

**IN THE MATTER OF AN OPPOSITION
by Intuit Canada Limited (formerly Wintax
Software Corporation) to application no.
776,251 for the mark QUICKTAX filed by
Quicklaw Inc. (formerly QL Systems Limited)**

On February 21, 1995, QL Systems Limited (later known as Quicklaw Inc., filed an application to register the mark QUICKTAX, based on use of the mark in Canada since at least as early as December 1988 in association with the wares

computer software

and in association with the services

operation of a business providing customers with instructions in the use of data bases, word processing, electronic mail and providing a telecommunications network to access computer data bases and computer software systems.

The subject application was advertised for opposition purposes in the *Trade-marks Journal* issue dated July 12, 1995. The opponent was granted a retroactive extension of time until January 18, 1996 to oppose the subject application: see the Office notice dated March 19, 1996. A copy of the statement of opposition was forwarded to the applicant on March 20, 1996. The applicant responded by filing and serving a counter statement.

The pleadings in the statement of opposition may be summarized as follows. Firstly, the opponent alleges that (a) the subject application does not comply with Section 30(a) of the *Trade-marks Act* in that “the wares and or services are not stated in ordinary commercial terms,” (b) the subject application does not comply with Section 30(b) of the *Act* in that the date of first use claimed by the applicant is incorrect, (c) the subject application does not comply with Section 30(e) in that “the applicant had and has no intention to use the mark itself in Canada,” and (d) the subject application does not comply with Section 30(i) “in light of the now famous registered marks [sic] of the opponent namely QUICKTAX the subject of application number 786,822.”

I would note that part (c) above is not applicable in the instant case as the subject

application is not based on proposed use of the mark in Canada but on use since December 1988. I would also note that, in respect of part (d) above, the opponent's mark QUICKTAX is not a registered mark. In any event, I regard the opponent's inaccuracy in identifying its mark as a registered mark as a technical error which, by itself, does not invalidate part (d) of the first ground of opposition.

The second ground of opposition alleges that (a) the applied for mark is not registrable, pursuant to Section 12(1)(d), because it is confusing with "the registered trade-marks [sic] of the opponent namely QUICKTAX, (b) the applied for mark is not registrable, pursuant to Section 12(1)(e), because "it is a mark the adoption of which is prohibited by Section 9 or 10," and (c) the applied for mark is not registrable, pursuant to Section 12(1)(f), because "it is a denomination the adoption of which is prohibited by Section 10.1."

I would note that part (a) above is not applicable in the instant case as the opponent's mark QUICKTAX is not a registered trade mark. Rather, the opponent's mark QUICKTAX is the subject of pending application no. 786,822. I would also note that part (c) above is not applicable in the instant case as the applied for mark does not designate a species or type of plant.

The third ground of opposition, pursuant to Section 16(1) of the *Act*, alleges that the applicant is not entitled to register the applied for mark because, at the material date namely, the date of filing the application, the applied for mark QUICKTAX was confusing with (a) the opponent's mark QUICKTAX used by the opponent since February 15, 1984, (b) "the subject of application number 786,822," that is, the opponent's trade-mark application for the mark QUICKTAX, and (c) the opponent's trade-name QUICKTAX used since February 15, 1984.

I would note that the material date pleaded by the opponent is incorrect. In this respect, Section 16(1) of the *Trade-mark Act* sets the material date for determining the issue of confusion, arising under the ground of non-entitlement, as the date of first use claimed in the application being opposed. In any event, I regard the opponent's inaccuracy as a technical error which does not invalidate the third ground of opposition. I note further that part (b) above does not raise a

valid ground of opposition as application no. 786,822 was filed on July 4, 1995, that is, subsequent to the subject application no. 776,251 which was filed on February 21, 1995: see Section 16(1)(b).

The last ground of opposition alleges that the applied for mark QUICKTAX is not distinctive because (a) it does not distinguish the applicant's wares and services from those of the opponent, (b) the applied for mark "was not adopted to distinguish, within the meaning of Section 3," and (c) the applicant did not use, "nor does he intend to use" the applied for mark.

I do not consider that part (b), above, is pleaded in sufficient detail to enable the applicant to reply in a meaningful manner. Accordingly, part (b) is rejected because the pleading contravenes Section 38(3)(a) of the *Trade-marks Act*. I have taken the approach that part (a) and (c) do not stand independently as distinct grounds of opposition but must be read together.

The opponent's evidence consists of the affidavits of Chad Frederick and Bruce Johnson, both employees and officers of the opponent company. The applicant's evidence consists of the affidavits of Lilian Simkins, an officer with the applicant company; Kenneth Shear, an individual experienced in the field of authenticating electronic data; and Aimée Tepperman, student-at-law. Ms. Tepperman's evidence is hearsay for the most part and I have given little weight to it. Messrs. Frederick and Johnson were cross-examined on their affidavits; the transcripts thereof, exhibits thereto and replies to undertakings given at their cross-examinations form part of the evidence of record herein. Only the applicant filed a written argument, however, both parties were represented at an oral hearing.

Mr. Frederick's affidavit evidence may be summarized as follows. The opponent is in the business of marketing personal financial software for home use. The exhibits annexed to his affidavit clearly indicate that the opponent's software product is intended to assist Canadians complete their income tax returns. Mr. Frederick personally authored the software; his first sale of software under the mark QUICKTAX was made to Bruce Johnson in February 1984. In that instance, the mark QUICKTAX was displayed on a label attached to a floppy disk that housed

the software. Further sales of QUICKTAX software were made by a business operating under the trade style Manaccount. Sales after August 1992 were made by the corporate entity Wintax Software Corporation. As of June 1996, the opponent was spending \$500,000 annually to advertise its QUICKTAX product.

Mr. Johnson's affidavit evidence may be summarized as follows. In 1984 Mr. Johnson was a self-employed computer programmer and Mr. Frederick was his accountant. It was on or about January 15, 1984 that Mr. Johnson purchased from Mr. Frederick "a software product he [Mr. Frederick] referred to as QUICKTAX." Mr. Frederick asked Mr. Johnson to provide him with an evaluation of the software and to detail problems related to its use. Mr. Johnson did so in a letter dated February 21, 1984. Mr. Johnson and Mr. Frederick formed a partnership to further develop the software: see paragraphs 7-8 of Mr. Johnson's affidavit, reproduced below. As of June 1996, the opponent company was selling its QUICKTAX software through retail stores across Canada.

The labels referred to in paragraph 7 above were affixed to computer disks dated 1984 - 1992. The aforementioned disks were provided to the applicant in fulfillment of an undertaking given at Mr. Johnson's cross-examination. The disk labeled 1989 was examined by the applicant's witness Mr. Shear whose evidence I will discuss later. On cross-examination, neither Mr. Johnson nor Mr. Frederick could recall with any certainty how the labels came to be on the software disks.

The transcripts of cross-examination of Messrs. Frederick and Johnson expand on their affidavit evidence. In several instances, their testimony on cross-examination either contradicts or is inconsistent with their affidavit evidence. Their evidence on cross-examination may be summarized as follows. Mr. Frederick is an accountant by training while Mr. Johnson's

background is in computer science. They met socially in the early 1980's when they were self-employed in their respective specialties. Until about 1982 Mr. Frederick was providing accounting services in his personal capacity; afterwards he conducted his accounting business through a corporation namely, Manaccount Management & Accounting Services Ltd.. Mr. Frederick began doing some accounting work for Mr. Johnson. Mr. Johnson did not pay for Mr. Frederick's accounting services but repaid in kind by providing computer consulting work for Mr. Frederick. In this regard, Mr. Frederick was, in addition to providing accounting services, also providing computer software and hardware to his clients to help them maintain their corporate records on computer. Portions of Mr. Frederick's testimony concerning the "partnership" between himself and Mr. Johnson is found at pp. 11, 12 and 14-15 of the transcript of his cross-examination, shown below.

(at p. 11)

(at p. 12)

(at pp. 14-15)

Mr. Johnson's testimony regarding his partnership with Mr. Frederick is found at p. 8 of his transcript of cross-examination, shown below.

Mr. Arcuri, mentioned at the first and second of the above excerpts, was at that time acting as the opponent's agent in the subject proceeding.

Mr. Frederick's cross-examination further informs of the corporate history of the present opponent Intuit Canada Limited and of the ownership of the opponent's mark QUICKTAX. On October 6, 1992, Mr. Frederick and Mr. Johnson incorporated 543434 Alberta Corporation which changed its name to Wintax Software Corporation on November 10, 1992. On July 1, 1994, Wintax Software Corporation amalgamated with WT Acquisition Corp. The name of the amalgamated corporation was Wintax Software Corporation. Wintax Software Corporation changed its name to the present opponent Intuit Canada Limited on September 7, 1995. I will say more about Messrs. Johnson's and Frederick's testimony on cross-examination later in these reasons.

Ms. Simkins' affidavit, filed on behalf of the applicant, may be summarized as follows. The applicant is a developer and distributor of computer software and services especially in respect of accessing legal literature and tax literature. The applicant has revolutionized the way lawyers, accountants, and financial advisors conduct legal and financial research. The applicant employs a number of QUICK marks listed at paragraph 6 of Ms. Simkins' affidavit, shown below.

Shown below is paragraph 22 of Ms. Simkins' affidavit.

Ms. Simkins' affidavit evidence describes in some detail the advertising that accompanied the introduction of the applicant's QUICKTAX service and the applicant's continuing promotion of its QUICKTAX service. The applicant's total sales under its family of marks has grown steadily from about \$1 million in 1980 to \$10 million in 1996 accumulating to about \$78 million for that time period. Advertising expenses for the applicant's family of marks for the same time period amounted to about \$1.5 million

With respect to parts (a) and (b) of the first ground of opposition, the opponent alleges that the subject does not comply with Sections 30(a) and 30(b) of the *Trade-marks Act*. Sections 30(a) and 30(b) require the application to contain a statement in ordinary commercial terms of the specific wares or services in association with which the mark has been used, and to contain the date from which the applicant has used its mark in association with the wares or services specified in the application. The legal burden is on the applicant to show that its application

complies with Sections 30(a) and 30(b). That is, the applicant must show that the specification of wares and services, and the date of first use alleged, are factually correct. The presence of a legal onus on a party means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against that party: see *Joseph E Seagram & Sons Ltd. v. Seagram Real Estate Ltd.* (1984), 3 C.P.R.(3d) 325 at pp. 329-330 (TMOB). There is also, in accordance with the usual rules of evidence, an evidential burden on the opponent to prove the facts inherent in their allegations that the wares or services described in the application are not in ordinary commercial terms or are not specific and that the applicant's date of first use is incorrect. The presence of an evidential burden on a party with respect to a particular issue means that in order for the issue to be considered at all, there must be sufficient evidence from which it could reasonably be concluded that the facts alleged to support that issue exist. The evidential burden on the opponent with respect to Section 30(b) is lighter than in the ordinary case: see *John Labatt Ltd. v. Molson Companies Ltd.* (1990), 30 C.P.R.(3d) 293 at pp. 298-300 (F.C.T.D.) The material time for considering the circumstances respecting the issue of non-compliance with Sections 30(a) and 30(b) is the filing date of the application: see *Thomas J. Lipton Inc. v. Primo Foods Ltd.* (1992), 44 C.P.R.(3d) 556 at p. 560 (TMOB); *Georgia-Pacific Corp. v. Scott Paper Ltd.* (1984), 3 C.P.R. (3d) 468 at p. 475 (TMOB).

In the instant case, there is no evidence whatsoever to support the opponent's allegations in parts (a) and (b) of the first ground of opposition. Parts (a) and (b) may therefore be dismissed for the reason that the opponent has not met its evidential burden to put its allegations into issue. Further, with respect to part (a) of the first ground of opposition, I agree with the applicant's submissions at paragraph 59 of its written argument:

I would also mention that, with respect to part (b) of the first ground of opposition, Ms. Simkins' affidavit evidence demonstrates use of the mark QUICKTAX prior to December 31, 1988. I have previously discussed that part (c) of the first ground of opposition is not relevant in the present circumstances. With respect to part (d) of the first ground of opposition, the opponent has not pleaded sufficient facts to raise a ground of opposition based on Subsection 30(i) of the *Act*. It may be that the opponent also intended to allege that the applicant could not have been satisfied that it was entitled to use the applied for mark because it was confusing with the opponent's mark QUICKTAX and that the applicant was aware of the opponent's mark. However, even if those allegations had been pleaded, the success of this ground would still be contingent on a finding of confusion between the parties' marks.

The pleadings in parts (a) and (c) of the second ground of opposition have already been discussed as being without merit. Part (b) of the second ground of opposition is rejected because the opponent has not supported in any way its allegations that the applied for mark contravenes Sections 9 or 10 of the *Trade-marks Act*. Accordingly, the second ground of opposition is rejected.

With respect to the third ground of opposition, I have previously discussed why part (b) does not raise a valid ground of opposition. With respect to part (c), having reviewed the opponent's evidence, I have been unable to locate any instances of use of the term QUICKTAX as a trade-name. Accordingly, part (c) is entirely without support and is therefore rejected. The remaining issue raised by the third ground of opposition is whether the applied for mark QUICKTAX is confusing with the opponent's mark QUICKTAX. In respect of this issue, there are evidential burdens imposed on the opponent pursuant to Sections 16(5) and 17(1) of the *Trade-marks Act* to show that (1) the opponent used its mark prior to the date that the applicant is claiming to have used its mark, in this case December 31, 1988, and that (2) the opponent did not abandon the use of its mark as of the date of advertisement of the applied for mark, in this case July 12, 1995.

Having reviewed the testimony of Messrs. Johnson and Frederick at cross-examination,

the exhibit material attached to their affidavits and the exhibit material introduced at their cross-examinations, I am unable to conclude that the opponent in fact used its mark QUICKTAX prior to about 1993. In this regard, I do not consider that is any clear or credible evidence which points to use of the opponent's mark prior to 1993. The picture that emerges from the transcripts of cross-examination of Messrs. Frederick and Johnson is that beginning in 1984 they were collaborators in developing a computer software program to assist Canadians in filing their income tax returns. They did not become partners in any commercial venture until about 1992 when their software QUICKTAX was ready for commercialization. Mr. Johnson did not purchase the QUICKTAX software program from Mr. Frederick in 1984. Rather, Mr. Frederick provided Mr. Johnson with the software program so that it could be further developed for commercial purposes. That development lasted until about 1992 and it would appear that the corporation Wintax was incorporated specifically for the purpose of commercializing Messrs. Johnson's and Frederick's software product (which may have initially been available in 1992 under the mark WINTAX). As far as I am able to determine from the evidence before me, there was no business dealing in the QUICKTAX product prior to 1993 and there was no use of the mark QUICKTAX by Wintax (now Intuit) or any predecessors in title prior to 1993.

At cross-examination, the opponent's witness Mr. Frederick refused (on advice from counsel) to answer questions properly put to him, which answers might have assisted me in determining when the opponent (through predecessors in title) began to use its mark QUICKTAX. Additionally, the opponent defaulted in answering undertakings given at cross-examination, which answers might have shed light on when the opponent began to use its mark QUICKTAX. My conclusions regarding the date of first use of the opponent's mark QUICKTAX has therefore been supported by the negative inference that I have drawn from the opponent's above-mentioned refusals. The negative inference that I have drawn is that the opponent is unable to evidence use of its mark prior to 1993.

It was previously mentioned that Mr. Shear examined what was purported to be the opponent's 1989 QUICKTAX software. Mr. Shear's unchallenged and uncontradicted evidence is that the software provided to him was "placed on this diskette in the post-1994 time frame."

His evidence is consistent with my doubts that the opponent's mark was in use prior to 1993. In view of the above, I have concluded that the opponent did not begin to use its mark QUICKTAX until about 1993. Accordingly, the opponent has not met the statutory burden imposed by 16(5) of the *Act* to establish use of its mark prior to the date of first use claimed by the applicant namely, December 31, 1988. Therefore, part (a) of the third ground of opposition is rejected.

With respect to the last ground of opposition, the material date to consider the issue of distinctiveness is the date that the opposition commenced, in this case January 18, 1996: 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.). The legal onus is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares from those of the opponent throughout Canada: see *Muffin Houses Inc. v. The Muffin House Bakery Ltd.* (1985), 4 C.P.R.(3d) 272 (TMOB). As noted earlier, the presence of a legal onus means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against the applicant.

The opponent's evidence, considered in its entirety, suggests that the opponent first began to use its mark QUICKTAX in 1993. The evidence submitted by the applicant establishes that it began to use its mark QUICKTAX in about 1988 and that by the material date January 18, 1996 its mark QUICKTAX has acquired a significant reputation in Canada among tax professionals such as accountants and lawyers.

In deciding the issue of distinctiveness, I take guidance from the *dicta* of Addy J. in *Motel 6, Inc. v. No. 6 Motel Ltd.* (1981), 56 C.P.R.(2d) 44 at 58 (F.C.T.D.):

On the issue of lack of distinctiveness of a mark, although it must be shown that the rival or opposing mark [the opponent's mark] must be known to some extent at least, it is not necessary to show that it is well known . . . It is sufficient to establish that the other mark has become known sufficiently to negate the distinctiveness of the mark under attack [the applicant's mark].

The opponent's evidence is that, as of June 20, 1996 (the date of Mr. Frederick's affidavit) the

opponent was generating revenue in excess of \$2 million annually (presumably by sales under its mark QUICKTAX), and that it was expending in excess of \$500,000 annually to advertise its wares (presumably those sold under the mark QUICKTAX). Although such evidence does not pertain precisely to the material date, I am prepared to assume the same magnitude of sales and advertising on or about the material date. However, I am not prepared to assume the same magnitude of sales and advertising for the entire two year period 1993 - 1995 preceding the material date.

The applicant has demonstrated not only sales and advertising under its mark QUICKTAX from 1988 on, but also sales and advertising for its family of QUICK marks for the period 1974 -1996. Thus, consumers already familiar with the applicant's family of marks would more readily associate mark QUICKTAX with the applicant rather than with any other trader. In circumstances where the applicant may rely on a family of marks, as in the present case, the opponent's task to negate the distinctiveness of a newcomer to a family of marks is somewhat more difficult than in the ordinary case. In the present, the opponent's task is to demonstrate that its mark QUICKTAX became sufficiently known, in the three year from period January 1993 to January 18, 1996, to negate the distinctiveness of the applied for mark *in the context of the applicant's family of marks*. I do not consider that the opponent's evidence of sales and advertising under its mark as submitted in this proceeding, without further details of how its mark QUICKTAX was exposed to the public over the three year period 1993 to 1996, is sufficient for that purpose. Accordingly parts (a) and (c) of the last ground of opposition are rejected.

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

DATED AT HULL, QUEBEC, THIS 30th DAY OF JUNE , 2000.

Myer Herzig,
Member,
Trade-marks Opposition Board