

**IN THE MATTER OF AN OPPOSITION by
ConAgra, Inc. to application No. 760,649 for the
trade-mark HEALTHY DECISION
filed by McCain Foods Limited**

On August 2, 1994, the applicant, McCain Foods Limited, filed an application to register the trade-mark HEALTHY DECISION based upon proposed use.

The application was advertised for opposition purposes in the *Trade-marks Journal* of February 7, 1996. ConAgra, Inc. filed a statement of opposition on March 11, 1996. The applicant filed and served a counter statement.

The opponent filed as its evidence the affidavit of Taketo Murata, the President of the Canadian distributor of the opponent's HEALTHY CHOICE products. As its evidence, the applicant filed the affidavits of John Marsalek (an articling student employed by the applicant's agent), Petra J. McDonald (a trade-mark agent employed by the applicant's agent) and Steven A. Yung (Vice-President Marketing of a division of the applicant). All four affiants were cross-examined on their affidavits.

In 1998, the applicant amended the statement of wares in its application to read:

Frozen potato products, namely french fried potatoes, baby roast potatoes and potato slices;
potato specialties, namely potato wedges, seasoned potato products, home fries, diced hashbrowns, hashbrown patties, lattice-cut chips, potato patties, diced potato cubes and potato puffs;
cheese and cheese fondu;
lasagna and pasta dishes;
seafood;
frozen microwavable prepared lunches;
frozen fruit juices and fruit beverages;
beverages, namely aseptic juices, namely orange juice, apple juice, tropical fruit juice, pineapple/grapefruit juice and grape juice, non-alcoholic beverages, namely apple cherry beverages, apple grape beverages, apple peach beverages, fruit beverages, grape nectar, lemonade, fruit punch, raspberry beverages, apple blackberry beverages, apple raspberry beverages, apple cherry beverages, pineapple tangerine beverages, orange banana beverages, orange peach beverages, grape raspberry beverages, orange punch, grape punch and fruit punch;
juice bars;

frozen berries and fruit;
frozen pizza;
fresh entrees;
frozen prepared entrees;
pate;
meats and delicatessen foods, namely sliced meats, ham, salami, pepperoni,
sausages, wieners, meatballs and prepared salads.

Both parties filed written arguments and an oral hearing was held at which both parties were represented.

The grounds of opposition are based on Subsection 16(3) of the *Trade-marks Act*, Section 30 of the *Trade-marks Act*, and non-distinctiveness.

With respect to Subsection 16(3), the opponent alleges that the applicant is not entitled to registration of the trade-mark HEALTHY DECISION because at the date of filing of the application HEALTHY DECISION was confusing with the opponent's trade-marks MAKE THE HEALTHY CHOICE, HEALTHY CHOICE, and HEALTHY CHOICE & Design "applications for registration of which had been previously used and/or made known and/or filed in Canada by the opponent". The opponent goes on to provide the serial numbers and wares and services associated with each of its aforementioned trade-marks. The applicant has interpreted the Subsection 16(3) pleading as relying on both Paragraphs 16(3)(a) and (b) and I shall do the same.

At the oral hearing, the opponent advised that it was no longer relying on prior making known of its trade-marks under Paragraph 16(3)(a).

In order to satisfy its evidential burden with respect to the Paragraph 16(3)(a) grounds, the opponent must file sufficient evidence to show that its marks were used prior to the filing date of the applicant's application, namely August 2, 1994. In addition, Subsections 16(5) and 17(1) of the *Trade-marks Act* place a burden on the opponent to establish non-abandonment of its trade-marks as of the date of advertisement of the applicant's application, February 7, 1996.

There is no evidence of any use of the opponent's mark MAKE THE HEALTHY CHOICE and therefore the Paragraph 16(3)(a) ground of opposition fails to the extent that it relies on this trade-mark.

The evidence shows clearly that the opponent had not abandoned use of its HEALTHY CHOICE trade-mark with respect to pasta sauces as of February 7, 1996. However, the evidence concerning frozen dinners and entrees is less clear. Mr. Murata's answer to the undertaking given with respect to questions 104 through 107 of the transcript of his cross-examination indicates that for the fiscal year ending May 1996, Canadian sales of HEALTHY CHOICE dinners and entrees each amounted to \$200,000. However, there were no such sales in fiscal year 1997 and

Mr. Murata conceded in June 1997 that “at the moment” it was probably correct that basically they were out of the business of frozen food dinners and entrees in Canada under the HEALTHY CHOICE trade-mark, although they were “continuing to look at opportunities for the HEALTHY CHOICE franchise, including frozen.” [Question 220, Murata Cross-examination] While it is not clear that sales were ongoing as of February 7, 1996, given that abandonment requires an intent to abandon, I will conclude that the opponent had not abandoned its marks with respect to frozen dinners and entrees as of February 7, 1996.

In support of its Paragraph 16(3)(b) grounds the applicant must show that its applications were pending as of August 2, 1994 and not abandoned as of February 7, 1996. The opponent has not filed copies of the trade-mark applications upon which it relies. Having regard to the potential public interest in assessing a Paragraph 16(3)(b) ground, I have exercised the Registrar’s discretion to check the register in order to confirm the existence of the applications relied upon by the opponent [see *Royal Appliance Mfg. Co. v. Iona Appliances Inc.*, 32 C.P.R. (3d) 525, at p. 529].

Application No. 663,368 for MAKE THE HEALTHY CHOICE was not pending as of August 2, 1994, having issued to registration on October 1, 1993. Accordingly the Paragraph 16(3)(b) ground fails to the extent that it relies on the application for MAKE THE HEALTHY CHOICE [see *Governor and Co. of Adventurers of England trading into Hudson’s Bay, commonly called Hudson’s Bay Co. v. Kmart Canada Ltd.*, 76 C.P.R. (3d) 526 at p. 528].

Applications No. 628,993 for HEALTHY CHOICE & Design and No. 679,139 for HEALTHY CHOICE were pending as of August 2, 1994 and February 7, 1996, but were abandoned in 1999.

Application No. 679,140 for HEALTHY CHOICE & Design is still pending but currently only covers pudding and spaghetti sauce and disclaims the right to the exclusive use of the words HEALTHY and CHOICE apart from the trade-mark.

The test for confusion is one of first impression and imperfect recollection. In applying the test for confusion set forth in Subsection 6(2) of the *Trade-marks Act*, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in Subsection 6(5) of the *Act*. Those factors specifically set out in Subsection 6(5) are: the inherent distinctiveness of the trade-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; and the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them. The weight to be given to each relevant factor may vary, depending on the circumstances [see *Clorox Co. v. Sears Canada Inc.* 41 C.P.R. (3d) 483 (F.C.T.D.); *Gainers Inc. v. Tammy L. Marchildon and The Registrar of Trade-marks* (1996), 66 C.P.R. (3d) 308 (F.C.T.D.)].

I will consider first the likelihood of confusion between the trade-marks HEALTHY CHOICE and HEALTHY DECISION pursuant to Paragraph 16(3)(a) of the *Act*, for which the material date is August 2, 1994. I consider this to be the strongest of the opponent’s Subsection 16(3) grounds of opposition; if it is not successful, the remaining Subsection 16(3) grounds will not succeed.

Neither the mark HEALTHY CHOICE nor the mark HEALTHY DECISION has much inherent distinctiveness as both suggest that the purchaser or consumer of the wares has made a choice or decision that is good for his or her health.

The applicant has argued that HEALTHY CHOICE cannot be a trade-mark, relying in part on the fact that these words are referred to in the *Guide to Food Labelling and Advertising* introduced as Exhibit “E” to Mr. Marsalek’s affidavit. I disagree. The reference to “healthy choice” in the *Guide to Food Labelling and Advertising* does not mean that such words cannot function as a trade-mark. Even words that are clearly descriptive can acquire distinctiveness and become strong trade-marks through extensive use and promotion. In addition, I note that the applicant’s argument appears to fly in the face of the position taken by the applicant’s subsidiary, which has adopted HEALTHY CHOICE as a sub-brand for frozen french fried potatoes and frozen entrées in Australia [see pages 66-67 of booklet entitled “McCain Foods Growing Worldwide”, Exhibit “C” Yung affidavit].

Mr. Murata states that use of the opponent’s HEALTHY CHOICE mark began June 24, 1991. Prior to 1994, gross Canadian sales of HEALTHY CHOICE products exceeded \$23,000,000 [Answer to Undertaking re Question Nos. 93 and 106, Murata Cross-examination]. As the application was based on proposed use, a consideration of the length of time each mark has been used as of the filing date of the application naturally favours the opponent. Similarly, the extent to which each of the marks had become known necessarily favours the opponent.

As of August 2, 1994, the opponent had used HEALTHY CHOICE for frozen dinners, frozen entrées and pasta sauces. Some of the opponent’s HEALTHY CHOICE frozen dinners and entrées consist of lasagna and pasta. Given that the applicant’s statement of wares includes fresh entrees; frozen prepared entrees; lasagna and pasta dishes; and frozen microwavable prepared lunches, the wares of the applicant and the opponent clearly overlap. With respect to the remaining wares covered by the applicant’s application, I note the decision of the Federal Court in *Clorox Co. v. Sears Canada Inc.* (1992), 41 C.P.R. (3d) 483 (F.C.T.D.), where the Court said at page 490: “One only needs to look at the thousands of different foods, meats, condiments, confectioneries, cereals and what-not, found in some supermarkets to be wary of giving too much weight in some circumstances to the ‘same general class’ test.”

The parties’ channels of trade overlap as both parties sell their wares through retail grocery stores. Mr. Yung states however that the applicant’s food products would not be sold in close proximity to pasta sauces [Paragraph 23 (vii), Yung affidavit].

The marks resemble each other in appearance and sound as a result of them both consisting of two words, with the first word being “healthy”. “Although the marks are not to be dissected when determining matters of confusion, it has been held that the first portion of a trade-mark is the most relevant for purposes of distinction.” [*K-Tel International Ltd. v. Interwood Marketing Ltd.* (1997), 77 C.P.R. (3d) 523 (F.C.T.D.) at 527] However, when the first component of a mark is a common, descriptive word, it is

entitled to a narrower range of protection than an invented or unique word [see *Conde Nast Publications Inc. v. Union des Editions Modernes* (1979), 46 C.P.R. (2d) 183 (F.C.T.D.) and *Park Avenue Furniture Corp. v. Wickes/Simmons Bedding Ltd.* (1991), 37 C.P.R. (3d) 413 (F.C.A.)].

In idea suggested, the resemblance between HEALTHY CHOICE and HEALTHY DECISION is considerable, the words “choice” and “decision” having overlapping meanings.

As a surrounding circumstance I must consider the state of the Trade-mark Register. State of the register evidence is only relevant insofar as one can make inferences from it about the state of the marketplace [see *Ports International Ltd. v. Dunlop Ltd.* (1992), 41 C.P.R. (3d) 432; *Del Monte Corporation v. Welch Foods Inc.* (1992), 44 C.P.R. (3d) 205 (F.C.T.D.)]. Also of note is the decision in *Kellogg Salada Canada Inc. v. Maximum Nutrition Ltd.* (1992), 43 C.P.R. (3d) 349 (F.C.A.) which is support for the proposition that inferences about the state of the marketplace can only be drawn from state of the register evidence where large numbers of relevant registrations are located.

At the oral hearing, the opponent objected to the admissibility of Mrs. McDonald’s trade-mark register search results, relying on the decision in *GSW Inc. v. Canada (Registrar of Trade-marks)* [1999] F.C.J. No. 1062 (F.C.T.D.). As stated in that case, unless the source of the state of the register search is proved to be reliable, or unless a statutory or common law exception to the rule applies, the evidence is inadmissible as hearsay. State of the register searches can be proved by sources such as the *Trademarkscan* source advanced in the present case if the other side consents or if the required standard of proof is met. Neither situation exists in the present case.

I note however that prior to the oral hearing, the opponent argued that the results of Mrs. McDonald’s search were not reliable but did not claim that the evidence as a whole was inadmissible as hearsay. The applicant might have interpreted the opponent’s position as contesting the weight to be accorded to the evidence rather than contesting that the *Trademarkscan* source speaks to the truth of the state of the trade-mark register. I will therefore discuss the evidence but point out that my final decision in these proceedings remains the same regardless of whether or not the search results are considered.

Mrs. McDonald provides the results of *Trademarkscan* computer searches that she conducted to locate marks that include the formative HEALTH in classes 29, 30 and 31. Thirty-two of the registrations and thirteen of the applications located by Mrs. McDonald were subsisting as of August 2, 1994. Without analyzing this information further, given the nature of the word HEALTHY, I would have been prepared to accept that it is not uncommon for members of the food industry to use such word. However, the real issue is whether the applicant has combined the common word “healthy” with another word that serves to distinguish its mark from the opponent’s HEALTHY CHOICE mark. The register search only reveals one other mark on the register as of August 2, 1994 that combines “healthy” with the idea of “choice” or “decision”. That mark is HEALTHY ALTERNATIVE, which was filed for on the basis of proposed use in association with meat products, chicken products, entrees and food products on February 19, 1993. There is no evidence that such mark was ever used in the marketplace. Therefore, while I agree that consumers are not likely to be confused simply because two marks both start with the word HEALTHY, I am not convinced that the applicant’s state of the register evidence shows dilution with respect to the idea expressed by the marks in issue as of the relevant dates.

The applicant has also introduced state of the marketplace evidence in both the affidavits of Mr. Marsalek and Mr. Yung. However I do not consider such evidence to be significant both because it relates to activities after August 2, 1994 and because the marks evidenced are more different from HEALTHY CHOICE than is HEALTHY DECISION.

There is a legal burden on the applicant to establish that there would be no reasonable likelihood of confusion between the marks in issue. This means that if a determinate conclusion cannot be reached, the issue must be decided against the applicant [see *John*

Labatt Ltd. v. Molson Companies Ltd. (1990), 30 C.P.R. (3d) 293]. The applicant has not satisfied me that there is no reasonable likelihood of confusion between HEALTHY CHOICE frozen dinners, frozen entrees and pasta sauces and HEALTHY DECISION fresh entrees; frozen prepared entrees; lasagna and pasta dishes; and frozen microwavable prepared lunches. This is primarily due to the resemblance between the marks in ideas suggested, the overlap in the wares and channels of trade, and the significant use of HEALTHY CHOICE prior to August 2, 1994. I note that contrary to Mr. Yung's suggestion, the issue here is not whether the applicant will take any market share from the opponent. Rather the issue is whether a consumer who has a general and not precise recollection of the opponent's mark, will, upon seeing the applicant's mark, be likely to think that the two products share a common source.

Before leaving this ground of opposition, I should note that the applicant has argued that Mr. Yung and Mrs. McDonald are qualified to give expert opinion evidence. I shall not address this issue because, if the opinions they have expressed were admissible, I would nevertheless consider their opinions to be irrelevant in so far as they relate to the date of the affiants' affidavits, rather than to the date of the filing of the applicant's application.

Turning to the Paragraph 16(3)(b) grounds of opposition, it is appropriate to consider the current state of the opponent's applications as a further surrounding circumstance in assessing the likelihood of confusion between the trade-marks at issue. In this regard, I rely on the decision of the Federal Court, Trial Division in *Molson Breweries, A Partnership v. Labatt Brewing Co. Ltd.*, 68 C.P.R. (3d) 202 and, in particular, the following comments of Heald, D.J. at page 213:

"The third surrounding circumstance put forth by Molson is the abandonment by Labatt of its application for registration of the trade-mark MANITOBA'S CLUB & Design. The difficulty encountered by Molson with respect to this submission, is that Molson is asking the Court to consider a surrounding circumstance that arose following the material date set out in subsection 16(3), being the date of the application. In my view, the circumstance of Labatt having abandoned its trade-mark application, although it arose after the material date, is intrinsically connected to a circumstance which existed at the material date. In view of this inherent connection and the anomalous circumstances of this case, I find this is an appropriate case to take into consideration the fact that Labatt's application for registration of MANITOBA'S CLUB & Design was abandoned. Accordingly, having taken into consideration this surrounding circumstance, I need not proceed further to consider the factors listed in paragraphs (a) through (e), as I am satisfied that confusion between the trade-marks is no longer an issue."

Following the above reasoning, confusion between the applicant's mark and the marks which were the subject of application Nos. 628,993 and 679,139 is no longer an issue. Furthermore, given that the only wares remaining in application No. 679,140 are spaghetti sauce and pudding, I find that the only wares of the applicant for which I am not satisfied that there is no reasonable likelihood of confusion under Paragraph 16(3)(b) are lasagna and pasta dishes.

The next ground of opposition is that the application does not comply with the requirements of Section 30 of the *Act*, “by virtue of the fact that the applicant could not be satisfied that it is entitled to use the trade-mark HEALTHY DECISION in Canada in association with the wares described in the application given that, on the date of the filing of the application in Canada, the applicant was aware of the use by the opponent of the trade-marks MAKE THE HEALTHY CHOICE; HEALTHY CHOICE; HEALTHY CHOICE & Design.... Further the applicant did not have and does not now have the intention of using the trade-mark HEALTHY DECISION in association with the wares set out in application No. 760,649.” There is no evidence that the applicant ever lacked the intention to use the applied for mark and the applicant could have been satisfied that it was entitled to use its mark if it did not believe that its mark was likely to cause confusion with the opponent’s marks. Accordingly, I will not discuss this ground further.

The last ground of opposition is that “the applicant’s trade-mark is not distinctive since it does not actually distinguish nor is it adapted to distinguish the wares or services of others, including the wares and services of the opponent”. Although the wording of this pleading is garbled, I will treat that as a technical deficiency, as the applicant appears to have done.

The legal onus is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares from the wares of others throughout Canada [*Muffin Houses Incorporated v. The Muffin House Bakery Ltd.* (1985), 4 C.P.R. (3d) 272 (TMOB)]. However, there is an evidential burden on the opponent to prove the allegations of fact supporting its ground of non-distinctiveness. The material date is the date of filing of the opposition [see *Re Andres Wines Ltd. and E. & J. Gallo Winery* (1975), 25 C.P.R. (2d) 126 at 130 (F.C.A.) and *Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd.* (1991), 37 C.P.R. (3d) 412 at 424 (F.C.A.)].

The opponent has satisfied its evidential burden, at least with respect to HEALTHY CHOICE pasta sauce.

According to Mr. Yung, the applicant began using its mark in the fiscal year ending June 30, 1995 [Yung cross-examination, paragraphs 57-64]. Sales of frozen french fried potatoes with which the applicant claims it has used its mark have been impressive since that date. It is arguable that the manner in which the applicant has used its mark is not in fact trade-mark use but rather more in the nature of a descriptive phrase. In any event, the applicant's activities as of the material date, being only with respect to frozen french fried potatoes, have failed to satisfy me that there is no reasonable likelihood of confusion between HEALTHY DECISION lasagna and pasta dishes and HEALTHY CHOICE pasta sauce. Therefore I am not satisfied that HEALTHY DECISION is adapted to distinguish or actually distinguishes the applicant's lasagna and pasta dishes from the opponent's HEALTHY CHOICE pasta sauce.

For the foregoing reasons, I am issuing a split decision, under the authority set out in *Produits Ménagers Coronet Inc. v. Coronet-Werke Heinrich Schlerf GmbH*, 10 C.P.R. (3d) 492 (F.C.T.D.). Having been delegated by the Registrar of Trade-marks by virtue of Subsection 63(3) of the *Trade-marks Act*, I refuse the applicant's application pursuant to Subsection 38(8) of the *Act* with respect to fresh entrees; **frozen prepared entrees; lasagna and pasta dishes; and frozen microwavable prepared lunches and reject the opposition with respect to the remaining wares.**

DATED AT TORONTO, ONTARIO, THIS 14TH DAY OF JUNE, 2000.

**Jill W. Bradbury
Hearing Officer
Trade-marks Opposition Board**