

**IN THE MATTER OF FOUR OPPOSITIONS by
Federated Brands, Inc. to applications
nos. 1010086; 1092430; 1092431; 1092432
for the trade-marks INC & Design; /
INC INTERNATIONAL CLOTHIERS;
INC INTERNATIONAL COMPANY; and
INC COMPAGNIE INTERNATIONALE,
respectively, filed by International Clothiers Inc.**

ApPLICATION 1092430

On February 12, 2001, International Clothiers Inc. filed an application to register the trade-mark INC INTERNATIONAL CLOTHIERS based on proposed use in Canada in association with
retail clothing store services.

The subject application disclaims the right to the exclusive use of the word CLOTHIERS apart from the mark as a whole.

The application was advertised for opposition purposes in the *Trade-marks Journal* issue dated December 18, 2002, and was opposed by Federated Brands, Inc. ("Federated Brands") on January 31, 2003. The Registrar forwarded a copy of the statement of opposition to the applicant, as required by Section 38(5) of the *Trade-marks Act*, on March **11,2003**. The applicant responded by filing and serving a counter statement generally denying the allegations in the statement of opposition.

The opponent's evidence consists of the affidavit (dated August 12,2003) of Jay Monitz, Operating Vice-President and Assistant General Counsel of Federated Department Stores Inc.

("Federated Stores"), a licensee of the opponent's LN.C. INTERNATIONAL CONCEPTS mark.

The applicant's evidence consists of the affidavits of Paul Brener, Director of Finance for the applicant; and Gay J. Owens, trade-marks searcher. Messrs. Monitz and Brener were cross-examined on their affidavit testimony. The transcripts thereof and answers to undertakings given at their cross-examinations form part of the evidence of record. Both parties filed a written argument and both parties were represented at an oral hearing.

STATEMENT OF OPPOSITION

The first ground of opposition alleges that the application does not comply with Section 30(i) of the *Trade-marks Act* because the applicant could not have been satisfied that it was entitled to use the applied for mark in view of "the opponent's prior rights ..." as set out in the remainder of the statement of opposition.

The second ground alleges that the applicant is not entitled to register the applied for mark pursuant to Section 16(3)(a) of the *Act* because, at the date of filing the application on February 12, 2001, the applied for mark INC INTERNATIONAL CLOTHIERS was confusing with the opponent's mark LN.C. INTERNATIONAL CONCEPTS for men's and women's clothing. In this regard, the opponent alleges that it used and/or made its mark known in Canada before February 12, 2001.

The third ground of opposition, pursuant to Sections 38(2)(d) and 2 of the *Act*, alleges that the applied for mark INC INTERNATIONAL CLOTHIERS is not adapted to distinguish the

services of the applicant from the wares of the opponent sold under the mark LN.C.

INTERNATIONAL CONCEPTS.

At the oral hearing, the opponent withdrew the first ground of opposition based on Section 30(i) of *Act*. In any event, the success of the first ground would have been conditional on a favourable finding in respect of one or more of the remaining grounds.

OPPONENT'S EVIDENCE

Mr. Monitz' affidavit evidence in respect of application nos. 1092430, 1092431, and 1092432 may be summarized as follows. Federated Stores has been licensed by the opponent to use its mark LN.C. INTERNATIONAL CONCEPTS in Canada, the United States and elsewhere around the world. The opponent controls both the use of the mark and the character or quality of the goods and services in association with which the mark is used. For the remainder of his affidavit Mr. Monitz uses the term Federated to refer to "Federated Stores and/or Federated Brands" presumably because use of the mark by either Federated or the opponent enures to the benefit of the opponent by virtue of the above mentioned license agreement.

Mr. Monitz' affidavit testimony describes how Federated operates one of the largest and most successful department store businesses in the United States, with over 450 such stores generating billions of dollars of annual sales. Federated stores offer a wide variety of articles and consumer goods including all types of clothing and accessories for men, women, and children. R.H. Macy & Co., the opponent's predecessor in title to the mark LN.C. INTERNATIONAL

CONCEPTS, merged with Federated in 1994. As of 2003 there were more than 240 Macy's stores in the United States being operated by a subsidiary of Federated. Since merging with Macy's in 1994, Federated has expanded use of the LN.C. INTERNATIONAL CONCEPTS mark to other department store groups of Federated including Bloomingdale's (31 stores), The Bon Marche (48 stores), Burdines (56 stores) and Lazarus, Rich's and Goldsmith's (75 stores). Goods are offered for sale in separated locations within the stores. The separated locations are dedicated exclusively to the LN.C. INTERNATIONAL CONCEPTS mark in order to build customer loyalty to the brand. Sales of goods in the United States under the opponent's mark were in excess of \$16 million in 1993 rising steadily to about \$305 million in 2001. Advertising expenditures to promote the mark averaged about \$15.8 million for the five year period 1997 - 2001. Advertising includes featuring the mark in newspapers and magazines such as *The New York Times*, *Vogue*, and *Marie Claire* which circulate in Canada.

From 1997 through to 2001 some of opponent's clothing (about 1.5 million items costing about \$4.8 million US) were produced by three different manufacturers in Montreal. Exhibit O to Mr. Monitz' affidavit shows a hang tag featuring the opponent's mark attached to one such garment. I agree with the opponent that this portion of Mr. Monitz' evidence suffices to prove use of the opponent's mark in Canada within the meaning of Section 4(3) of the *Act*:

A trade-mark that is marked in Canada on wares ... is, when the wares are exported from Canada, deemed to be used in Canada in association with those wares.

However, I also agree with the applicant that Mr. Monitz' evidence of use of the mark for exported wares does not establish any more than a minimal acquired reputation for the mark in

Canada. In this regard there is nothing to indicate that the mark came to the attention of the general public through transfer in possession of the marked wares.

In 2002 Federated entered into an agreement with the Hudson's Bay Company ("HBC") to sell clothing under the LN.C. INTERNATIONAL CONCEPTS mark in HBC stores across Canada. From August through to December 2002, the opponent sold about 25,000 items for a retail value of \$900,000 US. From January through to June 2003, about 41,000 items were sold for a retail value of about \$1.8 million US. From July through to September, 2003, about 43,000 items were sold for a retail value of \$1.6 million US. The wares were sold through thirty LN.C. INTERNATIONAL CONCEPTS boutiques situated in HBC stores.

On review of Mr. Monitz' transcript of cross-examination, it becomes apparent that much of his affidavit testimony is based on information and belief rather than on first hand knowledge or on his own review of records kept in the ordinary course of business. In other instances lacunae in Mr. Monitz' knowledge, again made evident in the transcript of cross-examination, make it difficult for me to come to any definite conclusions regarding the extent to which the opponent's mark LN.C. INTERNATIONAL CONCEPTS acquired a reputation in Canada in relation to clothing. At best, given both the absence of evidence and the absence of reliable evidence concerning the opponent's activities in Canada, I am not able to conclude that the opponent's mark had become known in Canada to any more than minimal extent prior to August 2002 (that is, before the opponent's agreement with HBC).

ApPLICANT'S EVIDENCE

Paul Brener

Mr. Brener's affidavit evidence filed in respect of application nos. 1092430, 1092431, and 1092432 also speaks to application no. 1010086. His evidence may be summarized as follows. As of November 2004, the applicant owned and operated over 50 stores doing business under the trade-mark and trade-name INTERNATIONAL CLOTHIERS. The first of such stores was opened in the fall of 1986. Mr. Brener states that "for many years" sales at the applicant's stores have averaged \$30 million annually. The mark INC & Design (or at least a minor variation of it), illustrated below, is prominently displayed on outside signage for some of the applicant's stores, as shown in Exhibit F attached to Mr. Brener's affidavit.



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The applicant advertises and promotes its stores by print, television and radio advertising. Radio advertising has been in excess of \$1 million annually, for all of its stores, since about 1995. The applicant advertises its INTERNATIONAL CLOTHIERS stores an average of twice a week in newspapers including the *Vancouver Sun*, *Calgary Sun*, and *Toronto Star*.

The mark INC & Design has been prominently displayed at the applicant's head office in Toronto for many years, as shown in Exhibit H. The applicant also uses the marks and tradenames INTERNATIONAL CLOTHIERS and INTERNATIONAL on store fronts, and since

2001 has distributed thousands of bags bearing the marks INC COMPAGNIE INTERNATIONALE and INC INTERNATIONAL CLOTHIERS. Mr. Brener is not aware of any instances of confusion between the applicant's marks and the opponent's mark LN.C. INTERNATIONAL CONCEPTS.

It is apparent from Mr. Brener's transcript of cross-examination that he was not fully knowledgeable of all of the matters to which he attested. However, Mr. Brener was able, for the most part, to provide answers to undertakings for various particulars which he was unable to answer initially.

Gay Owens

Ms. Owens' affidavit serves to introduce into evidence, among other things, a state of the trade-marks register search "for the purpose of locating active and inactive trade-mark registrations and applications containing the words INTERNATIONAL and INC." The results of her search are submitted *en liasse* as Exhibit A to her affidavit. From my cursory review of the exhibit material I estimate that about 80 such marks were located but that the majority of the marks are not for use in association with clothing or with retail clothing store services. In its written argument the applicant cites five registrations located by Ms. Owens which are for use in association with clothing. However, the terms INTERNATIONAL and INC are dominant components in only two of the marks (reg. nos. 591359 and 448794). Given the low number of relevant marks located, Ms. Owens' evidence does little to advance the applicant's case.

MAIN ISSUES

The main issues in this proceeding are (1) whether the applied for mark INC INTERNATIONAL CLOTHIERS is confusing with the opponent's mark I.N.C. INTERNATIONAL CONCEPTS and (2) whether the applied for mark INC INTERNATIONAL CLOTHIERS is distinctive or adapted to distinguish the applicant's retail services. The material dates are (ii) the date of filing the application, that is, February 12, 2001, with respect to the issue of confusion arising from the ground of opposition alleging non-entitlement, and (iii) the date of opposition, that is, January 31, 2003, with respect to the ground of opposition alleging nondistinctiveness: for a review of case law concerning material dates in opposition proceedings see *American Retired Persons v. Canadian Retired Persons* (1998), 84 C.P.R.(3d) 198 at 206 - 209 (F.C.T.D.).

(1) CONFUSION

Legal Onus

The legal onus is on the applicant to show that there would be no reasonable likelihood of confusion, within the meaning of Section 6(2) of the *Trade-marks Act*, between the applied for mark and the opponent's mark. The presence of an onus on the applicant means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against the applicant: see *John Labatt Ltd. v. Molson Companies Ltd.* (1990) 30 C.P.R.(3d) 293 at 297-298 (F.C.T.D.). The test for confusion is one of first impression and

imperfect recollection. Factors to be considered, in making an assessment as to whether two marks are confusing, are set out in Section 6(5) of the *Trade-marks Act*: the inherent distinctiveness of the marks and the extent to which they have become known; the length of time each has been in use; the nature of the wares, services or business; the nature of the trade; the degree of resemblance in appearance or the sound of the marks or in the ideas suggested by them. This list is not exhaustive; all relevant factors are to be considered. All factors do not necessarily have equal weight. The weight to be given to each depends on the circumstances: see *Gainers Inc. v. Tammy L. Marchildon and The Registrar of Trade-marks* (1996), 66 C.P.R.(3d) 308 (F.C.T.D.).

Discussion of Section 6(5) Factors

I do not consider that the opponent's mark LN.C. INTERNATIONAL CONCEPTS possesses a high degree of inherent distinctiveness. In this regard the mark as a whole suggests, in relation to items of clothing, a company that produces clothing in style ideas originating from or appealing to different nationalities. Similarly, the applied for mark INC INTERNATIONAL CLOTHIERS does not possess a high degree of inherent distinctiveness because the mark suggests a company that sells clothing worldwide. As discussed earlier, the opponent has not established that its mark has acquired more than a minimal reputation in Canada as of the material date February 12, 2001. Thus, the extent to which the opponent's mark became known in Canada does not favour the opponent to any significant degree. The length of time that the opponent's mark has been in use in Canada also does not favour the opponent to a significant degree because there is little reliable evidence that the opponent's use of its mark in

Canada prior to August 2002 resulted in acquired distinctiveness for the mark. The nature of the parties' wares and services and the nature of the parties' trades are similar since the applicant is in the business of operating retail clothing stores and the opponent's wares are clothing.

The parties' marks I.N.C. INTERNATIONAL CONCEPTS and INC INTERNATIONAL CLOTHIERS resemble each other to a high degree visually, owing to the common components INC and INTERNATIONAL. Further, I agree with the opponent that the visual resemblance between the marks in issue is enhanced because in actual use both parties often give greater prominence to the prefix component INe. However, I find that there is less of a resemblance between the marks in issue in sounding and in ideas suggested. In this regard, the first component of the applied for mark would be sounded as the word "ink" while the first component of the opponent's mark might be sounded as the individual letters I-N-C (see Q14 of Mr. Monitz transcript of cross-examination in respect of application no. 1010086). The applied for mark suggests the idea of "a company that sells clothing throughout the world" while the opponent's mark suggests the idea of "a company that utilizes international concepts."

Conclusion

Having regard to the above, and keeping in mind in particular that the marks in issue are weak marks and that the opponent has not established any more than a minimal reputation for its mark at the material date February 12, 2001, I find that the applicant has met the onus on it to

show, on a balance of probabilities, that there is no reasonable likelihood of confusion. The ground of opposition based on non-entitlement is therefore rejected.

(2) NON-DISTINCTIVENESS

As noted earlier, the issue of whether the applied for mark is distinctive of the applicant's services is to be assessed at the material date January 31, 2003. The applicant's submissions on this issue are found at paragraphs 90 - 93 of its written argument, shown below:

90. The Federal Court recently held in *Bojangles' International, LLC et al. v. Bojangles Cafe Ltd.*, 2006 FC 657 at para. 34 that:

A mark must be known to some extent at least to negate the established distinctiveness of another mark, and its reputation in Canada should be substantial, significant or sufficient.

91. Importantly, and directly applicable to this case, the Court in *Bojangles, supra* summarized a number of principles from the jurisprudence under s. 38(2)(d) of the *Trade-marks Act* at para. 33, as follows:

- *The evidential burden lies on the party claiming that the reputation of its mark prevents the other party's mark from being distinctive;*
- *However, a burden remains on the applicant for the registration of the trade-mark to prove that its mark is distinctive;*
- *A mark should be known in Canada to some extent at least to negate another mark's distinctiveness;*
- *Alternatively, a mark could negate another mark's distinctiveness if it is well known in a specific area of Canada;*
- *A foreign trade-mark owner cannot simply assert that its trade-mark is known in Canada, rather, it should present clear evidence to that effect;*
- *The reputation of the mark can be proven by any means, and is not restricted to the specific means listed in section 5 of the Act, and it is for the decision-maker to weigh the evidence on a case-by-case basis. [emphasis added]*

92. In this proceeding, the Opponent is attempting to simply rely upon use of its trade-mark in the United States and has demonstrably failed to provide the clear evidence that its trade-mark is known in Canada as required by *Bojangles, supra*, for the reasons articulated above.

93. Further, the Opponent has failed to provide evidence to establish that its trademark was known to at least some extent and that its reputation is "substantial, significant or sufficient" prior to the date of opposition. The H.B.C. sales figures are insufficient to clearly establish any significant reputation before the date of opposition in respect of any of the marks. Additionally, no evidence has been provided regarding the locations of the H.B.C. stores that sold LN.C. INTERNATIONAL CONCEPTS goods prior to the material dates, which prevents the Opponent from establishing a sufficient reputation.

I agree with the applicant's submissions and I agree that the opponent has not shown that its mark acquired a reputation in Canada sufficient to negate the distinctiveness of the applied for mark. The ground of opposition alleging non-distinctiveness is therefore rejected.

I would add that at the oral hearing counsel for the applicant relied on *Humpty Dumpty Foods Ltd. v. George Weston Ltd.* (1989), 24 C.P.R.(3d) 454 (F.C.T.D.) in respect of the issue of distinctiveness. However, contrary to the Board's practice, no prior notice of such reliance was given to the Board or to opposing counsel. I therefore granted counsel for the opponent one week to file written submissions concerning the cited case. Having reviewed the opponent's submissions I agree with the opponent that *Humpty Dumpty*, above, is distinguishable on its facts because in the present cases the opponent's use of its mark predates the applicant's filing dates. The *Humpty Dumpty* case, above, therefore has no application in the present cases.

Disposition

In view of the above, the opposition to application no. 1092430 is rejected.

APPLICATION NOS. 1092431 ; 1092432

Application nos. 1092431 for INC INTERNATIONAL COMPANY and 1092432 for INC COMPAGNIE INTERNATIONALE were also filed on February 12, 2001, and are also based on proposed use in association with retail clothing store services. The applications were opposed on December 11, 2002. The grounds of opposition are the same as for application no. 1092430. The evidence of record (including transcripts of cross-examinations and answers to undertakings) and the parties' written arguments are common for the three above mentioned oppositions. There is some variance between the cases in respect of material dates and the inherent distinctiveness of the applicant's marks, however, the considerations with respect to the issues of confusion and non-distinctiveness are substantially the same as for application no. 1092430. The same conclusions follow owing mostly to the opponent's inability to establish a meaningful reputation for its mark in Canada at the material dates. Accordingly, I find that the marks in issue are not confusing and that the applied for marks are distinctive of the applicant's services.

Disposition

In view of the foregoing, the oppositions to application nos. 1092431 and 1092432 are rejected.

ApPLICATION NO. 1010086

Application no. 1 010086 for INC & Design, illustrated earlier, was filed on March 26, 1999, and is also based on proposed use in Canada in association with retail clothing store services as well as with the following wares:

clothing, namely, coats, jackets, vests, suits, pants, jeans, shorts, skirts, dresses, shirts, blouses, t-shirts, sweaters, ties, hats, socks, shoes, boots and gloves

The application was advertised for opposition purposes in the *Trade-marks Journal* issue dated July 11, 2001, and was opposed on December 10, 2001. The statement of opposition raises the same issues as in the prior three oppositions.

Opponent's Evidence

The opponent's evidence consists of the affidavits of Jay. L. Monitz (dated August 8, 2002); Jennifer Leah Stecyk, trade-mark searcher; and Genevieve Domey, lawyer. Mr. Monitz and Ms. Domey were cross-examined on their affidavits, their transcripts of cross-examinations and answers to undertakings forming part of the evidence of record.

Mr. Monitz' affidavit evidence, and his evidence in the transcript of cross-examination, is generally of the same effect as his evidence in the three prior oppositions, except that sales of the opponent's wares in Canada through HBC had not yet commenced.

Ms. Domey's affidavit serves to introduce into evidence the file covers for several trademark applications filed by the applicant which, according to the opponent (see paragraph 31 of the opponent's written argument) "are similar to well-known trade-marks of third parties in the fashion industry, including SOHO, WHISPERING SMITH, JOE BOXER, TJ.MAXX, FADED GLORY, BEN SHERMAN and LANEROSI." Ms. Domey's affidavit also serves to introduce into evidence documents showing that proceedings for trade-mark infringement and/or copyright infringement have been commenced against the applicant by "several further owners of wellknown trade-marks in the fashion industry ... ": see paragraph 40 of the opponent's written argument. As Ms. Domey's evidence concerns trade-mark oppositions and litigation that are unrelated to the applied for mark INC & Design, I find that her evidence is not relevant to the issues in this proceeding. Similarly, the evidence of record in Ms. Domey's transcript of crossexamination does not further the opponent's case.

Ms. Stecyk's affidavit serves to introduce into evidence numerous Canadian trade-mark applications and registrations belonging to the applicant. Her evidence was not referred to in argument by the opponent and I have not given consideration to it.

Applicant's evidence

The applicant's evidence consists of the affidavit (dated August 11,2003) of Paul Brener, and the affidavit of Herb McPhail. Mr. Brener's evidence is generally of the same effect as his evidence in the three prior oppositions.

Mr. McPhail's affidavit serves to introduce into evidence active trade-mark registrations and applications comprised of the string "INC" for use in association with clothing or clothing store services. The results of his search are submitted *en liasse* as Exhibit A to his affidavit. The exhibit material lists 108 marks, however, from my cursory inspection the term INC generally forms a non-dominant component of the mark and merely identifies a company designation. The applicant in its written argument relies on twenty-nine of the marks located by Mr. McPhail, however, my earlier observation holds true for those cited marks as well. Nevertheless, the number of marks located supports to some extent the applicant's submission that consumers are accustomed to seeing the term INC as a component of trade-marks for clothing and that the term adds little to the distinctiveness of the opponent's mark I.N.C. INTERNATIONAL CONCEPTS.

Material Dates

The material dates in respect of the opposition to INC & Design are (ii) the date of filing the application, that is, March 26, 1999, with respect to the issue of confusion arising from the ground of opposition alleging non-entitlement, and (iii) the date of opposition, that is, December 10, 2001, with respect to the ground of opposition alleging non-distinctiveness: see *American Retired Persons*, above.

Main Issues

The considerations with respect to the issues of confusion and non-distinctiveness are substantially the same as for application no. 1 092430, with the notable exceptions that (i) there is

less resemblance between the applied for mark !NC & Design and the mark I.N.C. INTERNATIONAL CONCEPTS, and (ii) there is less evidence that the opponent's mark had acquired any reputation in Canada as the material dates are prior to the opponent's distributorship agreement with HBC which commenced in August 2002. Both exceptions favour the applicant. Accordingly, I find that the applicant has met the legal onus on it to show that the marks in issue are not confusing and that the applied for mark INC & Design is adapted to distinguish the applicant's wares and services.

Disposition

In view of the foregoing, the opposition to application no. 1010086 is rejected.

DISPOSITION OF THE OPPOSITIONS

In view of the foregoing, the oppositions to application nos. 1010086; 1092430; 1092431; and 1092432 are rejected.

DATED AT VILLE DE GATINEAU, QUEBEC, THIS 17th DAY OF JUNE, 2008.

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Myer Herzig,
Member,
Trade-marks Opposition Board