

IN THE MATTER OF AN OPPOSITION by Phoenix Fast Signs Inc. to application No. 621,699 for the trade-mark PHOENIX & Bird Design filed by George Paul Link doing business as Phoenix Design & Screen Printers, and presently standing in the name of Phoenix Design & Screen Printers Inc.

On December 20, 1988, George Paul Link doing business as Phoenix Design & Screen Printers filed an application to register the mark PHOENIX & Bird Design, illustrated below, for various types of custom signs and for printing services relating to the production of various types of signs and the like. The application is based on use of the mark in Canada since as early as June 6, 1985 in association with the wares and since as early as February 21, 1985 in association with the services. The subject mark was assigned on August 31, 1989 from Mr. Link to the present applicant namely, Phoenix Design & Screen Printers Inc., and was advertised for opposition purposes on May 16, 1990.

The opponent, Phoenix Fast Signs Inc., filed a statement of opposition on June 14, 1990 and subsequently submitted two revised statements, dated August 8 and September 11, 1990, in response to objections by the board that insufficient facts were alleged to support the grounds of opposition that were pleaded. The final statement of opposition alleges only one ground namely, that the applied for mark is not distinctive of the applicant because the opponent used the same mark for the same wares and services. The applicant responded by filing and serving a counter statement. Both parties filed evidence and written arguments and both were represented at an oral hearing. There were no cross-examinations on the evidence filed.

The opponent's evidence consists of the affidavit of Lynn Corcoran, a Director of the opponent company and apparently its sole shareholder. The opponent is in the business of selling sign shop franchises to operate under the logo shown below (the word PHOENIX and the bird design component are in black while the words FAST SIGNS INC. are in red):

I am satisfied that use of the above logo is also use of the mark PHOENIX & Bird Design *per se*: see *Nightengale Interloc v. Prodesign Ltd.* (1984), 2 C.P.R.(3d) 535 at p.538 under the heading Principle 1 (TMOB).

Ms. Corcoran's evidence is that she and Judith Link (the wife of the original applicant herein namely, George Link), incorporated the opponent company in January 1989. Ms. Corcoran purchased Judith Link's share in the company on or about August 23, 1989 pursuant to a buy out clause in the shareholder agreement (the shareholder agreement is attached as Exhibit A to Ms. Corcoran's affidavit). Attached as Exhibit C to Ms. Corcoran's affidavit is a copy of a franchise agreement dated January 24, 1989 between the opponent company Phoenix Fast Signs Inc. and "John Dugal, in trust for a company to be incorporated." The agreement is signed by Judith Link and by Lynn Corcoran. Part of the agreement relating to trade-marks is reproduced below:

Exhibit D to Ms. Corcoran's affidavit includes a copy of an invitation to the opening of "the first Phoenix Fast Signs franchise" scheduled for April 13, 1989. The invitation displays the opponent's logo illustrated earlier. Exhibit F comprises copies of the opponent's advertising in The 1989 Franchise Annual and in the 1990 edition of Franchises Unlimited. In her affidavit Ms. Corcoran states, without elaboration, that the subject mark PHOENIX & Bird Design "was originally applied for in the name of George Link on behalf of the Opponent." According to Ms. Corcoran, the applied for mark is the property of the opponent company and that George Link had no right to assign the applied for mark to the present applicant.

The applicant's evidence consists of the affidavit of Judith Link. Her evidence is that she and her husband George Link adopted the applied for mark for their business which subsequently incorporated as the present applicant. Judith and George Link are now "owners and/or Directors and/or officers" of the applicant company. In her affidavit Mrs. Link states, without elaboration, that the applicant became associated with the opponent in a franchising business, and that "Lynn Corcoran acted as George Link's agent in having a trade-mark application prepared and filed..." According to Judith Link, the applied for mark PHOENIX & Bird Design was at all times the property of the applicant company and its predecessor in title.

In support of her testimony, Mrs. Link attaches as exhibits to her affidavit correspondence between the parties' solicitors respecting the prosecution of the subject trade-mark application. The first letter is from the applicant's solicitors advising the opponent's solicitors that "Corcoran and Associates [apparently a firm associated with the opponent] is no longer my client's agent for the purposes of the above application ... [n]o further correspondence concerning this application is to be sent to Corcoran and Associates." The opponent's solicitors replied that Corcoran and Associates are agreeable to delivering the trade-mark application file to the applicant's solicitors provided that the applicant assumes responsibility for the further prosecution of the application. I have disregarded the contents of those letters as inadmissible hearsay. Even if I were to have regard to their contents, in my view the letters are equivocal as the ownership of the subject mark. In any event, the opponent's opposition is based on non-distinctiveness of the applied for mark arising from the opponent's use of the mark; the issue of ownership of the mark was not raised either in the statement of opposition or in the counter statement and is therefore irrelevant in this proceeding: see *Imperial Developments Ltd. v. Imperial Oil Limited* (1984), 79 C.P.R.(d) 12 where Muldoon, J. pointed out that it is

improper for this board to consider matters which are not pleaded. Accordingly, for the purposes of this proceeding, I am assuming that use of the mark PHOENIX & Bird Design by either party was lawful use.

At the oral hearing, the solicitors for the applicant raised for the first time the issue of whether the opponent exists as a legal entity. According to the applicant, the opponent company ceased to exist, pursuant to paragraph 7.05 of the shareholder agreement, when Lynn Corcoran purchased Judith Link's share of the company. I have disregarded the applicant's argument on this issue as it was incumbent on the applicant to raise the issue of the opponent's standing in its counter statement (or in an amended counter statement pursuant to Rule 42 of the Trade-marks Regulations) in order to provide the opponent with a opportunity to defend against the allegation: see *Imperial Developments Ltd.*, above. In any event, it is far from clear to me that the shareholder agreement provides either expressly or by necessary implication for the dissolution of the opponent company in the event that Judith Link or Lynn Corcoran exercised the buy out option.

In view of the foregoing, I find that the opponent has met the evidential burden on it to put the distinctiveness of the applied for mark in issue. The onus or legal burden is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares from those of others throughout Canada: see *Muffin Houses Inc. v. The Muffin House Bakery Ltd.* (1985), 4 C.P.R.(3d) 272 (TMOB). The presence of a legal burden means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against that the applicant. The material time for considering the circumstances respecting the issue of distinctiveness is as of the filing of the opposition, in this case June 14, 1990: see *Re Andres Wines Ltd. and E. & J. Gallo Winery* (1975), 25 C.P.R.(d) 126 at 130 (F.C.A.); *Park Avenue Furniture Corp. v. Wickes/Simmons Bedding Ltd.* (1991), 37 C.P.R.(3d) 412 at 424 (F.C.A.).

At best the evidence permits me to infer *de minimus* use of the applied for mark by the applicant while the opponent has evidenced at least some actual use of the identical mark (in its logo) at the material date for a franchising business the nature of which is closely related to the wares and services as specified in the subject application. In the circumstances, I find that the applicant has not met the onus on it to establish that, on the

balance of probabilities, the applied for mark was distinctive of its wares and services at the material date.

The applicant's application is therefore refused.

DATED AT HULL, QUEBEC, THIS 31st DAY OF MAY, 1995.

Myer Herzig,
Member,
Trade-marks Opposition Board