Let me clarify that this is not a finding that the opponent has not used its COLOR YOUR CARPET trade-mark in Canada in accordance with section 4 of the Act; it is simply a finding that the evidence of record in these proceedings does not support such a finding as of October 11, 1990. I also find that there is no evidence to support a conclusion that the opponent had made the trade-mark COLOR YOUR CARPET known in Canada in accordance with section 5 of the Act as of October 11, 1990.

With respect to the ground of opposition based on non-distinctiveness, the opponent need only show that as of December 9, 1991, its trade-mark had become known sufficiently to negate the distinctiveness of the applied-for mark [*Motel 6, Inc. v. No. 6 Motel Ltd.* (1981), 56 C.P.R. (2d) 44 at 58 (F.C.T.D.)]. I cannot reach such a conclusion. First, there are the problems inherent in the opponent's evidence that have already been discussed above. Second, the most significant evidence between October 11, 1990 and December 9, 1991 comprises the two Service Proposal/Invoices from December 1990. These two documents are far from sufficient to satisfy the opponent's burden. At most, they only show that two individuals did business with some company that used the words COLOR YOUR CARPET in a very minor way.

I would also point out that the distinctiveness ground of opposition could be considered to be fatally flawed in that it refers to the non-existent wares of the opponent, rather than to its services.

Having been delegated by the Registrar of Trade-marks by virtue of subsection 63(3) of the *Trade-marks Act*, I reject the opposition pursuant to subsection 38(8) of the Act.

Before closing, I will address the concern expressed by the opponent at the oral hearing that the applicant was claiming an exclusive right to all trade-marks that begin with the words COLOR YOUR. However, these opposition proceedings are not concerned with any such claim and I have not made any assessment or ruling in that regard. Furthermore, as correctly stated by the opponent, section 19 of the *Trade-marks Act* does not give the owner of a registration the automatic right to obtain any further registrations no matter how closely they may be related to the original registration. [see *Coronet-Werke Heinrich Schlerf GmbH v. Produits Menagers Coronet Inc.*, 4 C.P.R. (3d) 108 (T.M.O.B.) at 115]

DATED AT TORONTO, ONTARIO, THIS 8th DAY OF MARCH, 2005.

Jill W. Bradbury
Member
Trade-marks Opposition Board