

**IN THE MATTER OF AN OPPOSITION
by Diamonique Corporation to application No.
802,829 for the trade-mark DIAMONELLE
filed by Rogers Broadcasting Limited**

On March 8, 1996, the applicant, Rogers Broadcasting Limited (“Rogers”) filed an application to register the trade-mark DIAMONELLE based on proposed use in Canada for “jewellery” and for the following services:

cable television services and the marketing of discounted consumer products through television, direct mail and general advertising.

The application was advertised for opposition purposes on January 15, 1997.

The opponent, Diamonique Corporation (“Diamonique”), filed a statement of opposition on September 12, 1997, a copy of which was forwarded to the applicant on October 6, 1997. The first ground of opposition is that the applicant’s application does not conform to the requirements of Section 30(i) of the Trade-marks Act. The opponent alleges that the applicant could not have been satisfied that it was the person entitled to use the applied for trade-mark because it

....knew or should have known that Opponent owned and had registered in Canada the trade-mark DIAMONIQUE in association with the wares covered by Registration No. 443,361.

The second ground of opposition is that the applicant’s trade-mark is not registrable pursuant to Section 12(1)(d) of the Act because it is confusing with the opponent’s trade-mark DIAMONIQUE registered under No. 443,361 for the following wares:

Jewellery with simulated gemstones, namely white and coloured simulated gemstones, including simulated diamonds; and precious stones, namely, coloured and white simulated diamonds for use in jewellery other than school class rings, recognition jewellery and sports award jewellery.

The third ground of opposition is that the applicant is not the person entitled to registration pursuant to Section 16(3)(a) of the Act because, as of the applicant's filing date, the applied for trade-mark was confusing with the trade-mark DIAMONIQUE for which an application (No. 752,747) was previously filed in Canada. The fourth ground is that the applied for trade-mark is not distinctive in view of the opponent's use of its trade-mark in Canada.

The applicant filed and served a counter statement on November 6, 1997. As its evidence, the opponent submitted the affidavits of Neal Grabell, Robert W. White and Ginette Ouimet. Mr. Grabell was cross-examined on his affidavit and the transcript of the cross-examination and the replies to undertakings given form part of the record of this proceeding. On October 7, 1999, the opponent was granted leave pursuant to Rule 44(1) of the Trade-marks Regulations to file a second affidavit of Neal Grabell as additional evidence in this opposition.

As its evidence, the applicant submitted the affidavits of Barbara Mallon and Natasha Lakoseljac. Ms. Mallon was cross-examined on her affidavit and the transcript of the cross-examination and the replies to undertakings given form part of the record of this proceeding. On April 19, 2001, the applicant was granted leave pursuant to Rule 44(1) to file a second affidavit of Natasha Lakoseljac.

As its evidence in reply, the opponent submitted a third affidavit of Neal Grabell. Both parties filed a written argument and an oral hearing was conducted at which both parties were represented.

The Opponent's Evidence

In his first affidavit, Mr. Grabell identifies himself as the Senior Vice-President of the opponent Diamonique and states that QVC, Inc. ("QVC") is Diamonique's parent company. Attached as Exhibit NG-2 to his first affidavit is what Mr. Grabell identifies as a copy of a license agreement between the opponent and 1227844 Ontario Ltd. ("1227844") for use of the trade-mark DIAMONIQUE in Canada. However, the exhibit evidences a license agreement between QVC and 1227844. During the cross-examination of Mr. Grabell, he provided a copy of the license agreement between Diamonique and the numbered company to replace Exhibit NG-2 (see Exhibit 1 to the Grabell cross-examination).

Mr. Grabell states that his company's trade-mark DIAMONIQUE appeared in several newspaper ads in Canada in early September of 1997 with a 1-800 telephone number through which jewellery items could be ordered (see Exhibits NG-3 to NG-5 to the first Grabell affidavit). Those ads prominently featured the trade-marks DIAMONIQUE and QVC and included the address "Diamonique, 18 Skagway Ave., Toronto, Ontario." According to Mr. Grabell, the Canadian address appearing in the ads was that of Northern Response (Canada) Ltd. ("Northern") which he identifies as a "fulfilment house" used in completing customers' orders.

On cross-examination, the manner of sale of DIAMONIQUE wares was clarified somewhat. The numbered company (1227844) purchased DIAMONIQUE products from Diamonique (or possibly its parent QVC) and then directed them to Northern. Northern held

the products in anticipation of individual orders from Canadian customers (see pages 16-17 of the Grabell transcript). Diamonique provided Northern with the merchandise already packaged in a box carrying the DIAMONIQUE label. Northern then put the merchandise in an unlabelled box for mailing (see undertaking no. 2 to the Grabell cross-examination).

In his second affidavit, Mr. Grabell states that, in the past, QVC has purchased DIAMONIQUE products from Diamonique. According to Mr. Grabell, a license in favor of the purchaser appears on the reverse side of all QVC purchase orders sent to Diamonique. Exhibit NG-11 to the second Grabell affidavit is a copy of the reverse side of a representative purchase order comprising the license agreement. Paragraph 2 of that agreement reads, in part, as follows:

2. Vendor hereby grants to Buyer the irrevocable right, by all means now or hereafter existing, to:.....(b) use the trademarks, trade names, service marks, patents and copyrights (collectively the “Marks”) registered, owned, licensed to or used by Vendor in connection with the Merchandise.....

Whatever the source of the DIAMONIQUE goods purchased by Canadian customers, it does not appear that any use of the trade-mark enures to the benefit of the opponent. In this regard, Section 50(1) of the Act reads as follows:

50. (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

50. (1) Pour l'application de la présente loi, si une licence d'emploi d'une marque de commerce est octroyée, pour un pays, à une entité par le propriétaire de la marque, ou avec son autorisation, et que celui-ci, aux termes de la licence, contrôle, directement ou indirectement, les caractéristiques ou la qualité des marchandises et services, l'emploi, la publicité ou l'exposition de la marque, dans ce pays, par cette entité comme marque de commerce, nom commercial -- ou partie de ceux-ci -- ou autrement ont le même effet et sont réputés avoir toujours eu le même effet que s'il s'agissait de ceux du propriétaire.

As stated at page 254 of the decision MCI Communications Corp. v. MCI Multinet Communications Inc. (1995), 61 C.P.R.(3d) 245 (T.M.O.B.):

It was therefore incumbent on the opponent to evidence facts from which it could be concluded that an informal licensing arrangement existed and that the opponent had direct or indirect control of the character or quality of the services provided pursuant to that licensing arrangement. The opponent contends that it has met that burden by showing that MCIT and MCII are its wholly owned subsidiaries. That fact alone is, in my view, insufficient to establish the existence of a licence within the meaning of s. 50. There must also be evidence that the opponent controls the use of its trade marks by its subsidiaries and takes steps to ensure the character and quality of the services provided.

In the present case, the Canadian ads included a prominent reference to QVC. Furthermore, the address in the ads was not that of the opponent or its Canadian licensee but rather that of Northern. Thus, it would appear that the public would have perceived that use of the mark DIAMONIQUE was by QVC or Northern. To the extent that the wares may have originated from or passed through QVC, the license agreement printed on the purchase orders did not qualify as licensed use within the meaning of Section 50(1) of the Act. By granting an irrevocable license, it appears that Diamonique relinquished the exercise of any control of the

character or quality of the associated wares. In any event, Diamonique failed to evidence the exercise of any such control. Thus, Diamonique has not evidenced any use in Canada of the mark DIAMONIQUE by itself or a proper licensee. Merely stating that the opponent exercised indirect control of the character or quality of the wares sold by its licensee is insufficient for the purposes of Section 50(1). The opponent must adduce evidence which supports such a conclusion: see the opposition decision in Loblaws Inc. v. Tritap Food Broker (1999), 3 C.P.R.(4th) 108 at 112-114.

In his first affidavit, Mr. Grabell provides a table of sales by the opponent of DIAMONIQUE wares in the United States. Total sales for the period 1988 to 1997 were in excess of \$945 million (US). Paragraph 12 of his first affidavit details Canadian sales for the period April 1 to May 12, 1998 which totalled \$8722.24 (US). However, as discussed, those sales do not establish use of the trade-mark DIAMONIQUE in Canada by the opponent but rather by QVC or possibly Northern.

In paragraph 15 of his first affidavit, Mr. Grabell makes some hearsay observations about negotiations between QVC and the applicant in 1996. However, on cross-examination he gave direct evidence that he took Ted Rogers and others from the applicant on a tour of QVC's facilities in 1993 where they were shown various products including DIAMONIQUE wares (see page 28 of the Grabell transcript).

The White affidavit evidences the Canadian circulation figures for the newspapers which ran the DIAMONIQUE ads in early September of 1997. The Ouimet affidavit comprises hearsay evidence which is inadmissible.

The Applicant's Evidence

In her affidavit, Ms. Mallon identifies herself as Vice-President, Operations of the applicant. She states that The Shopping Channel ("TSC") is a division of the applicant and that its predecessor was The Canadian Home Shopping Network ("CHSN"). TSC replaced CHSN in 1996. According to Ms. Mallon, in early 1995, QVC approached the applicant to purchase an interest in CHSN. In 1996, QVC sought an interest in TSC.

The applicant, through its TSC division, started using the trade-mark DIAMONELLE in March of 1997 in association with jewellery sold through its cable television network. It also began selling such wares through a retail outlet in June of 1999. According to Ms. Mallon, sales of DIAMONELLE jewellery by the applicant for the period 1997 to 2000 were in excess of \$15 million. TSC also distributed hundreds of thousands of advertising brochures during that period.

On cross-examination, Ms. Mallon was questioned as to negotiations between the applicant and QVC. CHSN originally operated with the support of the U. S.-based Home Shopping Network ("HSN"). When the applicant bought out CHSN in 1995, it took the company private and then launched TSC. Ted Rogers and others from the applicant met with

people from QVC on March 30, 1995 to explore the possibility of QVC providing support similar to that previously provided by HSN (see the reply to undertaking no. 3 from the Mallon cross-examination).

The applicant and QVC conducted negotiations in 1995 and 1996 although no final agreement was reached. Ms. Mallon was asked if those negotiations included discussions as to QVC's trade-marks possibly being used by TSC. In particular, she was asked if there were any discussions as to the possible licensing of QVC's trade-mark DIAMONIQUE to TSC. Ms. Mallon refused to answer those questions (see pages 15 and 21 of the Mallon transcript). However, I consider those questions are relevant to the issue arising under the opponent's first ground of opposition. I therefore consider it fair to infer that such discussions did take place. In any event, Ms. Mallon did concede that employees at TSC were aware of the trade-mark DIAMONIQUE in 1995 or 1996 (see page 20 of the Mallon transcript).

In her first affidavit, Ms. Lakoseljic details the results of searches she conducted for trade-marks similar to those at issue in the present opposition. She located four web sites for businesses incorporating the word DIAMOND in their names. However, there is no evidence that any Canadians have accessed those sites. She also provided printouts for three Canadian registrations for jewellery trade-marks which include the word DIAMOND. In her second affidavit, Ms. Lakoseljic provides particulars of her purchase in a Toronto dollar store of a ring with a box labelled THE DIAMANTE COLLECTION.

The Opponent's Reply Evidence

The third Grabell affidavit was filed as reply evidence. However, most of it is not proper reply evidence as defined by Rule 43 of the Regulations. The only paragraph that appears to qualify is paragraph 7 wherein Mr. Grabell states that QVC and the applicant agreed during their negotiations that QVC would license several trade-marks to the applicant including the mark DIAMONIQUE.

Paragraph 8 of the Grabell affidavit comprises sales figures of DIAMONIQUE wares in Canada from QVC's web site and 1-800 number in the United States. Canadian sales for the period June 1, 1998 to November 30, 2001 totalled more than \$200,000 (US). Such evidence is not proper reply evidence since it does not reply to anything in the Mallon affidavit and should have been introduced as part of the opponent's evidence-in-chief or as additional evidence. However, to the extent that paragraph 8 assists the applicant's case, I am willing to consider it.

The Grounds Of Opposition

The first ground does not raise a proper ground of opposition. The fact that the applicant may have been aware of the opponent's trade-mark does not, by itself, support a ground of non-conformance with Section 30(i) of the Act. The opponent did not allege that the applicant adopted its mark knowing it to be confusing with the opponent's mark. Thus, the first ground is unsuccessful.

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

As for Section 6(5)(a) of the Act, both marks are coined words and are therefore inherently distinctive. However, both are derived from the word DIAMOND and are therefore suggestive of jewellery wares and services. Thus, neither mark is an inherently strong mark. Since the opponent has failed to evidence trade-mark use that it can rely on, I must conclude that the mark DIAMONIQUE has not become known at all in Canada in its hands. Given the sales and advertising attested to by Ms. Mallon, I am able to conclude that the applicant's mark has become known to some extent in Canada.

Given the opponent's failure to evidence its own use of the mark DIAMONIQUE, the length of time the marks have been in use favors the applicant.

As for Sections 6(5)(c) and 6(5)(d) of the Act, the applicant has conceded that the wares of the parties are similar (see paragraph 45 of the applicant's written argument). Since both

parties operate television shopping channels, it is apparent that the opponent's wares are related to the applicant's applied for services. Furthermore, the trades of the parties are, or could be, similar.

As for Section 6(5)(e) of the Act, there is a fairly high degree of resemblance between the marks at issue in all respects. Both marks are comprised of three syllables and commence with the same six letters. Both suggest an idea related to diamonds.

The applicant submitted that the importance of any resemblance between the marks is diminished by the existence of other marks or names in the marketplace using the element DIAMON. However, the four trade-marks or trade-names evidenced on web sites by Ms. Lakoseljac in her first affidavit all employ the common word DIAMOND rather than any coined word using the root DIAMON. Furthermore, there is no evidence of any Canadian reputation for those marks or names.

The applicant further submitted that the significance of any resemblance between the marks is mitigated by the state of the register evidence introduced by means of the first Lakoseljac affidavit. State of the register evidence is only relevant insofar as one can make inferences from it about the state of the marketplace: see the opposition decision in Ports International Ltd. v. Dunlop Ltd. (1992), 41 C.P.R.(3d) 432 and the decision in Del Monte Corporation v. Welch Foods Inc. (1992), 44 C.P.R.(3d) 205 (F.C.T.D.). Also of note is the decision in Kellogg Salada Canada Inc. v. Maximum Nutrition Ltd. (1992), 43 C.P.R.(3d) 349

(F.C.A.) which is support for the proposition that inferences about the state of the marketplace can only be drawn from state of the register evidence where large numbers of relevant registrations are located.

Ms. Lakoseljac only evidenced three registered marks, each of which employs the common word DIAMOND rather than the component DIAMON. In any event, the existence of only three registrations does not allow me to conclude that any of those marks is in active or widespread use. Thus, the state of the register evidence is of no value in this proceeding. The second Lakoseljac affidavit is of limited value since the trade-mark located includes the word DIAMANTE which was used with a dollar store ring rather than with traditional jewellery..

The applicant further submits that the use of the opponent's trade-mark DIAMONIQUE by others who were not properly licensed mitigates any possible confusion between the marks at issue. I agree. There have been fairly substantial sales by QVC of DIAMONIQUE jewellery to Canadian customers. As discussed, whatever license appears on purchase orders sent from QVC to the opponent does not qualify QVC's use as use by the opponent pursuant to Section 50 of the Act. Furthermore, the Canadian sales effected pursuant to the newspaper ads evidence use of the mark DIAMONIQUE by either QVC or Northern but not by the opponent.

In view of the above, it appears that the opponent has countenanced non-distinctive, unlicensed or improperly licensed use of its mark DIAMONIQUE by others in Canada. Thus, a number of Canadians have come to associate that mark with a source or sources other than the opponent. That fact dictates against a finding of confusion with a slightly different mark such as DIAMONELLE.

In applying the test for confusion, I have considered that it is a matter of first impression and imperfect recollection. In view of my conclusions above, and particularly in view of the absence of evidence of use of the mark DIAMONIQUE in Canada by the opponent and the potentially non-distinctive use of that mark by others in this country, I find that the applicant has satisfied the onus on it to show that its trade-mark is not confusing with the opponent's registered mark. Thus, the second ground is also unsuccessful.

The third ground does not raise a proper ground of opposition. Although the opponent's application No. 752,747 was filed prior to the applicant's filing date, it was not pending as of the applicant's advertisement date. In view of the provisions of Section 16(4) of the Act, that application cannot form the basis of a ground of opposition in this proceeding. Thus, the third ground is also unsuccessful.

As for fourth ground of opposition, the onus or legal burden is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares and services from those of others throughout Canada: see Muffin Houses Incorporated v. The Muffin House

Bakery Ltd. (1985), 4 C.P.R.(3d) 272 (T.M.O.B.). Furthermore, the material time for considering the circumstances respecting this issue is as of the filing of the opposition (i.e. - September 12, 1997): see Re Andres Wines Ltd. and E. & J. Gallo Winery (1975), 25 C.P.R.(2d) 126 at 130 (F.C.A.) and Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. (1991), 37 C.P.R.(3d) 412 at 424 (F.C.A.). Finally, there is an evidential burden on the opponent to prove the allegations of fact in support of its ground of non-distinctiveness.

In the present case, the opponent has based its allegation of non-distinctiveness solely on its own use of the mark DIAMONIQUE in Canada. As discussed, the opponent failed to evidence any such use. Thus, the fourth ground is also unsuccessful.

In view of the above, and pursuant to the authority delegated to me under Section 63(3) of the Act, I reject the opponent's opposition.

DATED AT GATINEAU, QUEBEC, THIS 8th DAY OF OCTOBER, 2004.

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