

**IN THE MATTER OF AN OPPOSITION by Bally
Schuhfabriken AG to application No. 763,088 for the trade-mark
BALI filed by 603753 ONTARIO INC., d/b/a L.A.C.
INDUSTRIES**

On September 1, 1994, the applicant, 603753 ONTARIO INC., d/b/a L.A.C. INDUSTRIES, filed an application to register the trade-mark BALI based on use of the trade-mark in Canada since at least as early as January, 1994 in association with “sunglasses”.

The present application was advertised for opposition purposes in the *Trade-marks Journal* of January 17, 1996 and the opponent, Bally Schuhfabriken AG, filed a statement of opposition on May 13, 1996, a copy of which was forwarded to the applicant on June 28, 1996. As its grounds of opposition, the opponent has alleged that: the applicant’s trade-mark BALI is not registrable in that it is confusing with the opponent’s registered trade-marks BALLY, registration No. UCA 50569 and BALLY, registration No. 285,783; the applicant is not the person entitled to registration of the trade-mark BALI since the application is contrary to Paragraphs 16(2)(a) and (b) and Paragraphs 16(3)(a) and (b) of the *Trade-marks Act*; and the applicant’s trade-mark is not distinctive in that it neither distinguishes nor is it adapted to distinguish the applicant’s wares from those offered for sale and sold by the opponent in association with its trade-mark BALLY.

The applicant served and filed a counter statement on July 9, 1996 in which it denied the opponent’s grounds of opposition. The opponent filed as its evidence the affidavit of Richard Wycherley while the applicant submitted as its evidence the affidavits of Mitchell B. Charness, Larry Clements and Michael Godwin. Both parties filed a written argument and both were represented at an oral hearing.

Initially, in its second ground, the opponent claims that the applicant is not the person entitled to registration in view of Paragraphs 16(2)(a) and (b) and Paragraphs 16(3)(a) and (b) of the *Trade-marks Act* whereas the present application is based upon use of the trade-mark BALI in Canada in association with sunglasses since at least as early as January of 1994. As the opponent has not challenged the date of first use claimed by the applicant, the non-entitlement ground of opposition

should have been based on Paragraph 16(1)(a) of the *Trade-marks Act*. However, since the initial burden is upon the opponent under Subsections 16(5) and 17(1) of the *Act* to establish its prior use and non-abandonment of its trade-mark BALLY in Canada, I have ignored this technical deficiency in the second ground of opposition.

The first ground is based on Paragraph 12(1)(d) of the *Trade-marks Act*, the opponent alleging that the applicant's trade-mark BALI is not registrable in that it is confusing with the opponent's registered trade-marks BALLY, registration Nos. UCA 50569 and 285,783. In assessing whether there would be a reasonable likelihood of confusion between the trade-marks at issue, the Registrar must have regard to all the surrounding circumstances including, but not limited to, those specifically enumerated in Subsection 6(5) of the *Trade-marks Act*. Further, the Registrar must bear in mind that the onus or legal burden is on the applicant to establish that there would be no reasonable likelihood of confusion between the trade-marks at issue as of the date of decision, the material date in respect of the Paragraph 12(1)(d) ground of opposition [see *Park Avenue Furniture Corp. v. Wickes/Simmons Bedding Ltd. et al*, 37 C.P.R. (3d) 413 (F.C.A.)]. I would also note that the material dates in relation to the non-entitlement and non-distinctiveness grounds are, respectively, the applicant's claimed date of first use which is considered as being January 31, 1994 and the date of opposition, that is, May 13, 1996.

Considering initially the inherent distinctiveness of the trade-marks at issue [Para. 6(5)(a)], the Wycherley affidavit indicates that the predecessor of the opponent was founded by Karl Franz Bally and that the Bally shoe museum is located in the premises of the former house of the Bally family. Thus, the opponent's evidence points to the mark BALLY as having a surname significance. While the opponent submitted that the mark Bally would not be recognized by the average Canadian consumer as having a surname significance, no evidence has been submitted by the opponent in support of its assertion. As a result, I have concluded that the surname significance of the opponent's mark limits the inherent distinctiveness of the opponent's BALLY trade-marks. As indicated in the applicant's evidence, the word BALI possesses a geographic significance in that it identifies one of approximately 14,000 islands that comprise the Indonesian archipelago. Thus, the applicant's trade-mark BALI also possesses a limited degree of inherent distinctiveness.

With respect to the extent to which the marks at issue have become known [Para. 6(5)(a)], the applicant has relied upon the affidavit of its President, Larry Clements, while the opponent has submitted the affidavit of Richard Wycherley, CEO of Bally Corporation and Bally, Inc. The Clements affidavit evidences less than \$3,000 in sales by the applicant of its BALI sunglasses to Canadian Tire stores in Ontario from June of 1995 to May of 1996. Thus, the Clements affidavit provides little evidence from which I could conclude that the applicant's trade-mark BALI has become known to any measurable in Canada.

Mr. Wycherley has provided evidence relating to significant sales by Bally Corporation and its predecessor of BALLY products in Canada. However, the applicant has submitted that there is no reference in the Wycherley affidavit to the existence of a license arrangement between the opponent and Bally Corporation with respect to the latter's activities relating to the trade-mark BALLY in Canada. On the other hand, the opponent has submitted that Bally Corporation merely functions as its distributor and vendor in Canada and therefore is not 'using' the trade-mark BALLY in Canada within the scope of Section 4 of the *Trade-marks Act*. In this regard, in paragraphs 6 and 7 of his affidavit, Mr. Wycherley states that "Bally Corporation was incorporated on December 15, 1994 to deal with the wholesaling an [sic] retail aspect of BALLY products" and that Bally Corporation "has distributed and sold a wide variety of products marked with the trade-mark BALLY, all of which are important product lines of Bally Corporation". Also, in paragraph 14, Mr. Wycherley asserts that Bally Corporation sells Bally labelled products to department stores, shoe stores and clothing stores across Canada and that BALLY labelled products are also sold through BALLY stores which are operated by Bally Corporation.

In my view, the opponent's evidence is consistent with Bally Corporation functioning as the opponent's distributor in relation to the sale of BALLY products to department stores, shoe stores and clothing stores in Canada. On the other hand, I do not consider that Bally Corporation is likewise functioning as a distributor in its operation of BALLY retail stores in Canada. In this regard, I would expect that the average purchaser of BALLY products in a BALLY retail outlet would consider that the entity operating the BALLY stores, that is, Bally Corporation, is the source of those wares in Canada. Further, the fact that certain of the BALLY products may identify the

wares as having originated in Switzerland would, in the absence of any evidence to the contrary, lead the average consumer to assume that the wares were manufactured in Switzerland on behalf of Bally Corporation. I have concluded, therefore, that the operation of the BALLY retail outlets and the sale of BALLY products through those stores in Canada does not accrue to the benefit of the opponent.

Apart from the above, and while the sale by Bally Corporation of BALLY products to department stores, shoe stores and clothing stores in Canada may accrue to the benefit of the opponent, the Wycherley affidavit fails to provide either the volume or the dollar value of sales of BALLY products to such retailers. Rather, the various dollar value of sales identified in the Wycherley affidavit relate solely to sales through the BALLY retail outlets in Canada. Thus, I cannot determine from the evidence of record that the trade-mark BALLY has become known to any measurable extent in Canada ‘as a trade-mark of the opponent’ as applied to any of the wares covered in the opponent’s registrations.

In view of the foregoing, I have concluded that the extent to which the trade-marks at issue have become known does not favour either party in this proceeding. On the other hand, and having regard to paragraph 4 of the Wycherley affidavit, I find that the length of time the trade-marks at issue have been in use [Para. 6(5)(a)] does weigh in the opponent’s favour with respect to the latter’s use of the trade-mark BALLY in Canada at least in association with footwear and accessories although the exact nature of the accessories is not identified by Mr. Wycherley in paragraph 4 of his affidavit.

Considering next the nature of the wares of the parties [Para. 6(5)(c)] and the nature of the trade associated with those wares [Para. 6(5)(d)], it is the applicant’s “sunglasses” and the wares covered in the opponent’s registrations which must be considered in assessing the likelihood of confusion in relation to the Paragraph 12(1)(d) ground since it is the statement of wares covered in the respective application and registrations which determine the scope of the monopoly being claimed by the parties in relation to their marks[see *Mr. Submarine Ltd. v. Amandista Investments Ltd.*, 19 C.P.R.(3d) 3, at pp. 10-11 (F.C.A.); *Henkel Kommanditgesellschaft v. Super Dragon*, 12 C.P.R.(3d) 110, at p. 112 (F.C.A.); and *Miss Universe, Inc. v. Dale Bohna*, 58 C.P.R.(3d) 381, at

pp. 390-392 (F.C.A.)). However, those statements must be read with a view to determining the probable type of business or trade intended by the parties rather than all possible trades that might be encompassed by the wording. In this regard, evidence of the actual trades of the parties is useful [see *McDonald's Corporation v. Coffee Hut Stores Ltd.*, 68 C.P.R.(3d) 168, at p. 169 (F.C.A.)]. Nevertheless, in my view, the actual trades of the parties need only be considered where there is an ambiguity as to the wares or services intended to be covered in the application or registrations at issue.

In the present opposition, the applicant's "sunglasses" differ specifically from the wares covered in the opponent's registrations which include:

"Shoes. Shoes, also including beach shoes, boots and slippers; stockings, socks and pantyhoses, hats and caps; shirts, polo shirts, blouses, jackets, pullovers, vests, pants, slacks, suits, dresses and coats; underwear made of knitted fabrics (excluding brassieres, girdles and foundation garments); ties, suspenders, gloves, handkerchiefs, shawls, shoe polishes, shoe cleaning preparations, impregnating preparations for footwear and leathers; handbags, bags for provisions, travel bags, leather suitcases, beachbags, portfolios for documents, files, cosmetic bags, wallets, leather cases; soaps, perfumes, essential oils, after-shaves, eau-de-cologne, hair lotions and toothpaste. Key chains and key rings. Deodorants and shower gels. Shoe trees and shoe horns. Tennis [sic] shorts, track suits, warm-up suits and crew socks."
[registration No. 285,783]

"Boots, shoes, slippers, sandals, moccasins, elastic webs; chemical products for industrial use; shoe cream, shoe dressing and shoe cleaning preparations. Belts, ties, scarves, hats, caps and umbrellas. Watches and clocks."
[registration No. UCA50569]

However, I agree with the opponent's submission that its belts, ties, scarves, gloves, wallets, watches, hats and caps covered in its registrations are somewhat related to sunglasses in that these wares might be characterized as fashion accessories.

In assessing the likelihood of confusion between trade-marks in respect of a Paragraph 12(1)(d) ground of opposition, the Registrar must have regard to the channels of trade which would normally be considered as being associated with the wares set forth in the applicant's application and the opponent's registrations. Thus, absent a restriction in the statement of wares set forth in the present trade-mark application or the opponent's registrations as to the channels of trade associated with the respective wares or the parties, the Registrar cannot, when considering the issue of confusion, take into consideration the fact that the applicant or the opponent may only be selling their

wares through a particular channel of trade such as their own retail stores or through a particular retail outlet [see *Henkel Kommanditgesellschaft Auf Aktien v. Super Dragon Import Export Inc.*, 2 C.P.R. (3d) 361, at p. 372 (F.C.T.D.), 12 C.P.R. (3d) 110, at p. 112 (F.C.A.)]. Further, there is no ambiguity as to the wares covered in the applicant's application and the opponent's registrations which would otherwise justify my considering the actual trades of the parties. Consequently, the fact that the applicant's BALI sunglasses have only been sold through Canadian Tire stores and the like or that BALLY products may be sold primarily through BALLY retail outlets in Canada is of limited assistance to the applicant in assessing the issue of the likelihood of confusion in relation to the Paragraph 12(1)(d) ground.

In the present case, the applicant's sunglasses could be sold through retail outlets specializing in the sale of fashion accessories such as belts, ties, scarves, gloves, wallets, watches, hats and caps. As well, the applicant's wares could also be sold through general merchandise stores, drug stores or pharmacies which might also sell *inter alia* stockings, socks and pantyhose, shoe cream, shoe dressing and shoe cleaning preparations, cosmetic bags, wallets, leather cases, soaps, perfumes, essential oils, after-shaves, eau-de-cologne, hair lotions and toothpaste, key chains and key rings, deodorants and shower gels, these being wares covered in the opponent's registrations. I find therefore that there is a potential overlap in the nature of the trade of the parties.

As for the degree of resemblance between the trade-marks at issue [Para. 6(5)(e)], the applicant's mark BALI bears a fair degree of similarity in appearance and no similarity in ideas suggested to the opponent's trade-mark BALLY. Further, the trade-marks at issue are very similar, if not identical, in sounding [see, in this regard, *Bally Schuhfabriken AG v. QSI International*, 61 C.P.R. (3d) 264, at p. 267].

As a further surrounding circumstance in respect of the issue of confusion, the applicant has relied upon state of the register evidence submitted by way of the Godwin affidavit. Mr. Godwin states that he searched the records of the Canadian Trade-marks Office for active trade-mark registrations and pending applications including the word BALI or BALLY. The search covering the mark BALLY revealed six registrations and two pending applications (one of which is identified

as being opposed) standing in the names of four owners and covering *inter alia* health club services, walk-in coolers and freezers, ball rolling games, gaming equipment, electronic relays and the like, greeting cards, posters, post cards and paper, and services relating to the importing, exporting and wholesale sale of greeting cards, posters, paper and post cards. As none of these wares or services bear any relationship to the wares of the parties, I consider this evidence to be of little assistance to the applicant. In any event, I would not have been prepared to draw any inferences concerning the use of any of these marks in the marketplace in view of the limited number of third party registrations for the mark BALLY located by Mr. Godwin.

As for the search involving the mark BALI, Mr. Godwin identified a group of four registered marks standing in the name of Cooper Industries for trade-marks comprising or including the word BALI and covering blinds and shades, two registered trade-marks BALI and BALI IMPANDER applied to physical training devices and gymnastic equipment, as well as a registration for the mark THE MAGIC OF BALI for spirit coolers and a pending application for BALI SHAG & Design covering cigars and cigarettes. The wares associated with these trade-marks are completely unrelated to those of the parties and therefore the adoption of these third parties trade-marks is of no relevance to the issues in this proceeding. Mr. Godwin also located two registrations for the mark BALI in the name of Sara Lee Corporation covering *inter alia* bras, girdles and swimwear, as well as a registration for the trade-mark BALI MOON & Design for shirts, T-shirts, blouses and pants. While the wares associated with these marks are more closely related to the wares of the parties, I am not prepared to draw any inferences concerning the use of these trade-marks in the marketplace based on the mere existence of three registrations. In view of such a limited number of relevant third party registrations, it is incumbent on the party seeking to rely upon the adoption of these marks to show that the trade-marks are, in fact, in use in Canada. As a result, the state of the register evidence is of no assistance in assessing the likelihood of confusion between the trade-marks at issue.

As yet a further surrounding circumstance in assessing the likelihood of confusion between the trade-marks at issue, the applicant relied upon the absence of evidence of actual confusion between the trade-marks at issue despite the evidence of concurrent use of the trade-marks BALLY and BALI. Since the applicant has evidenced very limited sales of its BALI sunglasses in Canada,

I am not prepared to accord any weight to the absence of evidence of actual confusion between the trade-marks at issue in this proceeding.

The opponent has relied upon the decision of Board Member Martin in the *Bally Schuhfabriken AG v. QSI International*, 61 C.P.R. (3d) 264, referred to above, as supporting its contention that the trade-marks at issue are confusing. In that case, the present opponent opposed an application for registration of the trade-mark BALIWEAR Design filed by QSI International and covering:

“men’s and ladies’ shorts, t-shirts, sun dresses, skirts, pants, sarongs, shirts, hats, caps, visors, sweatbands, **sunglasses**, thongs and towels” [emphasis added].

In that case, Board Member Martin found on the evidence before him that the opponent’s trade-mark BALLY had become well known in Canada for shoes and that there was a fair degree of visual resemblance and a greater degree of phonetic resemblance between the trade-marks. In that case, the applicant’s evidence had been deemed not to form part of the record and only the opponent had presented a written argument. As a result, the Board Member concluded that the applicant had failed to meet the legal burden upon it of showing that its proposed mark was not confusing with the opponent’s registered trade-mark BALLY.

The applicant, for its part, relied upon the decision of Rouleau, J. in *Bally Schuhfabriken AG/Bally's Shoe Factories Ltd. v. Big Blue Jeans Ltd.*, 41 C.P.R. (3d) 205, in which the learned trial judge dismissed an appeal from a decision of the Opposition Board which had rejected an opposition by Bally Schuhfabriken AG/Bally's Shoe Factories Ltd. to registration of the trade-mark WALLY’S as applied to “jeans, pants, jackets and shirts for men and women”. In the WALLY’S decision, Mr. Justice Rouleau found that the evidence established “resemblance in appearance and sound” between the trade-marks WALLY’S and BALLY although he found this resemblance by itself not to be determinative of the issue of confusion. The learned trial judge concluded by finding that confusion would not result even if the wares of the parties were sold in the same area.

Since the evidence of record in this proceeding shows that the opponent’s trade-mark BALLY possesses a limited degree of inherent distinctiveness and therefore is not entitled to a broad

ambit of protection, and bearing in mind the (apparently) unlicensed use of the mark BALLY by Bally Corporation in association with the operation of BALLY retail outlets and the fact that the mark BALLY has otherwise been shown to have become known to only a limited extent in Canada ‘as a trade-mark of the opponent’, and considering further that the wares of the parties differ although the applicant’s sunglasses and certain of the opponent’s wares as noted above might be generally categorized as fashion accessories, I have concluded that the applicant has met the legal burden upon it of showing that there would be no reasonable likelihood of confusion between its trade-mark BALI and the opponent’s BALLY trade-marks regardless of the material date being considered. Thus, the opponent’s grounds of opposition are unsuccessful.

In view of the above, and having been delegated by the Registrar of Trade-marks pursuant to Subsection 63(3) of the *Trade-marks Act*, I reject the opponent’s opposition pursuant to Subsection 38(8) of the *Trade-marks Act*.

DATED AT HULL, QUEBEC, THIS 31st DAY OF MAY, 1999.

G.W. Partington
Chairperson
Trade-marks Opposition Board