IN THE MATTER OF AN OPPOSITION by John Labatt Limited to application No. 552,684 for the trade-mark LITE Design filed by Miller Brewing Company

On November 18, 1985, the applicant, Miller Brewing Company, filed an application to register the trade-mark LITE Design (illustrated below) for "alcoholic brewery beverages" based on use in Canada since 1976. In response to an objection by the Examiner pursuant to Section 12(1)(b) of the Trade-marks Act, the applicant claimed the benefit of Section 14 of the Act, filed an affidavit of Robert A. Toledo in support of that claim and amended the application to cover "beer." The application was subsequently advertised for opposition purposes on August 3, 1988.

The opponent, John Labatt Limited, filed a statement of opposition on December 22, 1988, a copy of which was forwarded to the applicant on February 17, 1989. The opponent was granted leave on August 21, 1992 to amend its statement of opposition to add a third ground.

The first ground of opposition is that the applied for trade-mark is not registrable pursuant to Section 12(1)(b) of the Act because, when depicted, written or sounded, it is clearly descriptive or deceptively misdescriptive of the character or quality of beer. In this regard, the opponent alleges that LITE is phonetically equivalent to the word "light" which is descriptive of a category of beer that has less alcohol than regular beer.

The second ground of opposition is that the applied for trade-mark is not distinctive because it is the practice in the beer industry to use the term "light" to refer to a type of beer that has less alcohol than regular beer. The third ground is that the application does not comply with Section 30(b) of the Act because the applicant did not use the applied for mark in Canada since the date claimed.

The applicant filed and served a counter statement. The opponent did not file evidence. As its evidence, the applicant filed the affidavits of Alvin Ossip, Peter L. Greensmith, William A. Saupe and Robert A. Toledo. Subsequent to the addition of the third ground of opposition, the applicant was granted leave to file additional evidence in the form of the affidavit of Charles R. Teal. Both parties filed a written argument and an oral hearing was conducted at which both parties were represented.

Considering first the opponent's third ground of opposition, the onus or legal burden is on the applicant to show its compliance with the provisions of Section 30(b) of the Act: see the opposition decision in Joseph Seagram & Sons v. Seagram Real Estate (1984), 3 C.P.R.(3d) 325 at 329-330 and the decision in John Labatt Ltd. v. Molson Companies Ltd. (1990), 30 C.P.R.(3d) 293 (F.C.T.D.). There is, however, an evidential burden on the opponent respecting its allegations of fact in support of that ground. That burden is lighter respecting the issue of non-compliance with Section 30(b) of the Act: see the opposition decision in Tune Masters v. Mr. P's Mastertune (1986), 10 C.P.R.(3d) 84 at 89. Furthermore, Section 30(b) requires that there be continuous use of the applied for trade-mark in the normal course of trade since the date claimed: see page six of the unreported decision of the Federal Court in Labatt Brewing Company Limited v. Benson & Hedges (Canada) Limited and Molson Breweries, a Partnership (Court No. T-777-94; March 22, 1996). Finally, the opponent's evidential burden can be met by reference to the applicant's own evidence: see page 16 of the unreported decision of the Federal Court in Labatt Brewing Company Limited v. Molson Breweries, a Partnership (Court No. T-646-95; May 28, 1996).

In his affidavit, Mr. Toledo identifies himself as the Vice-President - Brand and Promotion of the applicant and provides particulars as to the sales and advertising of the applicant's beer sold in association with the trade-mark LITE Design. Paragraph eleven of Mr. Toledo's affidavit begins with the statement: "My company first shipped LITE brand beer to Canada in 1981...." I consider that this is sufficient to meet the opponent's evidential burden to show that the applicant did not use its applied for mark in Canada since 1976.

It was therefore incumbent on the applicant to positively evidence its claimed date of first use. In this regard, the applicant has relied on the affidavit of Charles R. Teal, the Senior Assistant General Counsel of the applicant. However, Mr. Teal does not provide direct evidence of any sales of LITE Design beer in Canada in 1976. Rather, Mr. Teal refers to his own handwritten note (Exhibit C) indicating that the first shipment of LITE beer to Canada was in July of 1976 and consisted of three barrels. Exhibit B to the Teal affidavit is a handwritten memo dated May 26, 1983 from Barbara Nelson of the applicant's Market Research Department to Mr. Teal's secretary indicating that shipments of LITE beer to Canada for 1976 and 1977 comprised six and fourteen barrels by volume respectively and that no shipments were made for 1978 and 1979. Exhibit A is a letter dated May 26, 1983 from Mr. Teal's secretary to the applicant's United States trade-mark counsel passing on that information.

I consider that the Teal affidavit is insufficient to meet the applicant's legal burden. Initially, it should be noted that the various documents appended to the Teal affidavit do not comprise the best evidence. Ordinarily, one would expect copies of purchase orders, invoices and the like to support a contention that there were actual sales made in Canada. At the very least, one would expect direct statements from an affiant describing the applicant's ordinary course of trade and detailing how the product was sold and to whom. If the applicant cannot provide such evidence and must rely on other sources to support its case, it should give the reasons why such evidence is impossible or impractical to obtain. Mr. Teal did not provide any such reasons. I therefore find that the documentary evidence provided by Mr. Teal is of limited use.

As noted, Mr. Teal did not provide particulars of any specific sales of LITE Design beer in Canada in 1976. At most, I can conclude that there were a few token shipments of beer in 1976 and 1977 to some unspecified Canadian destination. It may be that these shipments were not made in the ordinary course of trade but were simply effected to attempt to establish a priority for trade-mark purposes. The fact that Mr. Teal's documents indicate that no shipments were made in 1978 and 1979 is consistent with there having been no sales of LITE Design beer in Canada in 1976 and 1977 in the normal course of trade. Considering the nature of the applicant's product, a total shipment of six barrels in volume for 1976 and fourteen barrels for 1977 does not support a conclusion that the applicant was engaged in an ongoing regular business of selling its beer in Canada. Furthermore, I find that Mr. Toledo's evidence is to be preferred since Mr. Toledo, as the Vice-President - Brand and Promotion, would likely have more intimate and reliable knowledge about the applicant's sales activities relating to LITE Design beer than Mr. Teal who is Senior Assistant General Counsel.

In view of the above, I find that the applicant has failed to satisfy the legal burden on it to evidence its claimed date of first use. Furthermore, even if the Teal affidavit could be viewed as supporting the applicant's claimed date, it does not support a finding that there has been continuous use of the applicant's mark in the normal course of trade. In this regard, it points to non-use of the mark for 1978 and 1979 with no explanation for such a lapse. Thus, the third ground of opposition is successful.

As for the first ground of opposition, Section 12(1)(b) of the Act reads as follows:

> 12. (1) Subject to section 13, a trademark is registrable if it is not....
> (b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin.... (emphasis added)

The material time for considering the circumstances respecting this issue is the date of my decision: see the decision in Lubrication Engineers, Inc. v. The Canadian Council of

Professional Engineers (1992), 41 C.P.R.(3d) 243 (F.C.A.). The issue is to be determined from the point of view of an everyday user of the wares. Furthermore, the trade-mark in question must not be carefully analyzed and dissected into its component parts but rather must be considered in its entirety and as a matter of first impression: see Wool Bureau of Canada Ltd. v. Registrar of Trade Marks (1978), 40 C.P.R.(2d) 25 at 27-28 and Atlantic Promotions Inc. v. Registrar of Trade Marks (1984), 2 C.P.R.(3d) 183 at 186.

The applicant's mark consists of a corrupted spelling of the word "light" presented in a particular script. Among the definitions for the word "light" is "having a comparatively low alcoholic content" and "having a relatively mild flavour." More recent dictionaries include entries for the word "lite" itself. For example, The Random House Dictionary of the English Language (2nd ed.) defines "lite" as follows:

> **an informal, simplified spelling of light....used esp. in labelling or advertising commercial products: lite beer....**

Regulation B.02.132 of the Food and Drug Regulations provides that beer having an alcohol content of between 2.6 and 4.0 percent is to be labelled and advertised as "light beer." In discussing those Regulations and the trade-mark LABATT'S SPECIAL LITE in the decision Labatt Breweries of Canada Ltd. v. Attorney-General of Canada (1979), 49 C.P.R.(2d) 179 (S.C.C.), Mr. Justice Estey stated at page 200 of the reported decision as follows:

> **The description "lite beer" must, in the ordinary usage of the language today, be synonymous with light beer....**

As noted above, the applicant did not traverse the initial objection raised by the Examiner pursuant to Section 12(1)(b) of the Act but instead claimed the benefit of Section 14. This, in my view, is an indication that the applicant itself considers its trade-mark LITE Design to be clearly descriptive of the applied for wares. Also of note is the fact that the word LITE is disclaimed in the applicant's corresponding United States trade-mark registration No. 1,385,379.

In view of the above, I consider that the applicant has failed to satisfy the onus on it to show that its mark does not offend Section 12(1)(b) of the Act. The fact that the mark is presented in a particular script does not assist the applicant's case since there is no independently registrable design matter apart from that script: see, for example, John Labatt Ltd. v. Registrar of Trade Marks (1984), 79 C.P.R.(2d) 110 (F.C.T.D.). The mark would offend Section 12(1)(b), in any event, since it is clearly descriptive or deceptively misdescriptive of the character of the wares when sounded.

Notwithstanding my conclusion respecting Section 12(1)(b) of the Act, the applicant has claimed the benefit of Section 14. The opponent was not required to specifically challenge that claim in its statement of opposition since it was put in issue by the applicant in its counter statement.

In considering the related provisions in Section 12(2) of the Act, Mr. Justice Strayer commented as follows at pages 239-240 of the reported decision in Molson Breweries v. Registrar of Trade Marks (1992), 41 C.P.R.(3d) 235 (F.C.T.D.):

> **....I do not accept that there is an independent examination process which continues after the advertisement of an application and within which any subsequent s. 12(2) claim can or must be exclusively determined. As I understand the process, the examination starts after an application for registration is submitted pursuant to s. 30 of the Act. Thereafter, the examiner may well require further information from the applicant and may ask the applicant to disclaim some portion of the trade mark. It is not only possible but normal and desirable that any claim based on s. 12(2) be submitted at this time. After this period of examination, the Registrar must make a decision under s. 37(1). He has only one choice to make: whether to reject the application or not. If he rejects it, that is the end of the matter as far as he is concerned but an appeal may lie. But if he does not reject it, then he must advertise the application. Once the advertisement actually takes place the Registrar cannot change his mind and reject the application....and if no opposition is filed he is obliged to allow the application....The conclusion reached by the examiner on behalf of the Registrar after examination, pursuant to s. 37(1), that he is not satisfied that the trade mark is unregistrable and therefore must be advertised, is not a decision that it is registrable...**

> **...Once advertising and the opposition process begin, any decision which the Registrar takes must be made in the context of the opposition proceeding and in accordance with the procedure laid down in the Trade Marks Regulations. In these proceedings the onus of proving distinctiveness of its mark in order to claim the benefit of s. 12(2) remains on the applicant: Molson Companies Ltd. v. Carling Breweries Ltd., supra; W.R. Grace & Co. v. Union Carbide Corp. (1987), 14 C.P.R.(3d) 337 at p. 349, 13 C.I.P.R. 59, 78 N.R. 124 (F.C.A.).**

Mr. Justice Strayer went on to state as follows at pages 241-242 of the reported decision:

> **In the present case it seems clear that the applicability of s. 12(2) is already an issue in the opposition proceedings since, as quoted above, the opposition statement alleges that the trade mark EXPORT is either clearly descriptive or deceptively misdescriptive (and thus unregistrable under s. 12(1)(b) of the Act), and the counterstatement states that the registration of the trade mark is not prohibited under the provisions of s. 12 and that it is distinctive (this clearly raising 'inter alia', a claim based on s. 12(2)).**

Similarly, in the present case, the Registrar's decision to advertise the trade-mark LITE Design was not a decision that the mark was registrable. Since the opponent has raised a ground of opposition based on Section 12(1)(b) of the Act, the onus is on the applicant to show otherwise. And since the mark has been found to offend Section 12(1)(b) of the Act, the onus of proving that the mark is not without distinctive character and thus eligible for the exception provided for by Section 14 of the Act remains on the applicant. As in the Molson Breweries decision, the statement of opposition in the present case alleges that the trade-mark LITE Design is clearly descriptive and the counter statement denies that allegation and states that the mark is distinctive. Furthermore, as noted above, the counter statement in the present case specifically claims the benefit of Section 14. Thus, the onus is on the applicant to show that its mark does not offend Section 12(1)(b) of the Act or, if it does, that it falls within the exception provided in Section 14 of the Act.

In order to fall within the exception provided for in Section 14, the applicant must have registered its mark in its country of origin and it must show that it is not without distinctive

character in Canada. Section 14 is silent as to the material time for assessing the latter requirement. But in view of the wording of the analogous provision in Section 12(2) of the Act and to avoid preferential treatment being accorded to foreign applicants, the material time has been taken to be the applicant's filing date: see the opposition decision in Holiday Juice Ltd. v. Sundor Brand Inc. (1990), 33 C.P.R.(3d) 509 at 512-513.

The issue then becomes whether or not the applicant's evidence is sufficient to establish that the applicant's mark was not without distinctive character in Canada as of the applicant's filing date. The evidentiary burden on the applicant is equivalent to that respecting Section 12(2) of the Act and has been described as a heavy burden: see page 513 of the Holiday Juice decision.

In his affidavit, Mr. Toledo provides figures relating to shipments of LITE brand beer to Canada for the period 1981 to 1984. Although those shipments were not insubstantial, they were not particularly extensive either, ranging from about 1,000 barrels a year to 9,000 barrels a year. The applicant's Canadian licensee commenced manufacturing and selling LITE brand beer on April 1, 1985 and sales by the licensee up to the filing date of the present application were significant, being of the order of 250,000 barrels by volume. However, as admitted by Mr. Saupe in his affidavit at paragraph four:

> **My company's LITE brand beer is produced and sold in Canada by my company's licensee, and constitutes only approximately 1% of the total beer sales in Canada.**

Thus, given the highly descriptive nature of the applicant's trade-mark LITE Design (as was the case with the trade-mark CANADIAN in Molson Companies Ltd. v. Carling Breweries Ltd. (1988), 19 C.P.R.(3d) 129 (F.C.A.); affg. (1984), 1 C.P.R.(3d) 191 (F.C.T.D.); revg. (1982), 70 C.P.R.(2d) 154 (T.M.O.B.)), I find that the sales of LITE Design beer in Canada are far from sufficient to satisfy the heavy burden on the applicant.

In paragraph 13 of his affidavit, Mr. Toledo sets out extensive annual advertising expenditures in the United States for his company's LITE brand beer for the period 1975 to 1986. In paragraph 15, he makes some comments about the spillover effect into Canada of his

company's advertising activities in the United States. However, it appears that Mr. Toledo does not have personal knowledge of this matter and his comments can be given little weight.

In paragraphs 16 and 18 of his affidavit, Mr. Toledo refers to records compiled by his company's advertising agency respecting the extent of television advertising both on American networks and on individual television stations. In accordance with the opposition decision in Miller Brewing Co. v. Labatt Brewing Co. (1991), 36 C.P.R.(3d) 400 at 406, I am prepared to give these documents some weight as being business records prepared by the advertising agency for the applicant. However, I am not prepared to give any weight to Mr. Toledo's conclusions about the possible spillover effect of the advertising evidenced in those records. If the applicant wished to establish the spillover effect of its television advertising, it should have provided direct evidence of reception of the ads by Canadians. Alternatively, it could have provided expert evidence from someone with its advertising agency which would allow a conclusion to be made that there had been significant spillover of the American television ads into Canada. Exhibit D to the Toledo affidavit comprises reports from his company's advertising agency respecting the spillover effect of the applicant's American television advertising but since they were not submitted by an appropriate expert who can attest to their reliability, I can give them little weight.

Mr. Toledo also makes reference in his affidavit to radio ads for LITE brand beer broadcast on American radio stations near the Canadian border. However, Mr. Toledo does not provide information as to where and when these ads were broadcast nor does he provide information from which I could conclude that a significant number of Canadians heard such ads as of or prior to the material time.

In his affidavit, Mr. Toledo refers to ads for LITE brand beer placed in various American periodicals. However, he only provides a limited number of examples and the circulation figures listed by Mr. Toledo are hearsay. A few of the specific examples of ads referred to by Mr. Toledo were in such well known magazines that I can take judicial notice

that they have some Canadian circulation. But without reliable evidence as to circulation figures, I cannot conclude that the applicant's print ads had any circulation of note in Canada.

Thus, I am unable to conclude that there was a significant Canadian spillover respecting the applicant's advertising activities in the United States as of the filing of the present application. In summary, I find that the Toledo affidavit is insufficient to meet the heavy burden on the applicant respecting its claim to the benefit of Section 14.

The applicant has also relied on the Ossip and Greensmith affidavits which evidence a survey conducted to gauge consumer reaction to various trade-marks and product descriptions (including the applicant's trade-mark LITE Design) used in association with beer. However, that survey was conducted in October of 1991, some six years after the material time, and is therefore irrelevant respecting the issue of whether or not the applicant's mark was without distinctive character as of November 18, 1985.

Even if I could have considered the survey evidence, I do not consider that it would have advanced the applicant's case significantly. Survey evidence is admissible but care must be taken to ensure its reliability. As stated by Mr. Justice MacKay in Joseph Seagram & Sons v. Seagram Real Estate (1990), 33 C.P.R.(3d) 455 at 471 (F.C.T.D.):

> **The question of admissibility and reliability of surveys of public opinion polls has been the subject of debate in numerous trade mark cases. However, after considering the jurisprudence concerning the matter, I understand the general principle to be that the admissibility of such evidence and its probative value are dependant upon the relevance of the survey to the issues before the court and the manner in which the poll was conducted; for example, the time period over which the survey took place, the questions asked, where they were asked and the method of selecting the participants.**

Mr. Justice Pinard also had occasion to consider survey evidence in Opus Building Corporation v. Opus Corporation (1995), 60 C.P.R.(3d) 100 at pages 105-106 as follows:

> **I find that the survey is admissible for the following reasons:**
> **(a) the survey was conducted by an expert in the field of public opinion research;**
> **(b) the sampling is from the appropriate "universe";**

(c) the survey was designed and conducted, and the resulting data was processed, in a professional manner, independent of both the applicant and its counsel;
(d) the survey was not geographically restricted;
(e) the survey was conducted in both national official languages and involved both male and female respondents; and
(f) the survey evidence is put forward as the basis on which the expert assessed the recognizability of the word OPUS in the survey "universe".

In the present case, the survey designed by Mr. Ossip and conducted by Mr. Greensmith's company satisfies all of the requirements set forth by Mr. Justice Pinard. The survey was conducted in four different locations in Canada among adult Canadian beer drinkers. The survey included both anglophone and francophone respondents and was conducted in a professional and impartial manner. However, the structure of the survey and the conclusions drawn by Mr. Ossip from the results of the survey are open to question.

Respondents were shown seven cards containing different words or marks taken from beer containers. They were asked to sort the cards into three piles, the first indicating that the word or mark primarily indicated to them a brand name of beer, the second indicating that the word or mark indicated a type of beer and the third indicating that they didn't know. It should be noted that the applicant's mark LITE Design was presented in the particular script shown in the present application whereas the other six words or marks were all presented in essentially block letter form. The results of the survey were that 43.3% of the respondents identified LITE Design as a brand name, 54.7% identified it as a type or kind of beer and 2% said they didn't know. It is noteworthy that the word DRY, which the applicant accepts is a type of beer, elicited similar results with 29.7% of the respondents identifying it as a brand name, 68% identifying it as a type of beer and 2.3% saying that they didn't know.

As pointed out by the opponent, the primary flaw in the applicant's survey is that it is impossible to know on what basis respondents who identified LITE Design as a brand name did so. It is quite likely that many of the respondents who identified LITE Design as a brand name did so simply on the basis that it comprises a corrupted spelling of an ordinary English

language word in a distinctive script. In my view, it is quite likely that many respondents faced with any such construction would assume that it is a brand name or trade-mark simply because it includes common trade-mark characteristics. They would not necessarily assume it is an actual brand of beer being sold. Furthermore, a number of respondents may have associated it with a brand of beer but not necessarily the applicant's beer. Although the opponent did not evidence any uses of the term "lite" or "light" by other brewers, the existence of the Food and Drug Regulation respecting the term "light beer" suggests that it is likely that other brewers use one or other of those terms. It therefore would have been preferable to include follow-up questions in the survey asking respondents why they thought LITE Design was a brand name and whose brand they thought it was.

Having reviewed the applicant's survey evidence, it is impossible to determine what portion of the respondents who identified LITE Design as a brand name recognized it as the applicant's brand name. Thus, notwithstanding Mr. Ossip's expertise in the survey field, I cannot accept his conclusion based on the survey results that LITE Design indicates a specific brand of beer (namely, the applicant's brand) to a substantial portion of Canadian beer drinkers.

As noted, although the reliability of the applicant's survey is not in question, its validity is. It would have been preferable to have structured the survey in a different fashion. In designing a survey for the purposes of determining whether a term is descriptive or has become recognized as a trade-mark of a particular trader, it is preferable to structure it to elicit a consumer's first impression by the use of open-ended questions such as "What do you think of when you see (or hear) this word?" or "What word comes to mind when you see this package?" This allows a respondent to reply in any number of ways. He might state that the word means something to him, that it reminds him of a particular company, that he associates it with particular wares or services, that he associates it with a particular emotion or feeling, etc. The survey could also be structured to indicate the timing of a response in order to better assess whether a response was a matter of immediate impression which is crucial to the issue of descriptiveness.

In summary, I find that the applicant's evidence is either irrelevant or it is insufficient to satisfy the applicant's heavy burden under Section 14 of the Act. Thus, the first ground of opposition is also successful. It should be noted that even if the applicant's evidence had been sufficient, the nature of that evidence was such that it would only have shown that the applicant's mark was not without distinctive character when viewed. Since the mark also offends the provisions of Section 12(1)(b) when it is sounded, it would have been necessary to also show that the mark was not without distinctive character when sounded. In this regard, reference may be made to the Molson Companies decisions referred to above wherein evidence of that type was considered in support of a claim to the benefit of Section 12(2) of the Act although the evidence in that case was found to be insufficient for other reasons.

As noted by the opponent's agent at the oral hearing, it is also arguable that the applicant has not satisfied the requirements of Sections 14(1)(c) and 14(1)(d) of the Act. In particular, the opponent contended that the applicant's mark may be deceptive in view of the fact that registration is being sought for "beer" rather than "light beer" or "beer of low caloric value." However, in view of my finding respecting Section 14(1)(b) of the Act, it is unnecessary to make any findings regarding Sections 14(1)(c) and 14(1)(d).

As for the second ground of opposition, there was an evidential burden on the opponent to file evidence in support of its allegations of fact. Since the opponent failed to file evidence, I find that the second ground is unsuccessful.

In view of the above, and pursuant to the authority delegated to me under Section 63(3) of the Act, I refuse the applicant's application.

DATED AT HULL, QUEBEC, THIS 19th DAY OF AUGUST 1996.

David J. Martin,
Member,
Trade Marks Opposition Board.