IN THE MATTER OF AN OPPOSITION by Dollar General Merchandising, Inc. to application no. 1198883 for the trade-mark DOLLAR GENERAL filed by R. Steinberg

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On December 3, 2003, R. Steinberg filed an application to register the trade-mark DOLLAR GENERAL, based on proposed use in Canada, for "retail store services in the field of general merchandise." The subject application was advertised for opposition purposes in the *Trade-marks Journal* issue dated July 21, 2004. The application was opposed by Dollar General Intellectual Property, L.P. ("DGIP") on Dec. 17, 2004, based in part on DGIP's use of the mark DOLLAR GENERAL in Canada. A copy of the statement of opposition was forwarded by the Registrar of Trade-marks to the applicant, on January 13, 2005, as required by Section 38(5) of the *Trade-marks Act*. The applicant responded by filing and serving a counter statement. The opponent was subsequently granted leave to file an amended statement of opposition identifying Dollar General Merchandising, Inc. as successor in title to DGIP's mark DOLLAR GENERAL.

The opponent's evidence consists of the affidavits of Roch Riley (2 affidavits), articled student; Margaret Fitzpatrick, trade-mark agent; Lillian Joan Sigurdson, librarian; Tonia Morgan, law clerk; Robert R. Stephenson, business counsel to DGIP; Cathleen O'Banion, Senior Advertising Manager; Johanne Baril, legal assistant; Rose Barrand, Art Everhart, James F. May, Ella Catchpole and Ronald Sharlow, managers of stores operating under the mark DOLLAR GENERAL in New York State, USA. The applicant's evidence consists of the affidavit of Marc Percher, President of a company dealing in the wholesaling of general merchandise. The opponent

was subsequently granted leave to file additional evidence namely, a second affidavit of Robert R. Stephenson, establishing the chain of title for the mark DOLLAR GENERAL from the original opponent to the present opponent. Only the opponent filed a written argument. Both parties were ably represented by counsel at an oral hearing.

STATEMENT OF OPPOSITION

The grounds of opposition may be summarized as follows.

The first ground alleges that the subject application does not conform to Section 30(e) of the *Trade-marks Act* because at the time of filing the application the applicant did not intend to use the applied for mark for the services specified in the application.

The second ground alleges that the subject application does not conform to Section 30(i) of the *Act* because the applicant was aware that it is not the party entitled to use the applied for mark. In this regard, the applied for mark is identical to the mark DOLLAR GENERAL which had been previously used by the opponent and its predecessor in title in the exact same field of retail store services. Further, the opponent is the owner of a co-pending and confusing trade-mark application for DOLLAR GENERAL for retail store services in the field of general merchandise.

The third ground alleges that the applied for mark is not registrable [sic], pursuant to Sections 16(1) [sic] and 16(3)(a) of the *Act* in view of the opponent's prior use of the mark DOLLAR GENERAL and previously filed trade-mark application for the mark DOLLAR

GENERAL, respectively.

The fourth ground alleges that the applicant is not entitled to register the applied for mark, pursuant to Section 16(1) [sic] and 16(3)(a) of the Act in view of the opponent's prior use and previously filed trade-mark application for the mark DOLLAR GENERAL.

The fifth ground alleges that the applied for mark DOLLAR GENERAL would not actually distinguish the applicant's services from the services of the opponent in view of the opponent's prior and continuing use of its mark DOLLAR GENERAL.

OPPONENT'S EVIDENCE

Robert Stephenson

Mr. Stephenson's evidence may be summarized as follows. The opponent is a leading discount retailer of general merchandise serving primarily low, middle and fixed income families. The opponent offers an assortment of consumable basic merchandise including health and beauty aids, packaged food products, home cleaning supplies, housewares and clothing. The first DOLLAR GENERAL store was opened in Kentucky, USA, in 1955. As of April 2005, the opponent and its subsidiaries were operating about 7,500 stores in 30 states. By the end of January 2005, the opponent was operating 7,320 stores and generating sales of about US$7.6 billion annually. The opponent owns various trade-mark registrations in the United States comprised in whole or in part of the phrase DOLLAR GENERAL for retail store services and related services, and filed a similar trade-mark application (no. 1241198) in Canada on December 17, 2004 based

on use of the mark in Canada since at least as early as April 2001. Several of the opponent's stores are near the Canadian/United States border, that is, in the cities of Niagara Falls, Lewiston, Ogdensburg and Massena in the state of New York. Canadian consumers routinely purchase products at the border stores. The opponent also brings its mark DOLLAR GENERAL to the attention of Canadians through mail-outs and its presence on the Internet. The opponent's website typically has about 185 hits a month from Canada.

In March 2005, Mr. Stephenson received a call from Marc Percher representing Encore Industries. According to Mr. Stephenson, Mr. Percher advised that the subject application was filed by R. Steinberg for the benefit of Encore. The application would be withdrawn in exchange for $20 million. Mr. Percher justified the amount by saying that investors in his venture would "pull out" if Encore did not have the DOLLAR GENERAL trade-mark. In subsequent conversations, Mr. Percher indicated that the subject application might be withdrawn if the opponent made Encore Industries the exclusive provider of hosiery products for DOLLAR GENERAL stores [presumably stores to be operated by the opponent in Canada].

Mr. Stephenson's second affidavit, filed as additional evidence, establishes the chain of title for the mark DOLLAR GENERAL from DGMI to the present opponent of record namely, Dollar General Merchandising, Inc.

Other Evidence

The remaining affidavits filed as evidence on behalf of the opponent generally serve to

corroborate or elaborate on Mr. Stephenson's evidence. In particular, the affidavits of Rose Barrand, Art Everhart, James F. May, Ella Catchpole, and Ronald Sharlow serve to corroborate Mr. Stephenson's testimony that Canadians shop at the opponent's border stores located in New York State.

APPLICANT'S EVIDENCE

Marc Percher

Mr. Percher's affidavit evidence may be summarized as follows. Mr. Percher is the President of a business operating in Quebec under the trade-name Encore Industries. The business relates to the wholesaling of general merchandise including underwear, hosiery products, watches and jewellery. In the fall of 2003, Mr. Percher decided to expand his business to include the operation of retail stores in the field of general merchandise. The mark DOLLAR GENERAL was chosen because of its bilingual nature and because the mark conveyed to the public the type of business Encore Industries would be operating. At that time Mr. Percher was aware of retail outlets in the United States operating under the mark DOLLAR GENERAL, but was not aware of any such retail outlets operating in Canada. Mr. Percher approached third parties to determine if they would be interested in participating in his company's new business venture. As Mr. Percher did not wish to publicly reveal his company's new venture before financing was in place, he requested his wife Ruth Steinberg (the applicant of record) to file the subject application on behalf of Encore Industries.

Mr. Percher was duly advised by his solicitors that the application for DOLLAR

GENERAL was opposed by DGIP. He was further advised that the opposition alleged that DGIP had used its mark DOLLAR GENERAL in Canada prior to the date of filing of his wife's trade-mark application. Mr. Percher contacted the opponent and was directed to Mr. Robert Stephenson. Mr. Percher asked whether the opponent was operating any retail stores in Canada under the mark DOLLAR GENERAL. Mr. Stephenson answered in the negative, but explained that DGIP was interested in expanding its retail stores into Canada and would therefore be "prepared to settle these Opposition proceedings by compensating for the costs incurred to date." Mr. Percher asked Mr. Stephenson what compensation he had in mind. Mr. Stephenson responded by asking Mr. Percher what compensation he was contemplating. Mr. Percher did not have a predetermined amount in mind so he jokingly answered "a couple of billion dollars." The conversation ended with Mr. Stephenson indicating that he would get back to Mr. Percher. A subsequent discussion did not result in any resolution.

FIRST GROUND OF OPPOSITION - SECTION 30(E)

The first ground of opposition is based on Section 30(e) of the *Trade-marks Act*, shown below:

> 30. An applicant for the registration of a trade-mark shall file with the Registrar an application containing
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> . . . . .
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> (e) in the case of a proposed trade-mark, a statement that the applicant, by itself or through a licensee, or by itself and through a licensee, intends to use the trade-mark in Canada;

The material time for assessing the applicant's compliance with Section 30(e) is the filing date of the application: see *Georgia-Pacific Corp. v. Scott Paper Ltd* (1984), 3 C.P.R. (3d) 469 at 475 (TMOB). As always, the legal onus is on the applicant to show that its application does not

contravene the provisions of the *Trade-marks Act* as alleged by the opponent in the statement of opposition. However, there is also, in accordance with the usual rules of evidence, an evidential burden on the opponent to prove the facts inherent in the allegations pleaded in the statement of opposition: see *John Labatt Limited v. The Molson Companies Limited*, 30 C.P.R. (3d) 293 at 298. The presence of an evidential burden on the opponent 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 requirement in Section 30(e), above, for the applicant to state that it intends to use the applied for mark in Canada is not merely *pro forma*, that is, the named applicant must have an actual intention to use the applied for mark. Beginning at paragraph 29 of its written argument, the opponent argues that the applicant herein namely, R. Steinberg, did not in fact have that intention:

> In this case, it is clear that Ruth Steinberg [the named applicant] had no intention to use the trade-mark [DOLLAR GENERAL]. The trade-mark was applied for on behalf of the company Encore Industries. There is, however, no provision in the *Trade-marks Act* or Canadian trade-marks practice which permits an individual to apply for a trade-mark on behalf of a corporation . . .
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> Furthermore, there is no evidence that the Applicant applied for the trade-mark with the intention to license the DOLLAR GENERAL trade-mark to Encore Industries.
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> . . . the Applicant has not discharged her burden to establish she intended to use the DOLLAR GENERAL trade-mark in Canada.

The opponent relies on, among other cases, *Cellular One Group, a Partnership v. Brown* (1990), 69 C.P.R.(3d) 236 at 240 - 241, wherein this Board discussed Section 30(e) as follows:

> The applicant's application formally complies with Section 30(e) of the Act since the required statement appears in the application. The issue then becomes whether or not the applicant has substantially complied with Section 30(e) - i.e. - is the applicant's statement that it intended to use the applied for trade-mark true?
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> . . . . .
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> The evidence suggests that Lloyd Brown and Peter Lashchuk incorporated Cellular One Inc. on April 3, 1987 and that the company conducted a cellular telephone business in association with the trade-mark CELLULAR ONE from that date on. The fact that the current applicant of record, Bell Mobility Cellular Inc., filed another application to register the trade-mark CELLULAR ONE based on use by itself and Cellular One Inc. since April 3, 1987, is consistent with the foregoing. In fact, the applicant admits at page 13 of its written argument that Cellular One Inc. had used the applied for trade-mark since April 3, 1987. Thus, it would appear that Lloyd Brown's stated intention to use the mark when he filed the present application was false. Rather, it would appear that his intention was to have his company Cellular One Inc. use the mark CELLULAR ONE and that such use had, in fact, already commenced.
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> In view of the above, it was incumbent on the applicant to prove that Lloyd Brown did, in fact, intend to use the applied for mark when he filed the present application. The applicant failed to do so. It is the applicant's position that Lloyd Brown probably mistakenly filed the present application in his own name. The applicant further contends that since there was no fraudulent intent on the part of Mr. Brown, his application should not be defeated since he did not benefit in any way. I disagree. Although I doubt that Mr. Brown had any fraudulent intent when he filed the present application, he did gain a priority over other traders by filing it and his application's pendency may have deterred other traders from filing applications for the same or similar marks. In any event, non-compliance with Section 30(e) is not a mere technicality and Mr. Brown's false statement makes the present application void from the outset: see the opposition decisions in *Atlantic Queen Sea Foods Ltd. v. Frisco-Findus S.A.* (1992), 44 C.P.R.(3d) 261 at 267 and *Mirabel Fisheries Ltd. v. HydroSerre Inc.* (1994), 55 C.P.R.(3d) 567.
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> (emphasis added)

Similarly, in the instant case, the evidence of record satisfies the opponent's legal burden

with respect to the allegation that the applicant R. Steinberg did not have any intention to use the applied for mark. I do not impute any fraudulent intent to the applicant, but the evidence is clear that the applicant was acting simply as a straw man for the business purposes of Encore Industries. I therefore find that the application does not comply with Section 30(e) and the application is refused for that reason.

OTHER ISSUES

In view of the above finding, it is not necessary to consider the remaining grounds of opposition. However, I would add that I agree with submissions at the oral hearing by counsel for the applicant that the opponent has not established any use of its mark in Canada as alleged by the opponent in the statement of opposition. I would also add that I agree with submissions at the oral hearing by counsel for the opponent that, in view of the evidence filed by the opponent, I may take into account the fact that the opponent's mark became known in Canada at least to an extent necessary to support the grounds of opposition alleging non-entitlement and non-distinctiveness: in this regard, see *Novopharm Ltd. v. AstraZeneca AB*, 21 C.P.R.(4th) 289 at 296, para. 22. (F.C.A.).

DISPOSITION

In view of the foregoing, the subject application is refused.

This decision has been made pursuant to a delegation of authority under Section 63(3) of

the *Trade-marks Act*.

DATED AT VILLE DE GATINEAU, QUEBEC, THIS 11th DAY OF MARCH, 2009.

Myer Herzig,
Member,
Trade-marks Opposition Board