

**IN THE MATTER OF OPPOSITIONS
by Bank of Montreal to applications Nos.
722,683 and 722,684 for the trade-marks
N.A.F.T.A. BOND FUND and N.A.F.T.A.
EQUITY FUND filed by Midland Walwyn
Capital Inc. / Capital Midland Walwyn Inc.
and now standing in the name of Atlas Asset
Management Inc. / Gestion de l'Actif Atlas Inc.**

On February 12, 1993, Midland Walwyn Capital Inc. / Capital Midland Walwyn Inc. filed an application to register the trade-mark N.A.F.T.A. BOND FUND for “mutual fund services; investment services; stockbroker services” based on proposed use in Canada. The application was amended to include a disclaimer to the words BOND FUND and was subsequently advertised for opposition purposes on November 23, 1994. The application was later assigned to Hercules International Management L.L.C. who in turn assigned it to Midland Capital L.L.C. who then assigned it to Atlas Asset Management Inc. / Gestion de l'Actif Atlas Inc., the current applicant of record.

The opponent, Bank of Montreal, filed a statement of opposition on February 14, 1995, a copy of which was forwarded to the applicant on March 27, 1995. The first ground of opposition is that the application does not comply with the provisions of Section 30(e) of the Trade-marks Act because the applicant does not intend to use the applied for trade-mark in Canada. The second ground is that the applicant's application does not comply with the requirements of Section 30(i) of the Act

.....in that the Applicant could not have been satisfied that it was entitled to use the Trade-mark in Canada.

The third ground of opposition is that the applied for trade-mark is not registrable pursuant to Section 12(1)(b) of the Act because it is either clearly descriptive or deceptively misdescriptive of the character or quality of the applied for services. In support of this ground, the opponent alleged that the term “NAFTA country” has a defined meaning and that consequently the applied for mark

clearly describes or deceptively misdescribes mutual fund services, investment services and stockbroker services related to the investment in a North American bond fund or funds.

The fourth ground of opposition is that the applied for mark is not registrable pursuant to Sections (9)(1)(d) and 12(1)(e) of the Act. The opponent alleges that N.A.F.T.A. is a statutorily defined term such that its use by the applicant would likely lead to the belief that the applicant's services have received, or are produced, sold or performed under governmental patronage, approval or authority. The fifth ground is that the applied for trade-mark is not distinctive nor is it adapted to distinguish the applicant's services from those of others.

The applicant filed and served a counter statement on April 4, 1995. The applicant was subsequently granted leave to amend its counter statement on October 19, 1995. As its evidence, the opponent submitted the affidavits of Edgar N. Legzdins and Jeffery D. Jenkins and a certified copy of the Trade-marks Office file for application No. 765,265 for the trade-mark N.A.F.T.A. VALUE FUND. The applicant did not submit evidence. Only the opponent filed a written argument and an oral hearing was conducted on June 8, 1998 at which both parties were represented.

The opponent's first ground of opposition is based on the provisions of Section 30(e) of the Act. The material time for assessing the applicant's compliance with Section 30(e) is the filing date of its application. As of that date, Section 30(e) read as follows:

30. An applicant for the registration of a trade-mark shall file with the Registrar an application containing.....
 - (e) in the case of a proposed trade-mark, where the application is not accompanied by an application for registration of a person as a registered user, a statement that the applicant intends to use the trade-mark in Canada....

Subsequent to the filing of the present application, Section 30(e) was amended to refer to licensed use rather than an accompanying registered user application.

The onus or legal burden is on the applicant to show its compliance with Section 30(e): see the opposition decisions in Joseph Seagram & Sons v. Seagram Real Estate (1984), 3 C.P.R.(3d) 325 at 329-330 and Canadian National Railway Co. v. Schwauss (1991), 35 C.P.R.(3d) 90 at 94 and the decision in John Labatt Ltd. v. Molson Companies Ltd. (1990), 30 C.P.R.(3d) 293 (F.C.T.D.). There is, however, an evidential burden on the opponent respecting its allegations of fact in support of that ground. That burden is lighter respecting the issue of non-compliance with Section 30(e) of the Act: see page 95 of the Schwauss decision and the

opposition decision in Green Spot Co. v. J.B. Food Industries (1986), 13 C.P.R.(3d) 206 at 210-211.

The applicant's application formally complies with Section 30(e) of the Act since the required statement appears in the application. The issue then becomes whether or not the applicant has substantially complied with Section 30(e) - i.e. - is the applicant's statement that it intended to use the applied for trade-mark true?

In the present case, the opponent has evidenced the applicant's co-pending application No. 765,265 for the trade-mark N.A.F.T.A. VALUE FUND for the same services. In his affidavit, Mr. Legzdins identifies himself as the Vice President of Investment Fund Products for the opponent and states that, on December 5, 1994, he received a facsimile transmission in the nature of an advertisement by the Atlas Capital Group, the last page of which refers to the current applicant Atlas Asset Management Inc. Page four of the facsimile transmission refers to the NAFTA VALUE FUND. The letters TM appear in small script between the words NAFTA and VALUE.

As submitted by the opponent, it appears that the trade-mark actually used by the current applicant (i.e. - NAFTA VALUE FUND) differs from the mark applied for (i.e. - N.A.F.T.A. VALUE FUND). The opponent contends that the situation may well be similar respecting the applied for mark N.A.F.T.A. BOND FUND.

Given the light evidential burden respecting the first ground, I consider that the opponent has met that burden. However, it is also apparent that, even if the applicant is using the trade-mark NAFTA BOND FUND, use of that mark also constitutes use of the applied for mark N.A.F.T.A. BOND FUND: see the opposition decision in Nightingale Interloc Ltd. v. Prodesign Ltd. (1984), 2 C.P.R.(3d) 535. Thus, I consider that the applicant has satisfied the legal burden on it and the first ground of opposition is therefore unsuccessful.

The second ground is not a proper ground of opposition. The opponent has simply indicated that the applicant's application does not comply with the provisions of Section 30(i)

of the Act without including any supporting allegations of fact. The second ground does not comply with Section 38(3)(a) of the Act and is therefore unsuccessful.

As for the third ground of opposition, the material time for considering the circumstances respecting the issue arising pursuant to Section 12(1)(b) of the Act is the date of my decision: see the decision in Lubrication Engineers, Inc. v. The Canadian Council of Professional Engineers (1992), 41 C.P.R.(3d) 243 (F.C.A.). The issue is to be determined from the point of view of an everyday user of the services. Furthermore, the trade-mark in question must not be carefully analyzed and dissected into its component parts but rather must be considered in its entirety and as a matter of first impression: see Wool Bureau of Canada Ltd. v. Registrar of Trade Marks (1978), 40 C.P.R.(2d) 25 at 27-28 and Atlantic Promotions Inc. v. Registrar of Trade Marks (1984), 2 C.P.R.(3d) 183 at 186.

The opponent's evidence establishes that the acronym NAFTA or N.A.F.T.A. stands for the North American Free Trade Agreement entered into by Canada, the United States and Mexico in 1993. That evidence also establishes that the term was extensively used in proceedings in the House of Commons in the early 1990's. Furthermore, recently published dictionaries define the term NAFTA as referring to the North American Free Trade Agreement (see Webster's College Dictionary (1995) and the on-line dictionary Merriam Webster WWWebster Dictionary (1998)). Given that NAFTA was only implemented by Canada in 1993, the fact that the term appeared in dictionaries shortly thereafter suggests that it gained common currency very quickly.

Also of note is the facsimile transmission appended to the Legzdins affidavit which refers to the applicant's NAFTA VALUE FUND as "Formerly the North American Growth & Income Fund." That advertisement also identifies three advisors for the fund, one based in Canada, one in the United States and one in Mexico. Finally, the applicant has disclaimed the words BOND FUND in its application.

The evidence of record suggests that the term NAFTA or N.A.F.T.A. is well known to many Canadians as referring to the North American Free Trade Agreement. That evidence

also suggests that the everyday consumer of investment and mutual fund services faced with the trade-mark N.A.F.T.A. BOND FUND would, as a matter of immediate impression, assume that he is being offered a mutual fund comprising bonds from Canada, the United States and Mexico. Thus, I consider that the opponent has satisfied the evidential burden on it to show that the applied for mark is clearly descriptive or deceptively misdescriptive of the character or quality of the applied for services. The applicant failed to submit evidence and therefore has not met its legal burden. The third ground of opposition is therefore successful.

As for the fourth ground of opposition, Section 12(1)(e) of the Act precludes the registration of a mark the adoption of which is prohibited by Section 9 of the Act. Section 9(1)(d) reads as follows:

9. (1) No person shall adopt in connection with a business, as a trade-mark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for.....

(d) any word or symbol likely to lead to the belief that the wares or services in association with which it is used have received, or are produced, sold or performed under, royal, vice-regal or governmental patronage, approval or authority.....

The material time for considering the circumstances respecting this ground would appear to be the date of my decision: see Allied Corporation v. Canadian Olympic Association (1989), 28 C.P.R.(3d) 161 (F.C.A.) and Olympus Optical Company Ltd. v. Canadian Olympic Association (1991), 38 C.P.R.(3d) 1 at 3-4 (F.C.A.).

Section 9(1)(d) of the Act involves the application of a two-part test. First, it must be determined if the word NAFTA or N.A.F.T.A. used for mutual fund services and the like would lead to the belief that the services are sold or performed under governmental patronage, approval or authority. If so, then the second part of the test is applied. As set out in Section 9(1), that test is whether or not the applicant's mark consists of, or so nearly resembles as to be likely to be mistaken for, the word NAFTA or N.A.F.T.A. In other words, is the applicant's mark identical to, or almost the same as, the prohibited mark?: see Big Sisters Association of Ontario v. Big Brothers of Canada (1997), 75 C.P.R.(3d) 177 at 217 (F.C.T.D.).

The Big Sisters decision dealt with Section 9(1)(n)(iii) of the Act which includes the

resemblance issue in Section 9(1). At page 218 of that decision, Mr. Justice Gibson confirmed that in assessing the resemblance between the marks at issue, regard may be had to the factors set out in Section 6(5)(e) of the Act. Further, at page 217, Mr. Justice Gibson indicated that the test was to be applied as a matter of first impression and imperfect recollection and he concurred with the following test set out by Mr. Justice Rothstein at page 19 of the decision in Canadian Olympic Association v. Health Care Employees Union of Alberta (1992), 46 C.P.R.(3d) 12 (F.C.T.D.):

The question must be determined in the context of whether a person who, on a first impression, knowing one mark only and having an imperfect recollection of it, would likely be deceived or confused.

This would appear to be a broader test than the test of straight comparison previously applied in numerous opposition decisions although the result in the Big Sisters case might suggest otherwise.

As for the first part of the test, the opponent's evidence establishes that the word NAFTA or N.A.F.T.A. stands for the North American Free Trade Agreement and that many Canadians are aware of that agreement. The opponent's evidence also establishes that the treaty has been implemented statutorily in Canada by means of the North American Free Trade Agreement Implementation Act. The opponent's evidence also shows that there is a Secretariat under that agreement and that the Canadian section is referred to as the NAFTA Secretariat, Canadian Section. Finally, I have taken judicial notice of the fact that governments engage in numerous and varied financial transactions including the issuing of bonds.

In view of the above, I find that the opponent has met its evidential burden to show that the use of the word NAFTA or N.A.F.T.A. for services such as the applicant's would lead to the belief by the average consumer that the services are sold or performed under the patronage, approval or authority of the Canadian government. The applicant failed to file evidence but instead submitted that Section 9(1)(d) of the Act is not applicable in this case since two of the three signatories to the North American Free Trade Agreement are foreign countries. Although I agree that Section 9(1)(d) does not apply to foreign countries (see United States Government v. Amada Co. Ltd. (1983), 75 C.P.R.(2d) 228 at 230-231 (T.M.O.B.)), that

fact does not preclude its application to a word such as NAFTA which refers to an international treaty in which Canada is prominently and actively involved.

As for the second part of the test, in view of the non-distinctive nature of the words BOND FUND and as a matter of first impression and imperfect recollection, I find that the trade-mark N.A.F.T.A. BOND FUND so nearly resembles as to be likely to be mistaken for the word NAFTA. Thus, the fourth ground is also successful.

The fifth ground is contrary to Section 38(3)(a) of the Act. The opponent has made a bare assertion of non-distinctiveness with no supporting allegations of fact. Thus, the fifth ground is unsuccessful. If, on the other hand, the fifth ground is to be read in conjunction with the other grounds, the fifth ground would be successful in view of my findings respecting the third ground of opposition.

In view of the above, and pursuant to the authority delegated to me under Section 63(3) of the Act, I refuse the applicant's application for the trade-mark N.A.F.T.A. BOND FUND. The pleadings, evidence and issues in respect of application No. 722,684 for the trade-mark N.A.F.T.A. EQUITY FUND are essentially the same as those discussed respecting application No. 722,683. Thus, each of the grounds of opposition in that case has the same result as in the first case although the success of the fourth ground is perhaps less certain given the use of the words EQUITY FUND. Accordingly, I also refuse the applicant's application for the trade-mark N.A.F.T.A. EQUITY FUND.

DATED AT HULL, QUEBEC, THIS 18th DAY OF JUNE, 1998.

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