

**IN THE MATTER OF AN OPPOSITION
by Toys “R” Us (Canada) Ltd. to
application no. 807,908 for the trade-mark
MATS “R” US filed by Stoyshin Incorporated**

On March 22, 1996 the applicant Stoyshin Incorporated filed an application to register the trade-mark MATS “R” US based on proposed use in Canada in association with the service
rental of mats.

The application was subsequently amended to disclaim the word MATS apart from the mark as a whole, and to limit the service to

rental of industrial and commercial mats for
use in industrial and commercial locations.

The subject application was advertised in the *Trade-marks Journal* issue dated December 25, 1996 and was opposed by Toys “R” Us (Canada) Ltd. on May 26, 1997. The Registrar forwarded a copy of the statement of opposition to the applicant on June 19, 1997. The applicant responded by filing and serving a counter statement generally denying the allegations in the statement of opposition.

The first ground of opposition alleges that the subject application does not comply with Section 30 of the *Trade-marks Act* because (i) the applicant was using the mark at the date of filing, or (ii) the applicant never intended to use the mark or has abandoned it, (iii) the applicant was not satisfied it was entitled to use the mark.

The second ground of opposition, pursuant to section 12(1)(d) of the *Act*, alleges that the applied for mark is confusing with the opponent's registered mark TOYS "R" US & Design, covering a number of household items, clothing, as well as department store services; VIDEOS "R" US covering retail video store services; R US covering a number of household items and retail store services; KIDS "R" US & Design covering clothing; BIKES "R" US & Design covering retail bicycle store services; PARTIES "R" US & Design covering party novelty items; and BOOKS "R" US & Design covering retail book store services.

The third ground of opposition, pursuant to Section 16 of the *Act*, alleges that the applicant is not entitled to register the applied for mark, because at all relevant times the applied for mark MATS "R" US was confusing with (i) the opponent's above referenced marks (aside from the mark BOOKS "R" US & Design) which had been previously used or made known in Canada by the opponent, (ii) the opponent's previously filed trade-mark application no. 506,849(001) for the mark KIDS "R" US & Design, (iii) the opponent's trade-names TOYS "R" US (CANADA) LTD. and TOYS "R" US INC.

The fourth ground of opposition, pursuant to Section 30 of the *Act*, alleges that the applied for mark is not registrable and is not a proposed mark but a used or abandoned mark.

The last ground alleges that the applied for mark MATS "R" US is not distinctive of the applicant's services because (i) it does not distinguish the applicant's services from the opponent's wares and services, (ii) the mark is used outside the scope of permitted use provided

for by Section 50 of the *Trade-marks Act*, (iii) as a result of a transfer of the applied for mark, rights subsist in two or more persons, contrary to Section 48(2) of the *Act*.

The opponent's evidence consists of the affidavit of Christine Konstantynowicz, Vice-President of Finance and a Director of the opponent Toys "R" Us (Canada) Ltd. The applicant's evidence consists of the affidavits of Herb McPhail, trade-mark searcher; and Jeremy Want, student at law. The opponent's evidence in reply consists of (i) the affidavit of Terry Thom, Director, Business Development of the opponent company, and (ii) a certified copy of regn. no. 438,903 for the mark BABIES-R-US owned by Modern Identification Systems Inc. showing that the registration was expuned on February 10, 1999 for failure to show use. Ms. Konstantynowicz was cross-examined on her affidavit testimony, the transcript thereof and exhibits thereto forming part of the evidence of this proceeding.

Ms. Konstantynowicz' written affidavit testimony may be summarized as follows. The opponent is a subsidiary of a United States company namely, TOYS "R" US, INC. For more than 30 years, the U.S. parent company has sold children's furniture, toys, and clothing throughout the United States and internationally under its mark TOYS "R" US. Over the years, the products sold have expanded to include stereos, calculators, and sporting items. Since 1983 the U.S. parent company has owned and operated a chain of retail stores for children's clothing under the mark KIDS "R" US. As of March 1998 there were about 680 TOYS "R" US stores and 210 KIDS "R" US stores operating in the United states. Another 396 TOYS "R" US stores operate internationally. Annual sales for the year ending February 1, 1997 were about US \$10 billion.

Total worldwide sales for TOYS “R” US and KIDS “R” US stores amounted to about US \$75.7 billion for the period 1979 - 1996 inclusive. As of December 1997 there were 62 TOYS “R” US stores operating in Canada (KIDS “R” US stores do not operate in Canada: see pg. 65 of Ms. Konstantynowicz’ transcript of cross-examination).

The U.S. parent began to operate in Canada in 1984 through the opponent Toys “R” Us (Canada) Ltd. The opponent took over ownership of the U.S. parent’s marks through assignment. The opponent also uses other marks which include the “R” US component including, for example, TRUCKS “R” US and SKATES “R” US. Sales in Canada have amounted to about Can \$350 million annually for the period 1995 - 1998 inclusive. Since 1991, the opponent has never spent less than Can \$8 million annually in Canada advertising TOYS “R” US retail store services and products.

Aspects of Ms. Konstantynowicz’ affidavit evidence which are not supported by or illustrated by exhibit material, or corroborated by Mr. Thom, must be given reduced probative value. In this regard, the transcript of cross-examination signals that it is very difficult to ascertain which assertions made by Ms. Konstantynowicz are (i) within the affiant’s own personal knowledge, or (ii) based on the affiant’s review of business records, or (ii) inadmissible heresay based on information and belief. At cross-examination the affiant appeared to be uninformed of business matters that would ordinarily be within the purview of a vice-president and director of a company. At various times during the cross-examination, counsel for the applicant questioned whether the deponent was truly unaware of the answer to a question or

simply did not want to provide an answer. Given the plethora of answers in the form of “I don’t know” and “I can’t recall,” counsel’s concern was justified. I have no reason to doubt Ms. Konstantynowicz’ truthfulness, however, her inability at cross-examination to expand on her affidavit evidence underlines the possibility that much of her testimony was based on information and belief.

Mr. McPhail’s affidavit serves to introduce into evidence (i) a NUANS-TRL search for provincial corporation and business names and federal corporations, and (ii) particulars of trademark registrations for BABIES-R-US owned by Modern Identification Systems Inc. and NUTS ‘R’ US owned by Manjel Inc. Mr. Want’s affidavit serves to introduce into evidence, *inter alia*, (i) telephone listings for businesses throughout Canada that use the term R US in their business name, and (ii) a search on the Lexis-Nexis database for businesses located throughout Canada that use the term R US in their business name.

Mr. Thom’s affidavit evidence establishes that the opponent has sold mats in the opponent’s retail outlets, such sales amounting to about Can \$228,000 for the fiscal years 1998 and 1999. No information is provided regarding the nature of the mats sold.

The determinative issue in this proceeding is whether the applied for mark MATS “R” US is confusing with the opponent’s mark TOYS “R” US & Design, illustrated below, used primarily in association with retail store services and to some extent in association with confectionary items.

TOYS "R" US

In this regard, the opponent's evidence does not establish any significant use in Canada of any other of the opponent's marks relied on in the statement of opposition. Further, the opponent has not filed evidence to bring into issue the grounds of opposition pursuant to Sections 30, 48(2) and 50 of the *Act*. The material time to assess the issue of confusion is the date of my decision with respect to the ground of opposition pursuant to Section 12(1)(d); the date of filing the application, that is, March 22, 1996 with respect to the ground of opposition based on Section 16; and the date of opposition, that is, May 26, 1997 with respect to the ground of opposition alleging non-distinctiveness: 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.). In the circumstances of this case, nothing turns on whether the issue of confusion is assessed at any particular material date.

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), between the applied for mark MATS "R" US and the opponent's mark TOYS "R" US & Design. 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 *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 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).

The opponent's mark TOYS "R" US & Design possesses some inherent distinctiveness as it is a coined phrase and the rotated letter R adds design significance. However, the mark is phonetically equivalent to "toys are us" and is therefore highly suggestive of the opponent's services namely, retail store services specializing in children's toys and the like. The opponent's mark TOYS "R" US & Design is an inherently weak mark because it is highly suggestive of the opponent's services and wares. I am prepared to find that the opponent's mark TOYS "R" US & Design has acquired a significant reputation in Canada at all material times. However, that reputation is strictly confined to retail store services specializing in toys and other wares for children. The applied for mark MATS "R" US is also an inherently weak mark because it is highly suggestive of the applicant's service. There is no evidence to show that the applied for mark had acquired any reputation at any material time. The length of time that the marks in issue have been in use favours the opponent as the opponent has been using its mark TOYS "R" US & Design in Canada since at least as early as 1984. There is no evidence to show that the applicant has begun to use its mark MATS "R" US.

The nature of the parties' wares and services and the nature of the parties' trades are quite distinct. The opponent's mark TOYS "R" US & Design is used in association with a retail store operation which sells a multitude of wares intended for children. The applicant proposes to use its mark MATS "R" US in association with renting mats to industrial and commercial establishments. Thus, the parties's target clientele are very different. The marks in issue resemble each other to the extent that both parties' marks incorporate the components R US. However, those terms are suggestive and therefore inherently weak. Further, the prefixes TOYS and MATS are different in all respects, that is, visually, aurally and in ideas suggested. It is the initial portion of a mark that is the most important for distinguishing between marks: see *Conde Nast Publications Inc. v. Union Des Editions Modernes* (1979) 46 C.P.R.(2d) 183 at 188 (F.C.T.D.) and *Pernod Ricard v. Molson Breweries* (1992), 44 C.P.R. (3d) 359 at 370 (F.C.T.D.). As a further surrounding circumstance, having regard to the McPhail and Want affidavits, it is clear that there are numerous business and corporate entries which include the R US component (or its equivalent ARE US) as part of their corporate name. I am prepared to infer that at least some of the companies identified in the McPhail and Want affidavits are operating in Canada and use the R US component as part of their trade-name. Such use by third parties lessens the distinctiveness acquired by the opponent's mark and reduces the likelihood of confusion between the marks in issue.

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 differences between the marks, services and trades of the parties, and considering that the

opponent's mark is a weak mark, I find that the marks of the parties are not confusing. As noted by the applicant at pages 10-12 of its written argument, this Board has previously found against the present opponent in similar fact situations: see *Toys "R" Us (Canada) Ltd. V. Babies-R-Us Inc.* 35 C.P.R. (3d) 170, appeal dismissed 45 C.P.R.(3d) 495 (F.C.T.D.) and *Toys "R" Us (Canada) Ltd. v. Manjel Inc.* 46 C.P.R.(3d)135, appeal dismissed 24 C.P.R.(4th) 470 (F.C.T.D.)

In view of the above, the opponent's opposition is rejected.

DATED AT VILLE DE GATINEAU, QUEBEC, THIS 27th DAY OF APRIL, 2004.

Myer Herzig,
Member,
Trade-marks Opposition Board