

**IN THE MATTER OF AN OPPOSITION by
Flame Guard Water Heaters, Inc. to
Application No. 1211813 for the trade-mark
FLAMEBAR filed by Usines Giant Inc.**

I The Pleadings

On March 31, 2004, Usines Giant Inc. (the “Applicant”) filed an application to register the trade-mark FLAMEBAR (the “Mark”), application number 1211813, in association with water heaters for residential, commercial and industrial use (the “Wares”). The application is based on proposed use in Canada and was advertised on February 16, 2005 in the Trade-marks Journal for opposition purposes.

Flame Guard Water Heaters, Inc. (the “Opponent”) filed on April 22, 2005 a statement of opposition, which was forwarded on May 24, 2005 by the Registrar to the Applicant, raising the following grounds of opposition:

- 1) The Mark is not registrable in view of s. 30(e) of the Trade-marks Act R.S.C. 1985, c. T-13 (the “Act”) in that at the date of filing of the present application the Applicant never intended itself or through a licensee or by itself and through a licensee to use the Mark in Canada in association with the Wares;
- 2) The Mark is not registrable in view of s. 30(i) of the Act in that at the date of filing of the present application the Applicant could not have been satisfied that it was entitled to use the Mark in Canada in association with the Wares as the Applicant and the Opponent are parties to a license agreement dated August 25, 2004 governing use of water heater-related technology in Canada and the United States which specifies that the agreement cannot be construed or interpreted as a license, grant or other authorization for licensee or with respect to the trade-mark FLAME GUARD or any facsimile or variation thereof, in connection with any product or service, that in reasonable determination of the licensor can or would cause or result in any likelihood of confusion or actual confusion in the relevant public or industry. The Applicant wanted a provision included in the agreement by which the Opponent would acknowledge the Applicant’s ownership of and unfettered right to use FLAMEBAR. The Opponent refused and the provision was deleted before the agreement was signed.

- 3) The Mark is not registrable within the meaning of s. 12(1)(d) as it is confusing with the Opponent's registered trade-mark FLAME GUARD, certificate of registration TMA594152 issued on November 6, 2003 in association with water heaters;
- 4) The Applicant is not the person entitled to the registration of the Mark within the meaning of s. 16(3) of the Act as the Mark is confusing with the trade-mark FLAME GUARD previously used and made known in Canada since October 1, 2003 by the Opponent in association with water heaters;
- 5) The Mark is not distinctive within the meaning of s. 2 of the Act as it cannot act to distinguish the Wares from the wares of the Opponent nor is it adapted so to distinguish them.

The Applicant filed on June 21, 2005 a counter statement denying each and every ground of opposition.

The Opponent filed the affidavits of Scott Phillips, J.P. (Pat) Cushing, the declaration of Marylène Gendron and a certified copy of registration TMA594152 for the trade-mark FLAME GUARD. The Applicant did not file any evidence. Only the Opponent filed a written argument. No oral hearing was held.

II The Opponent's evidence

Mr. Phillips has been since October 17, 2002 the Opponent's Secretary. The Opponent is the owner of the registered trade-mark FLAME GUARD, Canadian certificate of registration TMA594152, in association with water heaters as appears from the certificate of authenticity issued by the Registrar and filed as part of the Opponent's evidence.

The Opponent granted to GSW Water Heating ("GSW"), a division of GSW Water Products, Inc., a license to manufacture water heaters in accordance with the technology covered by various Canadian patent applications owned by the Opponent and to use the trade-mark FLAME GUARD in association with water heaters.

Mr. Phillips also asserts that the Applicant has been a former licensee of the Opponent for its patent rights during the period of August 25, 2004 and June 13, 2005, when the license was terminated. Mr. Phillips adds that at the time of execution of the license agreement with the

Applicant, the latter wanted to include a provision by which the Opponent would acknowledge the Applicant's ownership and unfettered right to use the Mark. The Opponent refused and the provision was deleted before the license was signed. To the contrary, the license agreement contained the following provision:

“[t]his agreement cannot and shall not be construed and interpreted as a license, grant or other authorization for LICENSEE for or with respect to the mark FLAME GUARD, or any facsimile or variation thereof in connection with any product or service, that in the reasonable determination of the LICENSOR can or would cause or result in any likelihood of confusion or actual confusion in the relevant public or industry”.

Mr. Cushing has been GSW's Vice President of Sales. He states that the Opponent granted to GSW a license to manufacture the Wares in association with the trade-mark FLAME GUARD in accordance with the technology referred to in the Opponent's Canadian patent applications. He declares that the license agreement specifically provides that the Opponent shall maintain quality standards that meet or exceed the industry standards for similar products. He then provides information and documentation on the manner and the extent of the use of the trade-mark FLAME GUARD in Canada such as:

- Labels affixed to the water heaters sold in Canada on which appears the mark FLAME GUARD;
- Printed material available to consumers at point of purchase;
- Reproduction of booth panels used at various trade show in Canada and the United States;
- Catalogues and price lists effective as of September 1, 2005.

He provides GSW's sales figures and the number of units sold in Canada of water heaters bearing the trade-mark FLAME GUARD for the years 2004 and 2005. The wares are sold at the retail level in stores such as Canadian Tire and Home Hardware, to wholesalers, distributors and energy companies with rental programs.

Ms. Gendron has been a legal assistant with the Opponent's agents firm and is responsible for its trade-marks portfolio. She conducted a search on the Strategis database to locate five trade-marks

that appear on the documentation filed by Mr. Phillips. This evidence simply serves to show that the Opponent is also the owner of those trade-marks.

III Analysis of the legal issues

It is generally accepted that the legal burden is upon the Applicant to show that its application complies with the provisions of s. 30 of the Act, but there is however an initial onus on the Opponent to establish the facts relied upon by it in support of its grounds of opposition. Once this initial onus is met, the burden shifts to the Applicant who must prove, on a balance of probabilities, that the particular grounds of opposition should not prevent the registration of the mark applied for. [See *Joseph E. Seagram & Sons Ltd. et al v. Seagram Real Estate Ltd.*, 3 C.P.R. (3d) 325, at pp. 329-330; *John Labatt Ltd. v. Molson Companies Ltd.*, 30 C.P.R. (3d) 293, *Christian Dior, S.A. and Dion Neckwear Ltd.* (2002), 20 C.P.R. (4th) 155].

i) Section 30(i) ground of opposition

The relevant date varies between one ground of opposition to another. With respect to compliance to the requirements set out in s. 30 of the Act, it is the application's filing date. [See *Georgia-Pacific Corp. v. Scott Paper Ltd.* (1984), 3 C.P.R. (3d) 469 (TMOB)]

The Opponent has met its initial onus to establish that there existed, prior to the filing of this application, a contractual relationship licensor-licensee between the parties. The Applicant has not contested Mr. Phillips' assertions described above. Therefore I accept the fact that the Applicant was fully aware that the Opponent is the registered owner of the trade-mark FLAME GUARD. However in normal circumstances such fact would not be sufficient for the Opponent to succeed. The mere knowledge of the Opponent's rights does not prevent the Applicant to make the statement required under s. 30(i) of the Act that it is satisfied that it is entitled to use the Mark. Nonetheless the Opponent alleges that the Applicant wanted to include in the license agreement a provision by which the Opponent would acknowledge the Applicant's ownership and unfettered right to use the trade-mark FLAMEBAR. The Opponent refused the insertion of that clause and, as mentioned above, instead the Applicant was precluded from adopting a trade-mark that would be

considered, in a reasonable determination by the Opponent, to be confusing with its trade-mark FLAME GUARD. Obviously if the Opponent refused to acknowledge the Applicant's right to use the Mark in the license agreement, it did consider that trade-mark to likely cause confusion with its trade-mark FLAME GUARD.

The Opponent's initial burden has been met under this ground of opposition. Consequently, the burden shifts on the Applicant who failed to file any evidence. In some instances, the Registrar has maintained a ground of opposition under s. 30(i) where the evidence showed that a contractual relationship "licensor-licensee" existed and that the registration of a trade-mark would constitute a breach of such contractual relationship. [See *World Tableware International Inc. v. Heritage Silversmiths Inc.* (1992), 43 C.P.R. (3d) 433 and *Super Seer Corp. v. 546401 Ontario Ltd.* (2000), 6 C.P.R. (4th) 560] Under the circumstances described above, the Applicant failed to demonstrate, on a balance of probabilities, its substantive compliance with s. 30(i) of the Act. The second ground of opposition is therefore successful.

The Opponent having been successful on one ground of opposition and in view of the apparent lack of interest on the part of the Applicant in this proceeding having failed to file any evidence or written arguments and request an oral hearing, I shall discuss briefly some of the other grounds of opposition.

ii) Section 30(e) ground of opposition

The first ground of opposition is dismissed, as the Opponent did not adduce any evidence to support it. Consequently the Opponent failed to meet its initial onus.

ii) Section 12(1)(d) ground of opposition

The material date to determine if the trade-mark is registrable is the date of the Registrar's decision. [See *Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd.* (1991), 37 C.P.R. (3d) 413 at 424 (F.C.A)]

The Opponent did file a copy of certificate of registration number TMA594152 for its trade-mark FLAME GUARD registered in association with water heaters and therefore met its initial onus with respect to the third ground of opposition.

The test to determine if there exists a reasonable likelihood of confusion is set forth in s. 6(2) of the Act and I must have regard to all the surrounding circumstances, including those listed in s. 6(5): the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known; the length of time the trade-marks or trade-names have 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 or trade-names in appearance, or sound or any ideas suggested by them. Those criteria are not exhaustive and it is not necessary to give each one of them equal weight [See *Clorox Co. v. Sears Canada Inc.* (1992), 41 C.P.R. (3d) 483 (F.C.T.D.) and *Gainers Inc. v. Marchildon* (1996), 66 C.P.R. (3d) 308 (F.C.T.D.) and *Mattel, Inc. v. 3894207 Canada Inc.*, (2006) 49 C.P.R. (4th) 321].

Both marks in issue possess some degree of inherent distinctiveness, as FLAMEBAR and FLAME GUARD do not suggest immediately a character or quality of water heaters. The word FLAME may give an indication that the water is heated through the use of a flame. There is no evidence of use of the Mark in Canada in association with the Wares. The Opponent has demonstrated, through the evidence described hereinabove, use of its trade-mark FLAME GUARD in association with water heaters. I conclude that the Opponent's trade-mark FLAME GUARD is known in Canada to some extent. Therefore the first factor does favour the Opponent.

The nature of the respective parties' wares is identical. Such factor favours the Opponent.

There is no evidence on the nature of the Applicant's business. The Opponent sells its water heaters to retailers, wholesalers and distributors. In the absence of evidence of the Applicant's channels of trade it is difficult to foresee a distinction between the parties' respective channels of trade given the description of the Wares and the evidence on the nature of the channels of trade used by the Opponent. I conclude that this factor also favours the Opponent.

In *Polo Ralph Lauren Corp. v. United States Polo Assn.* (2000), 9 C.P.R. (4th) 51 (F.C.A.) Mr. Justice Malone stated:

“With respect to the degree of resemblance in appearance, sound or ideas under subparagraph 6(5) (e), the trade-marks at issue must be considered in their totality. As well, since it is the combination of elements that constitutes a trade-mark and gives distinctiveness to it, it is not correct to lay the trade-marks side by side and compare and observe similarities or differences among the elements or components of the marks when applying the test for confusion. In addition, trade-marks must not be considered in isolation but in association with the wares or services with which they are used.”

It has been held that the first portion of a trade-mark is the most relevant when assessing the degree of resemblance. [See *Molson Companies Ltd. v. John Labatt Ltd.* (1990), 28 C.P.R. (3d) 457 at p. 461 (F.C.T.D.) and *Conde Nast Publications Inc. v. Union Des Editions Modernes* (1979), 46 C.P.R. (2d) 183 (F.C.T.D.) at p. 188] In our situation the first component of the marks in issue is identical (phonetically and visually). The second portion might be different phonetically and visually, it remains that the idea suggested by them is similar as the words “guard” and “bar” may infer some kind of “protection”. Consequently this factor does also favour the Opponent.

From this analysis I conclude that the Applicant has not discharged its burden to prove, on a balance of probabilities, that the Mark will not cause a reasonable likelihood of confusion with the Opponent’s registered trade-mark FLAME GUARD. Therefore the third ground of opposition is maintained.

The Opponent having been successful on two separate grounds of opposition I do not intend to discuss the others.

IV Conclusion

Consequently, having been delegated authority by the Registrar of Trade-marks by virtue of s. 63(3) of the Act, I refuse the Applicant's application to register the Mark, the whole pursuant to s. 38(8) of the Act.

DATED IN MONTREAL, QUEBEC, THIS 4th DAY OF FEBRUARY 2008.

Jean Carrière,
Member of the Trade-marks Opposition Board