



LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADE-MARKS

Citation: 2010 TMOB 100
Date of Decision: 2010-06-28

**IN THE MATTER OF AN OPPOSITION
by Indigo Books & Music, Inc. to
application No. 1,117,987 for the trade-
mark iReward in the name of Preferred
One Inc.**

[1] On October 15, 2001, Sean Snyder filed an application to register the trade-mark shown below (the Mark) based upon proposed use in association with wares and services.

iReward

[2] The Canadian Intellectual Property Office (CIPO) recorded Preferred One Inc. (the Applicant) as owner of the application on August 28, 2002 further to an assignment dated June 27, 2002.

[3] During prosecution of the application, the statement of wares and services was amended to read:

Wares: (1) Debit cards and credit cards; stored-value cards, brand loyalty cards and vendor loyalty cards; plastic membership cards; membership cards, namely, loyalty, credit and debit cards used in relationship marketing, affinity marketing and database marketing.

Services: (1) Production, distribution and sale of brand loyalty cards, vendor loyalty cards, debit cards, credit cards, stored-value cards and membership cards; compilation, profiling and sale of consumer data; operation of a business marketing and selling for others, brand loyalty cards, vendor loyalty cards, debit cards, credit

cards, stored-value cards and membership cards for sales, membership, reward and discount purposes through direct mail and e-mail marketing, promotions and contests; advertising and marketing services to promote the sale of goods for retailers in a specific geographical area through direct mail and e-mail marketing, promotions and contests.

[4] The right to the exclusive use of REWARD has been disclaimed apart from the Mark.

[5] The application was advertised in the *Trade-marks Journal* of December 24, 2003.

[6] On May 21, 2004, Indigo Books & Music, Inc. (Indigo) filed a statement of opposition. As a preamble to the grounds of opposition, Indigo alleges its ownership of application No. 1,122,616 for the trade-mark iREWARDS in association with “operation of an incentive award and loyalty program” based on use in Canada since at least as early as October 2001. Generally speaking, the grounds of opposition are that: (i) the application does not conform to the requirements of s. 30(e) and s. 30(i) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act); (ii) the Applicant is not the person entitled to registration of the Mark pursuant to s. 16(3)(a) of the Act because of confusion with the trade-mark iREWARDS previously used by Indigo; and (iii) the Mark is not distinctive.

[7] On September 29, 2004, the Applicant filed a counter statement in which it denied the allegations contained in the statement of opposition and made several allegations with respect to Indigo’s adoption of the trade-mark iREWARDS.

[8] Pursuant to r. 41 of the *Trade-marks Regulations*, SOR/96-195 (the Regulations), Indigo filed an affidavit of Kathleen Flynn, dated August 4, 2005. Ms. Flynn was cross-examined by the Applicant. The transcript of the cross-examination and answers to undertakings were filed with the Registrar on September 11, 2006.

[9] Pursuant to r. 42 of the Regulations, the Applicant filed an affidavit of Sean Snyder, dated March 1, 2007, an affidavit of Gennaro “Jerry” Rotondaro, dated March 1, 2007, and an affidavit of Lynda Palmer, dated March 7, 2007. While Indigo obtained an order for the cross-examination of each affiant, it only proceeded with the cross-examinations of Messrs. Snyder and Rotondaro. The transcripts of the cross-examinations and answers to undertakings were filed with the Registrar on December 17, 2007.

[10] Pursuant to r. 43 of the Regulations, Indigo filed certified copies of the original application and of the assignment document recorded by CIPO.

[11] Both parties filed a written argument and were represented at an oral hearing.

Onus

[12] The Applicant bears the legal onus of establishing, on a balance of probabilities, that its application complies with the requirements of the Act. However, there is an initial evidential burden on Indigo to adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exist [see *John Labatt Limited v. The Molson Companies Limited* (1990), 30 C.P.R. (3d) 293 (F.C.T.D.) at 298].

Material Dates

[13] The material dates that apply to the grounds of opposition are as follows:

- s. 38(2)(a)/s. 30 – the filing date of the application [see *Georgia-Pacific Corp. v. Scott Paper Ltd.* (1984), 3 C.P.R. (3d) 469 (T.M.O.B.)];
- s. 38(2)(c)/s. 16(3)(a) – the filing date of the application [see s. 16(3)];
- s. 38(2)(d)/non-distinctiveness – the filing date of the statement of opposition [see *Metro-Goldwyn-Mayer Inc. v. Stargate Connections Inc.* (2004), 34 C.P.R. (4th) 317 (F.C.T.D.)].

Preliminary Remarks

[14] Ms. Flynn identifies herself as Corporate Counsel for Indigo. She states having held this position with Indigo “or with its predecessor corporation” since February 2000 [paragraph 1]. I understand the affiant’s reference to the predecessor corporation as a reference to the “old Indigo” incorporated in 1996 [Q16-Q18] that “merged with Chapters in August 2001”; the merged entity continued “under the Indigo corporate name” [paragraph 2]. The term “Opponent” shall be used throughout my decision to refer to Indigo or its predecessor corporation at the relevant time.

[15] According to their respective affidavits, Messrs. Snyder and Rotondaro co-founded the Applicant with Frank Anderson. Mr. Snyder states having been Vice-President of the Applicant since March 2000 and Mr. Rotondaro states having been President since March 2000. These statements were clarified and corrected by answers to undertakings; the Applicant confirmed that it was incorporated on August 1, 2000 under the name Edealcard Inc. with Mr. Snyder listed as President, Mr. Anderson listed as Chairman, and Mr. Rotondaro listed as Secretary. It appears from Exhibit 1 to the Snyder cross-examination that the Applicant changed its name from Edealcard Inc. to Preferred One Inc. on April 25, 2001.

General Overview of the Evidence

[16] Although I will discuss the evidence in further detail when analyzing the grounds of opposition, I will begin with a general overview of the relevant evidence. I will refer to the cross-examinations only insofar as they are relevant to my analysis of the evidence and the parties' arguments.

Opponent's Business

[17] Ms. Flynn deposes that the Opponent operates a chain of retail bookstores in Canada and an on-line business. The Opponent began operating retail bookstores in Canada in 1997 and became "Canada's largest book retailer" when it merged with Chapters [paragraph 2]. From 2000 to the date of the Flynn affidavit, the Opponent consistently operated over 250 bookstores across Canada under several different names [paragraphs 3-4]. The online bookstore services are accessible on the Internet at *www.chapters.indigo.ca* [paragraph 3]. According to the yearly breakdown (fiscal years) provided in the Flynn affidavit, from 2002 to 2004 the bookstores operated by the Opponent generated total sales revenue exceeding \$2.3 billion [paragraph 5]. Various gift items have always been sold in the Opponent's bookstores in addition to books and other printed publications [paragraph 6].

Applicant's Business

[18] Mr. Snyder, who is the original owner of the application for the Mark, deposes that the Applicant has been in the business of "supplying integrated marketing solutions to retailers and

services providers in Canada, by building and managing comprehensive, full service marketing programs or campaigns” since 2000 [paragraph 4]. He files printouts of the Applicant’s websites describing some of the Applicant’s services and its custom-tailored gift card programs [Exhibits 1 and 2]. The Applicant offers a “wide range of cards, including stored value cards, brand loyalty cards, and gift cards” as well as marketing and advertising services designed to promote the products and services of the Applicant’s retail partners [paragraph 5]. The Applicant also owns trade-mark registrations for PREFERRED ONE, EVERYONE LOVES A DEAL, and EDEALCARD, as well as a trade-mark application for CASHCARD [paragraph 8, Exhibit 5].

Relationship Between the Parties

[19] The evidence clearly shows that the parties are not strangers.

[20] There is no debate between the parties that in February 2001, Sean Snyder and Frank Anderson met with Nathalie Stern, then a Director of Marketing at the Opponent, to discuss the possibility of the Opponent’s participation in a customer loyalty program, which the Applicant was then promoting under the trade-mark EDEALCARD. There is also no debate that the parties had subsequent interactions. However, Mr. Snyder disputes a number of Ms. Flynn’s allegations as to the parties’ interactions, including the allegation that he was informed by Ms. Stern of Indigo’s interest in using the trade-mark iREWARDS. I will discuss this disputed evidence under the s. 30(i) ground of opposition.

[21] In reply to an undertaking [Q62-Q63], Ms. Flynn indicates that she “knew” of the application for the Mark at least as early as November 27, 2001.

Opponent’s Trade-mark iREWARDS

[22] According to the Flynn affidavit, the Opponent began to use the trade-mark iREWARDS in Canada in association with the operation of an incentive award and loyalty program in October 2001 and filed application No. 1,212,616 on November 16, 2001 [Exhibit “A”]. A trade-mark search was conducted prior to the filing of the application. The search was first discussed in September 20, 2001 and was formally compiled on October 1, 2001, at which time registrations and pending applications current to July 27, 2001 had been indexed for searching

[Q55-Q57, reply to undertaking]. I note that the Opponent's application No. 1,212,616 is not at issue in the present proceeding.

[23] According to the Snyder affidavit and cross-examination, the Applicant became aware of the Opponent's iREWARDS program in November 2001 [paragraph 18, Q451-Q460]. The Applicant was "concerned and upset about this" and, through its lawyers, sent a letter to the Opponent on December 18, 2001 to advise the Opponent of the Applicant's "prior rights to the iREWARD trade-mark" [paragraph 18, Exhibit 13]. Ms. Flynn acknowledges receipt of the letter [paragraph 23, Exhibit "O"]. Mr. Snyder acknowledges that the Applicant received a letter from the Opponent's lawyers on January 17, 2002, which he files as Exhibit 14 [paragraph 20]. I note that among the allegations found in the letter, the Opponent contends that instead of "respecting the confidential relationship" under which he was notified of the Opponent's work on the iREWARDS customer royalty program, "Mr. Snyder has purported to adopt the IREWARDS mark". Among the Opponent's demands is a demand that Mr. Snyder withdraw the application. I accept the evidence of an exchange of letters between the parties, but I do not accept the letters as evidence of the allegations contained there.

Use of the Mark

[24] The written and verbal testimony of Messrs. Snyder and Rotondaro establish that although they began planning the program associated with the Mark prior to the filing of the application, the Mark had not been used in association with any of the wares and services identified in the application as of its filing date. According to their written testimony, both Messrs. Snyder and Rotondaro were unaware of the specific meaning of the word "use" in relation to trade-marks at the time of the letter sent to the Opponent on December 18, 2001.

[25] Both Messrs. Snyder and Rotondaro testify that the Mark was chosen in September 2001. Mr. Snyder indicates that he and Jerry Rotondaro searched the trade-marks register and concluded that the Mark was available. He goes on to state that the domain name "ireward.com" was registered on September 27, 2001 [paragraph 14] and that he filed the application for the Mark on October 15, 2001 [paragraph 15].

[26] There is no evidence of any use of the Mark, within the meaning of s. 4 of the Act, further to the filing of the application, nor does the Applicant contend that it is the case. To the contrary, Mr. Snyder states at paragraph 21 of his affidavit:

Work on the iREWARD web-site was halted shortly [after January 17, 2002] as a result of our uncertainty over the trade-mark rights and the financial implications for Preferred One. We decided that we did not have the financial resources to take action against a large and powerful retailer like Indigo at that time. This is the reason why our iREWARD program was essentially put on hold and largely remains on hold, pending resolution of the opposition proceedings commenced by Indigo.

Affidavit of Linda Palmer

[27] Ms. Palmer introduces into evidence the results of searches of the Canadian Trade-marks Register on March 2, 2007 to locate registrations and applications that contain the component REWARD [Exhibit A] and registrations and applications that begin with the word or letter “i” [Exhibit B] in association with “various cards, i.e. debit, credit, loyalty, membership, bonus, points and for services associated with incentive awards, loyalty programs, bonus programs and services affiliated with various cards, i.e. debit, credit, loyalty, membership, bonus and points”. The Applicant’s submissions with respect to these searches are restricted to noting that Exhibit A disclosed 132 entries and Exhibit B disclosed 39 entries. As for the Opponent, it submits that Exhibit A discloses only 5 entries beginning with the letter “i”, including the Mark and the Opponent’s trade-mark, and that the Mark and the Opponent’s trade-mark are the only entries containing both the initial letter “i” and the component “reward” disclosed by Exhibit B.

[28] Ms. Palmer also introduces into evidence the results of her search to locate “multiple trade-marks” owned by the Opponent “wherein the wares and services are described in the same way” [Exhibit C]. The Applicant notes that the search disclosed “a number of registered and pending applications”.

Analysis of the Grounds of Opposition

[29] It is abundantly clear from the Applicant’s counter statement, evidence and submissions, both in written and oral arguments, that the Applicant does not dispute the likelihood of confusion between the Mark and the Opponent’s trade-mark iREWARDS. Actually, in its

counter statement, the Applicant alleges that the Opponent is infringing the Applicant's prior rights in the Mark.

[30] I find that paragraph 27 of the Applicant's written argument, which I reproduce below, suitably summarizes the Applicant's position with respect to the present opposition proceeding:

Reviewed in its totality, the conclusion that can be fairly drawn from the evidence is that Sean Snyder and the others at Preferred One Inc. independently arrived at the trade-mark iReward and took the standard steps to protect the mark by filing both a domain name and trade-mark. Unfortunately for Indigo, who had chosen a virtually identical mark at almost the same time, Sean Snyder filed his trade-mark application first, thus acquiring all the statutory benefits arising from ownership of the senior application. Moreover, upon learning of Indigo's application to register the iREWARDS mark, the Applicant promptly advised Indigo of its prior rights. Notwithstanding the early notice of the fact that prior rights to the iReward mark had been claimed by the Applicant, Opponent elected, with its eyes wide open, to pursue the problematic trade-mark iREWARDS, on the false assumption that it was dealing with an unscrupulous unethical trade-mark trafficker instead of a small business operating in good faith in Canada.

[31] The Applicant's agent devoted an important part of his oral submissions to arguing that for the Opponent to succeed in the opposition would be contrary to the legislative intent and the whole scheme of the Act. The agent particularly noted the decision *McCabe v. Yamamoto & Co. (America) Inc.* (1989), 23 C.P.R. (3d) 498 (F.C.T.D.) (*McCabe*) involving an opposition proceeding. Discussing the scheme of the Act, the trial judge stated at p. 504: "Its whole thrust is to promote and regulate the lawful use of trade marks." and at p. 505:

As a general proposition, it may be stated that when a statute's purpose is to provide protection to the owners of both registered and unregistered trade marks, that same statute should not obviously be set up to give legitimacy to unlawful use of these same trade marks.

[32] In oral argument, the Opponent's agent submitted that the *McCabe* decision should be disregarded to the extent that s. 7(e) of the Act referred to by the trial judge has been found unconstitutional by the Supreme Court of Canada. I would remark that the Federal Court of Appeal in *Smith & Nephew Inc. v. Glen Oak Inc.* (1996), 68 C.P.R. (3d) 153 commented that *McCabe* was wrongly decided. In any event, I find the *McCabe* decision to be distinguishable, if only because the facts of this opposition proceeding have nothing in common with the facts of the *McCabe* case.

[33] At the oral hearing, I noted to the Applicant's agent that the issue to be decided in the present proceeding is not whether the Opponent is entitled to use or register the trade-mark iREWARDS in Canada in association with the operation of an incentive award and loyalty program. It is the Applicant's right to the registration of the Mark in association with the wares and services listed in the application that is at issue. The Applicant's agent went on to submit that if a party first filing a proposed use application could not benefit from any statutory rights, there would not be any point in applying for registration of a trade-mark on the basis of proposed use.

[34] With all due respect for the Applicant, opposition proceedings are part of the registration process provided for by the Act. Under the scheme of the Act, any person having valid grounds may oppose the registration of a trade-mark once the trade-mark has been advertised in the *Trade-marks Journal*. Each and every opposition proceeding must be decided based upon the particular facts of the case and the evidence of record. In other words, each case must be decided based upon its own merit.

[35] I will now analyze the grounds of opposition in regard to the evidence of record, but not necessarily in the order in which they were raised in the statement of opposition.

Non-distinctiveness

[36] This ground of opposition essentially turns on the issue of confusion between the Mark and the Opponent's trade-mark iREWARDS.

[37] There is an initial burden on the Opponent to show that its trade-mark iREWARDS had become known sufficiently as of May 21, 2004 to negate the distinctiveness of the Mark [see *Motel 6, Inc. v. No. 6 Motel Ltd.*, 56 C.P.R. (2d) 44 (F.C.T.D.); *Bojangles' International, LLC and Bojangles Restaurants, Inc. v. Bojangles Café Ltd.* (2006), 48 C.P.R. (4th) 427 (F.C.T.D.)].

[38] Given its general position on the opposition, the Applicant submits in its written argument [paragraph 50]:

The factual background to this opposition is quite unusual, but the equities as between the parties are clear. In light of the facts of this case, Indigo ought not to be allowed to succeed by arguing that its own use of the iREWARDS trade-mark negates the distinctiveness of the Applied-for Trade-mark.

[39] Alternatively, the Applicant submits that I should disregard any evidence of use of the Opponent's trade-mark after the Opponent was put on notice of the Applicant's prior claim to the Mark, be it November 27, 2001 (when Ms. Flynn became aware of the application) or December 18, 2001 (date of the letter sent to the Opponent). Relying on decisions from the Federal Court and this Board, the Applicant submits at paragraph 51 of its written argument:

In situation in which the opponent is put on notice early on that there is a prior claim to the mark, it cannot fairly rely on any evidence of use after that time to strengthen its position based upon distinctiveness.

[40] In oral argument, the Opponent's agent acknowledged that there is no requirement for the Applicant to use the proposed Mark until its approval. Still, he noted that the Applicant voluntarily decided to put on hold the program associated with the Mark. Further, the agent for the Opponent addressed the Applicant's submission on equity by referring to the decision *Molson Canada 2005 v. Anheuser-Busch Incorporated*, 2010 FC 283 where Mr. Justice Near stated, at paragraph 66: "Section 38 delineates the Registrars (*sic*) powers on opposition, and they do not include any reference to equity."

[41] While maintaining that there is no legal basis for the Applicant's position that the Opponent ought not to be allowed to succeed under this ground of opposition, the Opponent's agent further submitted that this is clearly not a case where the trade-mark iREWARDS was adopted in bad faith. Addressing the Applicant's alternate submissions, the Opponent's agent submitted that there is no evidence that the Opponent either set out to "destroy" the distinctiveness of the Mark or embarked on a strategy to "undermine" the application for the Mark.

[42] To fully appreciate the Opponent's submissions with respect to its adoption and use of the trade-mark iREWARDS, I shall now turn in further detail to the evidence introduced as to the use of the trade-mark since October 2001.

[43] According to the Flynn affidavit, the incentive award and loyalty program associated with the Opponent's trade-mark iREWARDS enables customers to obtain discounts off their purchases of most products at the Opponent's bookstores, including through its on-line bookstore [paragraph 8]. By December 2001, the Opponent had approximately 1.2 million customers

registered for its iREWARDS program. The number of members has been between 900,000 and 1.3 million since December 2001 [paragraph 9]. Members of the Opponent's program present their membership card to an employee at the time of their purchase [paragraph 10]. Images of samples of representative membership cards, which display the trade-mark iREWARDS, are filed as Exhibit "C".

[44] Ms. Flynn deposes that in each calendar year since the launch of its iREWARDS program, the Opponent "has spent over \$2 million in advertising, promoting and operating the program" [paragraph 18]. According to the Flynn affidavit [paragraphs 11 to 19], the means of promotion and advertisement of the Opponent's iREWARDS program can be summarized as follows: bookstores' signage and advertising [Exhibits "D" to "G"]; the Opponent's employees promoting and encouraging participation in the program by asking customers bringing their purchases to the checkout if he or she is a member of the program; correspondence sent by regular and electronic mail [Exhibits "H" and "J"]; recorded telephone message; display on the Opponent's website [Exhibit "K"]; print advertisement [Exhibit "L"]; and cross-promotional marketing with third parties [Exhibit "M"].

[45] Given the evidence of record, I am of the view that it may not reasonably be concluded that the adoption and use of the trade-mark iREWARDS by the Opponent was anything other than *bona fide*. Furthermore, I am satisfied that the Opponent has discharged its initial evidential burden with respect to the distinctiveness ground of opposition.

[46] In applying the test for confusion, I have considered it as a matter of first impression and imperfect recollection. Having considered all the surrounding circumstances, including those specifically enumerated in s. 6(5) of the Act, I find that the use of both trade-marks in the same area would be likely to lead to the inference that the wares or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person.

[47] In view of the above, I am not satisfied that the Applicant has met its burden to show that there was no reasonable likelihood of confusion between the Mark and the Opponent's trade-mark iREWARDS as of May 21, 2004. Thus, I find that the ground of opposition based upon non-distinctiveness is successful.

Entitlement pursuant to s. 16(3)(a) of the Act

[48] Despite the onus resting upon the Applicant, the Opponent has the initial onus of proving that its trade-mark iREWARDS was used prior to the material date (October 15, 2001) and had not been abandoned at the date of advertisement of the application (December 24, 2003) [s. 16(5) of the Act].

[49] Ms. Flynn throughout her affidavit states that the Opponent has been using the trade-mark iREWARDS since October 2001. However, she does not provide a precise date. Having reviewed the Flynn affidavit in its entirety, I conclude that the earliest date of first use within the meaning of s. 4(2) of the Act shown is October 29, 2001 [Exhibit “M”]. At the oral hearing the agent for the Opponent recognized that the Flynn affidavit evidences October 29, 2001 as the earliest date of first use of the Opponent’s trade-mark iREWARDS.

[50] In view of the above, I find that the Opponent has failed to discharge its evidentiary burden of showing that its trade-mark iREWARDS was used in Canada prior to the material date. Therefore, I dismiss the ground of opposition based upon s. 16(3)(a) of the Act.

Non-conformity to s. 30(e) of the Act

[51] As a preliminary matter, I note that Mr. Rotondaro introduces into evidence a letter dated February 28, 2006 sent by the Opponent’s trade-mark agent to the Applicant’s trade-mark agent further to the cross-examination of Ms. Flynn [Exhibit 2]. It appears that the letter was to notify the Applicant’s agent of the Opponent’s intent to argue, under the grounds of opposition based upon s. 38(2)(a) of the Act, that the application does not conform to the requirements of s. 30(e) because the Applicant had already commenced use of the Mark prior to filing the application. The letter ends with the following paragraph: “If we determine that it is necessary, we will amend the Statement of Opposition to include the foregoing.”

[52] That being said, the Opponent never sought leave to amend its statement of opposition. The ground of opposition reads as follows:

The application does not conform with the provisions of Section 30(e) of the *Trade-marks Act* because the statement that the Applicant intends to use the [Mark] in

connection with the wares and services listed in the application was false. The original Applicant always intended to sell the application to the Opponent.

[53] As the application contains a statement that the “applicant by itself or through a licensee, or by itself and through a licensee” intends to use the Mark, the application formally complied with the requirement of s. 30(e) of the Act. The issue becomes whether or not the application substantially complied with the requirements of s. 30(e) at the filing date of the application, i.e. was the statement true?

[54] Since it is difficult to prove a negative, and certainly more so in a case of a proposed use application, the initial burden upon an opponent with respect to a ground of opposition based upon non-compliance with s. 30(e) is a relatively light one [see *Molson Canada v. Anheuser-Busch Inc.*, (2003) 29 C.P.R. (4th) 315 (F.C.)]. Also, an opponent may rely upon the applicant’s evidence to meet its initial burden, but the opponent must show that the applicant’s evidence is clearly inconsistent with the applicant’s claim [see *York Barbell Holdings Ltd. v. ICON Health & Fitness, Inc.* (2001), 13 C.P.R. (4th) 156 (T.M.O.B.)].

[55] Neither in written nor oral arguments did the Opponent submit that it has discharged its burden of showing that Mr. Snyder always intended to sell the application to the Opponent. To the contrary, at the oral hearing, the agent for the Opponent conceded that there is no evidence to that effect. Still, both in written and oral arguments, the Opponent submitted that it must be found that the application does not conform to the requirements of s. 30(e) because the evidence established that Mr. Snyder, an officer of Preferred One Inc., filed the application on behalf of his company without himself intending to use the Mark.

[56] More specifically, the Opponent submits that the cross-examination of Mr. Snyder reveals that: (i) he filed the application on behalf of Preferred One Inc. and never intended to offer the services himself; (ii) even though the application was filed in his own name, Mr. Snyder intended that Preferred One Inc. would actually use the Mark; and (iii) there was no license agreement between Mr. Snyder and Preferred One Inc., nor was a licence ever contemplated. Further, the Opponent submits that the assignment of the application cannot correct the violation of s. 30(e) of the Act, nor is it relevant whether Mr. Snyder had a “fraudulent intent”.

[57] At the oral hearing, I noted to the Opponent's agent that I did not consider the issue of Mr. Snyder filing the application on behalf of his company as being pleaded in support of the ground of opposition. In reply, the agent argued that the pleading should not be confined to the allegation that "[t]he original Applicant always intended to sell the application to the Opponent" because the said allegation did not have to be part of the pleading. The agent argued that it would have been sufficient for the Opponent to plead that the statement required by s. 30(e) was false, as pleaded in the statement of opposition. In reply to my remark that his position was seemingly contradicted by the letter of February 28, 2006 sent to the Applicant's agent, the Opponent's agent submitted that the Opponent did not consider it necessary to amend the statement of opposition.

[58] I disagree with the Opponent's submission that it would have been sufficient for the Opponent to plead that the statement required by s. 30(e) was false. In my view, if there are no allegations of facts as to why the statement contained in the application was false, it cannot be said that a ground of opposition based upon non-conformity to s. 30(e) has been pleaded in sufficient details for an applicant to reply. To put it bluntly: How can an applicant understand the case it has to meet if there is no allegation as to why it made a false statement?

[59] Since the Opponent did plead a specific allegation of fact, namely that Mr. Snyder always intended to sell the application to the Opponent, this is not a case where the sufficiency of the pleading should be determined having regard to the evidence of record. In my opinion, the only reason the Opponent can put forth as a basis for concluding that the statement required by s. 30(e) of the Act was false is the material fact alleged in support of the ground of opposition. The Opponent must be confined to the pleading [see *Carling O'Keefe Breweries of Canada Ltd. / Brasseries Carling O'Keefe du Canada Ltée v. Anheuser-Busch Inc.* (1985), 4 C.P.R. (3d) 216 (T.M.O.B.)]. Therefore, the fact that the cross-examination of Mr. Snyder does establish that he filed the application on behalf of his company is not relevant.

[60] In view of the above, I dismiss the ground of opposition based upon non-conformity to s. 30(e) of the Act on the basis that the Opponent did not discharge its initial burden of evidencing the material fact alleged in the statement of opposition.

Non-conformity to s. 30(i) of the Act

[61] I reproduce hereafter the ground of opposition as pleaded:

The application does not conform with the provisions of s. 30(i) of the *Trade-marks Act*. The original Applicant and the Applicant could not have been satisfied of their entitlement to use the [Mark]. The original Applicant was made aware of the Opponent's iREWARDS trade mark (*sic*) and services during meetings with the Opponent held prior to the filing date of the original Applicant's iReward application (October 15, 2001)

[62] The Opponent did not expand on this ground of opposition in written or oral argument. However, at the oral hearing the Opponent's agent recognized that the evidence in support of this ground of opposition is restricted to the following statement of Ms. Flynn [paragraph 20]: "I understand that, prior to October 2001, Ms. Stern informed Mr. Snyder of Indigo's interest in using the trade-mark iREWARDS."

[63] In cross-examination, Ms. Flynn testifies that she was not present when Ms. Stern "informed Mr. Snyder" [Q181]. In reply to undertakings, the Opponent indicates that it was during a conversation, on December 19 or December 20, 2001, that Ms. Flynn was told by Ms. Stern that "she had previously informed Mr. Snyder (during a telephone conversation in response to one of his emails)" of the Opponent's intention.

[64] Statements made on information and belief in an affidavit are *prima facie* inadmissible hearsay evidence unless they satisfy the criteria of necessity and reliability [see *Labatt Brewing Co. v. Molson Breweries, a Partnership* (1996), 68 C.P.R. (3d) 216 (F.C.T.D.)]. No reasons were given as to why Nathalie Stern could not have provided the evidence [see *R. v. Khan* [1990] 2 S.C.R. 531]. Under these circumstances, I find the evidence introduced by the Opponent in support of this ground of opposition to be inadmissible hearsay evidence.

[65] In view of the above, I find that the Opponent has failed to discharge its evidentiary burden and I dismiss the ground of opposition based upon non-conformity to s. 30(i) of the Act.

[66] I would like to add that even if I was wrong in considering the Opponent's evidence as inadmissible, the outcome of the ground of opposition would have been same. Indeed, at paragraph 23 of his affidavit, Mr. Snyder affirms that he was never told that the Opponent "was

contemplating a loyalty card program under the name iREWARDS”. He goes on to state: “Ms. Stern indicated that Indigo was considering creating its own program, but she did not provide any other information and she certainly did not mention the name iREWARDS.” Mr. Snyder’s testimony in cross-examination does not contradict these statements. Thus, I would have found that the Applicant had discharged its burden of showing that, at the filing date of the application, Mr. Snyder truthfully made the statement required by s. 30(i) of the Act.

Disposition

[67] Having regard to the foregoing, pursuant to the authority delegated to me under s. 63(3) of the Act, I refuse the application pursuant to s. 38(8) of the Act.

Céline Tremblay
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office