

**IN THE MATTER OF AN OPPOSITION
by Loblaws Inc. to application No. 1,047,733
for the trade-mark PRESIDENT'S CIRCLE
filed by Hertz System, Inc.**

On February 23, 2000, the applicant, Hertz System, Inc. ("Hertz System"), filed an application to register the trade-mark PRESIDENT'S CIRCLE for "vehicle renting and leasing services" and for the following wares:

vehicles, namely passenger cars, buses, trucks; printed matter, namely pamphlets, brochures, maps, guides and books.

The application is based on proposed use of the mark in Canada by the applicant and/or through a licensee. The application was advertised for opposition purposes on July 10, 2002.

The opponent, Loblaws Inc. ("Loblaws"), filed a statement of opposition on November 21, 2002, a copy of which was forwarded to the applicant on December 17, 2002. The first ground of opposition is that the applicant's application does not conform to the requirements of Section 30(e) of the Trade-marks Act because the applicant does not intend to use the applied for trade-mark. The second ground is that the applicant's application does not conform to the requirements of Section 30(i) of the Act because the applicant could not have been satisfied that it was the person entitled to use the applied for trade-mark in Canada.

The third ground of opposition is that the applied for trade-mark is not registrable pursuant to Section 12(1)(d) of the Act because it is confusing with one or more of 38 registered trade-marks owned by the opponent, most of which comprise or include the words PRESIDENT'S CHOICE and many of which cover various food products. Some of the registrations cover non-food items typically sold through grocery stores. Two registrations

cover banking services and one registration (No. 469,003) is for the trade-mark **LE CHOIX DU PRESIDENT** for various food products.

The fourth ground of opposition is that the applicant is not the person entitled to registration pursuant to Section 16(3)(a) of the Act because, as of the applicant's filing date, the applied for trade-mark was confusing with 41 different trade-marks previously used in Canada for various wares and services. Included in the list of 41 marks are the 38 registered trade-marks relied on in the third ground of opposition as well as the mark **PRESIDENT'S CHOICE FINANCIAL** for banking services and two **PRESIDENT'S CHOICE** marks used for a reward incentive program for customers. However, the opponent did not allege prior use of those marks by itself or a predecessor-in-title. The fifth ground is that the applied for trade-mark is not distinctive in view of the opponent's use of the various **PRESIDENT'S CHOICE** marks.

The applicant filed and served a counter statement. As its evidence, the opponent submitted the affidavits of Jacqueline Chernys and Pietro Satriano. As its evidence, the applicant submitted the statutory declaration of Jeff Hudson and the affidavits of Gay J. Owens and P. Claire Gordon. Both parties filed a written argument and an oral hearing was conducted at which both parties were represented.

THE OPPONENT'S EVIDENCE

In her affidavit, Jacqueline Chernys states that she phoned a Hertz Rent A Car location in Ottawa, asked about **PRESIDENT'S CIRCLE**, was told it referred to a "membership club"

and was referred to a toll-free number for further information. Ms. Chernys phoned the toll-free number and was informed that PRESIDENT’S CIRCLE is an elite level customer loyalty program for Hertz gold members. She made similar enquiries regarding the mark CERCLE DU PRESIDENT with similar results. For the most part, the Chernys affidavit comprises inadmissible hearsay.

In his affidavit, Mr. Satriano identifies himself as the Executive Vice President of Loblaw Brands Limited (“Loblaw Brands”) where he is responsible for “controlled label” products including those sold under the PRESIDENT’S CHOICE and PC marks. According to Mr. Satriano, Loblaw Companies Limited (“Loblaw Companies”) is the largest food retailer and distributor in Canada and is the parent of a family of companies that includes Loblaws, Loblaw Brands and Sunfresh Limited (“Sunfresh”). Loblaws operates retail grocery stores, Loblaw Brands carries out product development and sources suppliers for controlled label products and Sunfresh is involved in the sale of such products. Paragraph 5 of Mr. Satriano’s affidavit reads as follows:

Loblaws, Loblaw Brands and Sunfresh are each 100% owned by Loblaw Companies Limited, either directly or indirectly. For practical purposes with respect to the food distribution business, the Loblaw Group operates and functions as a single integrated trading organization and occupies common corporate offices. Additionally, members of the Loblaw Group have common officers and directors who manage and control the day to day business operations of the Loblaw Group and its members.

Mr. Satriano states that the Loblaw Group developed a plan in 1983 to launch a number of premium products under the PRESIDENT’S CHOICE and PC trade-marks. The range of products sold under those marks has grown over the years and such products are sold

through Loblaw's "affiliated banner stores" which include a large number of retail chains such as Loblaw's, No Frills, SuperValu, Provigo and The Real Canadian Superstore. According to Mr. Satriano, as of December 29, 2002, Loblaw's had over 1,000 corporate and franchised stores under 17 banners across Canada which stocked a full range of PRESIDENT'S CHOICE products. Such products were also available through approximately 7,000 independent accounts.

Although the PRESIDENT'S CHOICE marks have been used primarily with food products, they have increasingly also been used with non-food items such as cosmetics, health food supplements, housewares and clothing. In February of 1998, Loblaw's engaged Amicus Bank to provide financial services under the trade-marks PRESIDENT'S CHOICE FINANCIAL, PRESIDENT'S CHOICE and PC. On March 26, 2001, President's Choice Bank, a wholly-owned subsidiary of Loblaw's, issued the PRESIDENT'S CHOICE FINANCIAL MASTERCARD. Loblaw's developed a reward loyalty program called PC points in association with its financial services whereby customers earn points which can be redeemed for products through affiliated banner stores and other retailers and service providers. Included among those other retailers and service providers who honor PC points are Thomas Cook Travel Ltd. and Petro-Canada. Loblaw's itself operates gas bars in various locations in Canada although apparently not in association with any of the PRESIDENT'S CHOICE trade-marks.

Mr. Satriano provides sales figures for the PRESIDENT'S CHOICE and PC trade-

marks for the period 1997-2002 which total in excess of \$7 billion. Advertising of the marks has been effected through various means including radio, television, newspapers, magazines, coupon distribution and flyers such as the “Insider’s Report.” As of the date of Mr. Satriano’s affidavit (August 8, 2003), there were more than 2,300 products and services bearing the PRESIDENT’S CHOICE and PC trade-marks.

Although Mr. Satriano has attested to very significant sales and advertising of the various PRESIDENT’S CHOICE trade-marks, his affidavit is deficient in establishing which company has used the marks either directly or through licensing arrangements. In this regard, Section 50(1) of the Act reads as follows:

50. (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

50. (1) Pour l’application de la présente loi, si une licence d’emploi d’une marque de commerce est octroyée, pour un pays, à une entité par le propriétaire de la marque, ou avec son autorisation, et que celui-ci, aux termes de la licence, contrôle, directement ou indirectement, les caractéristiques ou la qualité des marchandises et services, l’emploi, la publicité ou l’exposition de la marque, dans ce pays, par cette entité comme marque de commerce, nom commercial — ou partie de ceux-ci — ou autrement ont le même effet et sont réputés avoir toujours eu le même effet que s’il s’agissait de ceux du propriétaire.

Mr. Satriano merely sets out in general terms the corporate structure of what he calls the Loblaw Group of companies. Nowhere in his affidavit does he state that any of the companies he identifies has been licensed by Loblaws, the registered owner of the various PRESIDENT'S CHOICE marks, to use those marks in Canada. Furthermore, he does not even state that Loblaws exercises control over the character and quality of the goods bearing the PRESIDENT'S CHOICE marks, much less how such control might be exercised. All we are left with is the corporate structure and corporate structure alone does not establish the existence of a licensing arrangement. At page 254 of the decision MCI Communications Corp. v. MCI Multinet Communications Inc. (1995), 61 C.P.R.(3d) 245 (T.M.O.B.), I commented as follows:

It was therefore incumbent on the opponent to evidence facts from which it could be concluded that an informal licensing arrangement existed and that the opponent had direct or indirect control of the character or quality of the services provided pursuant to that licensing arrangement. The opponent contends that it has met that burden by showing that MCIT and MCII are its wholly owned subsidiaries. That fact alone is, in my view, insufficient to establish the existence of a licence within the meaning of s. 50. There must also be evidence that the opponent controls the use of its trade marks by its subsidiaries and takes steps to ensure the character and quality of the services provided.

The evidence in the present case does not meet that test. The opponent must adduce evidence which supports such a conclusion: see the opposition decision in Loblaws Inc. v. Tritap Food Broker (1999), 3 C.P.R.(4th) 108 at 112-114. Thus, the opponent has failed to show who is using the PRESIDENT'S CHOICE marks and whether such use, if not by Loblaws, has been licensed use qualifying under the provisions of Section 50(1). The opponent relied on the decision in Well's Dairy Inc. v. U L Canada Inc. (2000), 7 C.P.R.(4th) 77 at 87-88 (F.C.T.D.)

to support its contention that the Satriano affidavit is sufficient to meet the requirements of Section 50(1). However, that case does not stand for the proposition that corporate structure alone may suffice since, in that case, reliance was placed on an affiant's description of the licensing arrangement and certain labelling which gave rise to a presumption of licensed use pursuant to Section 50(2) of the Act.

THE APPLICANT'S EVIDENCE

In his statutory declaration, Mr. Hudson identifies himself as the National Marketing Manager for Hertz Canada Limited ("Hertz Canada"), a subsidiary of The Hertz Corporation which is also the parent of the applicant, Hertz System. Mr. Hudson states that the trademarks PRESIDENT'S CIRCLE and CERCLE DU PRESIDENT were first used in Canada in July of 2000 in connection with a membership loyalty program for members of something called HERTZ #1 CLUB GOLD. Members who achieve certain rental levels earn free rental days, upgrades and guaranteed car availability.

According to Mr. Hudson, the annual rentals made by Canadian program members for the period 2000-2002 were in excess of 134,000 with corresponding revenues totalling more than \$17 million. The number of members in Canada as of the date of Mr. Hudson's declaration (i.e. - March 10, 2004) was about 1,350. Advertising of the marks has been by direct mail and through the Internet. Notwithstanding concurrent use of the applicant's marks and the opponent's marks, Mr. Hudson states that there has been no evidence of actual confusion.

In her affidavit, Ms. Owens identifies herself as a trade-mark searcher and provides the results of a state of the register search she conducted for trade-marks comprising or including the word PRESIDENT excluding the marks of Loblaws. Ms. Owens located 60 registered marks, more than 50 of which prominently display the word PRESIDENT for various wares and services. Fourteen of those marks include the word PRESIDENT'S or PRESIDENTS.

The Gordon affidavit evidences the results of Mr. Gordon's Internet searches for trade-marks and business names which include the word PRESIDENT'S. Mr. Gordon located a wine called PRESIDENT'S SELECTION available through Liquor Control Board of Ontario stores and a wine called CUVÉE DU PRESIDENT OULED sold by the Société des alcools du Québec. A search of an on-line business directory revealed four business names using the word PRESIDENT'S although one appears to be related to the opponent. The balance of Mr. Gordon's affidavit lists the results of searches he conducted using the Google search engine for such phrases as PRESIDENT'S CLUB, CLUB DU PRESIDENT, PRESIDENT'S CIRCLE, CERCLE DU PRESIDENT, PRESIDENT'S PICK and PRESIDENT'S SELECTION. Although the number of relevant Canadian entries located was not large, it does provide some support for the applicant's contention that the word PRESIDENT'S is commonly used in trade-marks and business names in general.

THE GROUNDS OF OPPOSITION

The first two grounds merely reproduce the wording in Sections 30(e) and 30(i) of the

Act without including any supporting allegations of fact. Thus, they are not proper grounds of opposition and are therefore unsuccessful. The opponent submitted that the applicant's evidence did not show use of the applied for mark with the applied for wares and services and that any use shown was not use by the applicant. However, as noted, the opponent did not include such allegations in its statement of opposition. Furthermore, the evidence of record is not inconsistent with the applicant's application which is based on proposed use in Canada by itself and/or a licensee. For example, in view of the definition of "trade-mark" in Section 2 of the Act, a trade-mark can be used for wares such as "vehicles" if used in association with the leasing of vehicles. And if the use to date of the applied for mark is not by the applicant itself, it might be use by a related company under license.

As for the third ground of opposition, the material time for considering the circumstances respecting the issue of confusion with a registered trade-mark is the date of my decision: see the decision in Conde Nast Publications Inc. v. Canadian Federation of Independent Grocers (1991), 37 C.P.R.(3d) 538 at 541-542 (T.M.O.B.). Furthermore, the onus or legal burden is on the applicant to show no reasonable likelihood of confusion between the marks at issue. Finally, in applying the test for confusion set forth in Section 6(2) of the Act, consideration is to be given to all of the surrounding circumstances including those specifically set forth in Section 6(5) of the Act.

As for Section 6(5)(a) of the Act, the opponent's PRESIDENT'S CHOICE marks are inherently distinctive. However, the words PRESIDENT'S CHOICE are laudatory in that

they suggest a product of higher quality selected by the president of the company producing or selling it. Thus, the opponent's marks are not inherently strong. Given the deficiencies in the Satriano affidavit, it is not clear whether the use of the PRESIDENT'S CHOICE marks has been by the opponent or by a licensee such that it would inure to the opponent's benefit. However, in its written argument, the applicant has conceded that the opponent's PRESIDENT'S CHOICE and CHOIX DU PRESIDENT marks are extensively known in Canada.

The applicant's mark is also inherently distinctive. However, it has a somewhat laudatory connotation that the wares and services are reserved for select customers - i.e. - those that belong to the president's circle. Thus, the applicant's mark is also not inherently strong. Although there has been post-filing use of the applicant's mark, it is not clear that it has been by the applicant or a proper licensee. Thus, I am unable to ascribe any acquired reputation of note to the applied for mark in the hands of the applicant.

As for Section 6(5)(b) of the Act, given the deficiencies in the evidence of both parties, the length of time the marks have been in use is difficult to determine. Nevertheless, in its written argument, the applicant has conceded that this factor favors the opponent.

As for Sections 6(5)(c) and 6(5)(d) of the Act, it is the applicant's statements of wares and services and the statements of wares and services appearing in the opponent's various registrations that govern: see Mr. Submarine Ltd. v. Amandista Investments Ltd. (1987), 19

C.P.R.(3d) 3 at 10-11 (F.C.A.), Henkel Kommanditgesellschaft v. Super Dragon (1986), 12 C.P.R.(3d) 110 at 112 (F.C.A.) and Miss Universe, Inc. v. Dale Bohna (1994), 58 C.P.R.(3d) 381 at 390-392 (F.C.A.). However, those statements must be read with a view to determining the probable type of business or trade intended by the parties rather than all possible trades that might be encompassed by the wording. In this regard, evidence of the actual trades of the parties is useful: see the decision in McDonald's Corporation v. Coffee Hut Stores Ltd. (1996), 68 C.P.R.(3d) 168 at 169 (F.C.A.).

In the present case, the wares, services and trades of the parties are different. The opponent's registrations cover food and non-food items sold through grocery stores as well as financial services. The applicant's wares are vehicles and printed matter used in a car rental business and its services comprise the renting and leasing of vehicles. Based on the evidence of record, there would appear to be no overlap in the trades at issue. The opponent argued that there is an overlap in that both parties employ a customer loyalty reward program. However, there is nothing unique in such a marketing technique. Furthermore, the opponent's program is operated under the trade-mark PC, not under its PRESIDENT'S CHOICE marks.

As for Section 6(5)(e) of the Act, there is some visual and phonetic resemblance between the marks at issue, primarily due to the common employment of the word PRESIDENT'S. There is also at least some resemblance between the marks in the ideas suggested since both marks connote the idea of exclusivity or higher quality.

The applicant submitted that the significance of any resemblance between the marks is mitigated by the state of the register evidence introduced by means of the Owens affidavit and the search results appended to the Gordon affidavit. State of the register evidence is only relevant insofar as one can make inferences from it about the state of the marketplace: see the opposition decision in Ports International Ltd. v. Dunlop Ltd. (1992), 41 C.P.R.(3d) 432 and the decision in 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.

In the present case, the Owens affidavit evidences a large number of marks comprising or including the word PRESIDENT and a fair number commencing with the word PRESIDENT'S. Thus, I am able to conclude that at least some of those marks are in active use and that consumers would be used to distinguishing such marks on the basis of their other components. Although the Gordon search results are of less significance, they do tend to provide at least some marketplace evidence confirming the common use of PRESIDENT and PRESIDENT'S marks.

As an additional surrounding circumstance, I have considered Mr. Hudson's observation that, notwithstanding the concurrent use of the marks of the parties for at least three years, he is unaware of any evidence of actual confusion. However, given that Mr.

Hudson did not detail how, or if, any incidents of actual confusion would be brought to his attention, I have not given great weight to this circumstance.

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 differences in the wares, services and trades of the parties and the common employment of PRESIDENT or PRESIDENT'S marks by others and notwithstanding the applicant's concession that the opponent's marks are extensively known, I find that the applicant has satisfied the onus on it to show that its applied for mark is not confusing with any of the opponent's registered marks. Thus, the third ground is also unsuccessful.

The fourth ground is based on the provisions of Section 16 of the Act which require that the opponent evidence use of its marks prior to the applicant's filing date. As noted, the ground as pleaded fails to allege prior use of the various trade-marks by the opponent or a predecessor-in-title. However, even if the ground had been properly pleaded, as discussed, given the deficiencies in the Satriano affidavit, the opponent has failed to evidence use of its marks by itself or a licensee prior to the material time. Thus, the fourth ground is also unsuccessful.

As for the fifth ground of opposition, the onus or legal burden is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares and services from those of others throughout Canada: see Muffin Houses Incorporated v. The Muffin

House Bakery Ltd. (1985), 4 C.P.R.(3d) 272 (T.M.O.B.). Furthermore, the material time for considering the circumstances respecting this issue is as of the filing of the opposition (i.e. - November 21, 2002): 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.). Finally, there is an evidential burden on the opponent to prove the allegations of fact in support of its ground of non-distinctiveness.

Given that the opponent failed to clearly evidence use of its marks accruing to its benefit, the opponent has failed to meet its initial evidential burden respecting this ground. Even if it had, however, the fifth ground would have turned on the issue of confusion and my conclusions respecting the third ground would, for the most part, have been applicable here as well. Thus, even if I could assume that the use shown of the PRESIDENT'S CHOICE marks was use accruing to the opponent's benefit, I would still have found the marks at issue not confusing. Thus, the fifth ground is also unsuccessful.

In view of the above, and pursuant to the authority delegated to me under Section 63(3) of the Act, I reject the opponent's opposition.

DATED AT GATINEAU, QUEBEC, THIS 1st DAY OF DECEMBER, 2006.

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