

IN THE MATTER OF AN OPPOSITION
by Toyota Jidosha Kabushiki Kaisha, doing business as Toyota Motor Corporation
to application No. 703, 830
for the trade-mark **LEXUS**
filed by Lexus Foods Inc.

On April 27, 1992, Lexus Foods Inc. filed an application to register the trade-mark **LEXUS**, for the wares “Canned fruits, canned vegetables, fruit juices and vegetable juices”. The application was filed based upon proposed use in Canada, and was advertised in the Trade-marks Journal for the purposes of opposition on December 16, 1992.

The opponent, Toyota Jidosha Kabushiki Kaisha, doing business as Toyota Motor Corporation, filed a statement of opposition on February 10, 1993. The opponent requested and was subsequently granted leave to file an amended statement of opposition on July 13, 1993.

The first ground of opposition in the revised statement of opposition is that the application does not comply with Section 30(e) of the Trade-marks Act R.S.C. 1985 c. T-13, (hereinafter, the Act), in that at the filing date of the application, the applicant had already used the trade-mark **LEXUS** in Canada, or in the alternative had no intention of using the trade-mark in Canada or had abandoned it. The second ground of opposition is that the trade-mark application is not in compliance with s.30(i) of the Act. In particular, the opponent alleges that the applicant could not have been satisfied that it was entitled to use the trade-mark in Canada having regard to the prior use and registration of the opponent’s trade-marks. The third ground of opposition is that the trade-mark is not registrable pursuant to the provisions of Section 12(1)(d) as the applicant’s mark is confusing with the registered trade-marks of the opponent, namely **LEXUS** TMA 377, 407 for use in association with “Motor cars and accessories therefor”; and **LEXUS** TMA 377, 423 for use in association with “Repair and maintenance of automobiles; leasing and renting of automobiles; and providing financing to others for the purchase of automobiles”; and **LEXUS & DESIGN** TMA 412, 246 for use in association with a long list of car, truck and van parts, components, tools, accessories and a wide variety of items including “Key holders, key rings, key fobs, and tin cans; calculating machines, eye glasses, extinguishers, plugs, cables, alarms, radios, tape recorders, record players, compact disc players, compact disc cartridges, video players, loud-speakers, amplifiers and sensors; watches, clocks, cuff links, cigarette cases, ash trays, badges, pins and cups; card holders, document cases, memo pads, note books, pencils, ball-point pens, fountain pens, playing cards, knives, maps and books; parkas, anoraks, jogging suits, sports jerseys, jackets, sweatshirts, T-shirts, sweat pants, jumpers, hats, caps, sweaters, scarves, neckties, polo-shirts and belts; model vehicles and golf balls; lighters, ashtrays and cigarette cases”. The fourth ground of opposition is that the applicant is not entitled to register the mark pursuant to the provisions of Section 16(3)(a) of the Act because, as of the applicant’s filing date, the mark was confusing with the opponent’s trade-marks **LEXUS** and **LEXUS & DESIGN**, previously used and made known in Canada. The fifth ground of opposition is that the applicant is not entitled to register the mark pursuant to the provisions of Section 16(3)(b) of the Act because, as of the applicant’s filing date, the mark was confusing with the opponent’s

trade-mark applications **LEXUS** 578,497 filed on February 18, 1987 and **LEXUS** 591,024 filed on September 2, 1987 and **LEXUS & DESIGN** 665,753 filed on September 5, 1990. The sixth ground of opposition is that the mark is not distinctive of the wares of the applicant, in that it is not capable of distinguishing the applicant's wares from the wares of the opponent, nor is it adapted to distinguish them. The applicant filed and served a counter statement wherein it denied the opponent's allegations, and submitted that the opponent should not be permitted to rely on registration TMA 412, 246 in its grounds under Section 30(i) as such registration was effected subsequent to the filing of the applicant's application.

The opponent filed as its evidence the affidavits of Barbara Lavoie, a secretary employed by the agents for the opponent, and Robert W. White, the vice-president, Canada, for the Audit Bureau of Circulations, together with the affidavits of Akira Imai, the assistant to the president of Toyota Canada Inc., and Steve Pape, the sales manager of the **LEXUS** division of Toyota Canada Inc. There was no cross-examination of these affidavits. The applicant filed as evidence the affidavit of Roger Guglia, the president of Lexus Foods Inc. He was cross-examined on his evidence. The transcript of his cross-examination, and answers to undertakings and questions taken under advisement form part of the record in this proceeding. As reply evidence, the opponent filed the affidavits of Andrea Scott and Pierre Robert, private investigators with Megaprobe, a division of 2745089 Canada Inc. Both parties filed written arguments. Only the opponent was represented at an oral hearing.

As a preliminary matter, it would appear that portions of the Scott and Robert affidavits are hearsay, as they are merely the recorded statements of third parties. Cross-examination of the affiants regarding these statements would not have allowed the applicant to assess their reliability. Furthermore, they do not fall under the exceptions found in the Federal Court decision in **Labatt Brewing Company Limited v. Molson Breweries, A Partnership** (1996), 68 C.P.R. (3d) 216 (F.C.T.D.), as they do not satisfy the test of necessity and reliability. The opponent stated at the oral hearing that those interviewed could not have sworn their own affidavits as that would be impractical and unrealistic given that those being interviewed would have little personal interest in the case. I find these reasons are insufficient and fall short of meeting the test of necessity and reliability. As a result, I cannot give this evidence much, if any, weight.

With respect to the first ground of opposition, namely non-compliance with Section 30(e) of the Act, the material date is the filing date of the application. (see **Canada National Railway Co. v. Schwauss** (1991), 35 C.P.R. (3d) 90 (T.M.O.B.), (hereinafter **Schwauss**). The initial burden rests upon the opponent to raise sufficient doubts respecting the applicant's compliance with Section 30, thus shifting the burden to the applicant to show evidence of its compliance. That burden is light respecting the issue of non-compliance with s.30(e) of the Act (see page 95 of the **Schwauss** decision and **Green Spot Co. v. J.B. Food Industries** (1986), 13 C.P.R. (3d) 206 at 210-

211(T.M.O.B.)).

In my view the opponent has not met the initial onus resting upon it. Although I find the argument of the opponent to be interesting, I do not believe that at the material date, namely at the filing date of the application, the applicant lacked the intent to use this mark with all of the wares listed in their application. There is no evidence before me which raises sufficient doubts that the applicant lacked an intention to use the trade-mark **LEXUS** in Canada in association with the wares in its application, notwithstanding the applicant's admission under cross-examination that their facilities lacked the capacity to manufacture anything but juices. Furthermore, no evidence was filed that would indicate that the mark was already in use, or had been abandoned by the applicant's filing date. I have distinguished the decision relied upon by the opponent in this regard, namely **Hunter Douglas Canada Ltd. v. Flexillum Inc.** (1983) 78 C.P.R. (2d) 212 (F.C.T.D.), as the applicant in that case clearly stated that it had no desire or intention to use the trade-mark with a number of the products in their application. Such is not the case here. As a result of the opponent's failure to meet its evidential burden, I have dismissed this first ground of opposition.

The second ground of opposition is based on Section 30(i), the opponent alleging that the applicant could not be satisfied that it was entitled to use the trade-mark **LEXUS** in Canada in association with the wares in the present application, having regard to the prior use and registration of the opponent's trade-marks. While the legal burden is upon the applicant to show that its application complies with Section 30(i) of the Act, there is an initial burden on the opponent in respect of its Section 30 grounds (see **Joseph E. Seagram & Sons Ltd. v. Seagram Real Estate Ltd.** (1984), 3 C.P.R. (3d) 325 (T.M.O.B.)). It would appear possible that the applicant was aware of the opponent's trade-marks at the time that the application was filed. Much evidence was led with respect to the advertisement of the opponent's mark prior to the applicant's filing date in Canada, including in the province of Quebec where the applicant company is situated. The fact that the president of the applicant company drives a **LEXUS** motor car, although hearsay, is also not relevant as there is no assurance that this was the case prior to the material date. Similarly, the fact that the applicant vice-president referred to 'lexus' as a 'quality' name is not decisive of this matter. Had the applicant been aware of the opponent's trade-marks as of the filing date of their application, such a fact is not inconsistent with the statement in the application that the applicant was satisfied that it was entitled to use the trade-mark **LEXUS** in Canada on the basis *inter alia* that its mark is not confusing with the opponent's **LEXUS** and **LEXUS & DESIGN** trade-marks. The success of this ground is contingent on a finding that the trade-marks at issue are confusing (see **Consumers Distributing Co. v. Toy World Ltd.** (1990), 30 C.P.R. (3d) 191 (T.M.O.B.) at p. 195; and **Sapodilla Co. v. Bristol-Myers Co.** (1974), 15 C.P.R. (2d) 152 (Reg. T.M.) at p. 155).

The third ground of opposition is that the applicant's mark is not registrable based on Section 12(1)(d) of the Act, namely, that the applicant's mark is confusing with the opponent's

registrations referred to in the revised statement of opposition. The legal burden is on the applicant to prove that there would be no reasonable likelihood of confusion between the trade-marks at issue. The material date for considering the issue of confusion with a registered trade-mark is the date of my decision (see **Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd.** (1991), 37 C.P.R. (3d) 413 (F.C.A.)). Furthermore, in assessing whether there would be any reasonable likelihood of confusion between the trade-marks in question within the scope of Section 6(2) of the Act, the Registrar may have regard to all the surrounding circumstances, including those specifically enumerated in Section 6(5) of the Act.

With regard to Section 6(5)(a), the inherent distinctiveness of the marks in question and the extent to which they have become known, the marks are both inherently distinctive as there is no connection between the wares and services of the parties and the trade-marks themselves. It would appear that the trade-mark is a coined word, and thus inherently distinctive and entitled to a wide ambit of protection. With respect to the extent to which the marks have become known, the applicant's evidence indicates that sales commenced on or around October of 1992, and that the mark is advertised by retail sellers. The applicant has alleged sales of over \$280,000 from Autumn 1992 to Autumn 1994 in association with wares marked with the **LEXUS** trade-mark. It would appear that the applicant's mark has become known primarily in the province of Quebec, mainly in the greater Montreal area, and to a lesser extent in the Toronto area. The opponent's marks have become known to a greater extent. Over \$6 million was spent on advertising motor car sales under the trade-marks from April 1, 1991 to March 31, 1992 across Canada on radio, television and in magazines. Over \$130 million worth of motor cars and parts were sold by the opponent in Canada under the mark during this same period of time. Although the opponent filed evidence with respect to the advertisement of promotional items there is no evidence of sales or the distribution of these advertisements. As a result, I conclude that the opponent's marks have become fairly well known, but only in respect of the sale of motor cars and parts, and only for a relatively short period of time, since 1991. I also conclude that these circumstances favour the opponent.

As for s. 6(5)(b) of the Act, the length of time the trade-marks have been in use, the evidence shows that the opponent's marks have been in use longer than the applicant's mark. The opponent alleges that sales of motor cars commenced in the Autumn of 1990, and the representative invoices filed by the opponent show a date of first use with respect to the sales of motor cars at least as early as July 1992. No evidence of an actual sale of car parts, accessories or promotional wares was shown. Evidence filed by the applicant shows use of the mark in association with fruit juice in Canada since at least as early as October 1992. The opponent would appear to have an earlier date of first use, certainly with respect to the sale of motor cars. As a result, the circumstances set forth in s. 6(5)(b) favour the opponent.

With respect to Section 6(5)(c), the nature of the wares, I find that the wares are distinct. The

applicant's application includes fruit juices, vegetable juices, canned fruit and canned vegetables but the applicant has only shown use of the mark in association with fruit juices. The opponent's registrations cover motor cars and related motor car services, and include accessories and promotional items. The opponent does not sell food or beverages. Further, with respect to s.6(5)(d) of the Act, I do not consider that the average consumer of the wares and services of the parties would consider there to be any overlapping in the channels of trades associated with the respective wares of the parties. In addition, the opponent's assertions with respect to the 'low-end' nature of the applicant's wares would only tend to further distinguish these wares from the 'high-end' wares of the opponent. Therefore, both of these considerations favour the applicant.

As for s. 6(5)(e) of the Act, the degree of resemblance between the marks in appearance, sound and ideas suggested, except with respect to the design features in TMA 412, 246, the marks at issue are identical.

As a surrounding circumstance, the opponent has argued that it has a 'famous' mark and that the concept of imputed 'sponsorship or approval' is applicable. I do not believe that the opponent has submitted evidence which clearly shows that it has a famous mark in the nature of the volume of evidence filed to that end in Carson v. Reynolds (1980), 49 C.P.R. (2d) 57 (F.C.T.D.). Even if I were to consider the opponent's mark as 'famous', I do not find that this principle is applicable here. In a case cited by the opponent in support of this contention Daimler-Benz Aktiengesellschaft v. Karpman (1987), 14 C.P.R. (3d) 128 (TMOB), it was shown that it was common in the opponent's trade to deal in promotional items similar to those found in the applicant's statement of wares. This has not been shown in the present case. I have no evidence before me that food and beverages are either sold by the opponent or that they are customarily a promotional item with respect to the sale of automobiles. Similarly, in the decision in Courvoisier International S.A.R.L. v. Paragon Clothing Ltd. (1984), 77 C.P.R. (2d) 168 (T.M.O.B.), it was seen to be a logical inference that the purchasing public may assume approval, license or sponsorship of an applicant's mark in association with clothing, by an opponent involved in the sale of brandy. Part of this conclusion appears to have arisen from the applicant's use of brandy snifters in their advertisements, and the applicant using the mark on its higher end clothing line. Furthermore, it is logical to perceive clothing as being a promotional item and more easily falling under the ambit of protection of a famous mark, than it is to so consider the canned fruits and vegetables and fruit and vegetable juices of the applicant. Finally, the opponent relied on the decision in Berry Bros. & Rudd Ltd. v. Planta Tabak-Manufactur Dr. Manfred Oberman (1980), 53 C.P.R. (2d) 130 (F.C.T.D) wherein the fame of the mark **CUTTY SARK** for alcohol precluded the registration of the trade-mark **CUTTY SARK** for use with pipe tobacco. In that decision, there was shown to be a sufficient relationship between the wares, such that it was not unreasonable for the ambit of protection for the opponent's 'famous' mark to be expanded to include the applicant's wares. In the present case, the distinction between the parties' wares and services cause the applicant's wares to be well beyond the opponent's

ambit of protection. I do not consider it appropriate to deal with this situation as one involving a 'famous mark', or that of imputed 'sponsorship or approval'.

The legal burden is on the applicant to show that there is no reasonable likelihood of confusion between the marks at issue. Any doubts are to be resolved against the applicant. In applying the test for confusion, I have considered that it is a matter of first impression and imperfect recollection. In view of my conclusions above, and particularly in view of the distinction between the wares and services of the opponent and the wares of the applicant, and the non-overlapping trade channels of the parties, I have concluded that there would be no reasonable likelihood of confusion between the applicant's trade-mark and the opponent's registered marks. I have dismissed this third ground of opposition.

The material date with respect to the fourth and fifth grounds of opposition would be the date of filing the application. According to s.16(4) the application relied upon must be pending at the material date. As **LEXUS 578,497** and **LEXUS 591,024** had both issued to registration by the material date, these applications cannot to be considered. In any event, I do not believe that my opinion with respect to the entitlement of the parties to the mark would differ materially from the result of my analysis for the third ground of opposition above. The sixth ground, the issue of distinctiveness must be considered as of the date the statement of opposition was filed namely December 29, 1993 (see **Andres Wines Ltd. v. E. & J. Gallo Winery** (1975), 25 C.P.R. (2d) 126 (F.C.A.) at 130). In my view, the circumstances existing at this date are not materially different from those I reviewed in assessing the third ground. As the issue of distinctiveness also turns on the question of confusion, I find the sixth ground of opposition also unsuccessful.

Having been delegated by the Registrar of Trade-marks pursuant to Section 63(3) of the Act, I reject the opponent's opposition pursuant to s. 38(8) of the Trade-marks Act .

DATED AT HULL, QUEBEC, THIS 22nd DAY OF JULY, 1997.

Peter C. Cooke,
Member,
Trade-marks Opposition Board