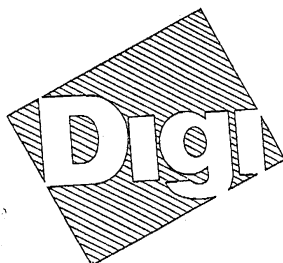


**IN THE MATTER OF OPPOSITIONS**  
**by Teraoka Seiko Co., Ltd. to applications**  
**Nos. 758,315 and 758,316 for the trade-marks**  
**DIGI INTERNATIONAL and DIGI & Design**  
**filed by Digi International Inc.**

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On July 4, 1994, the applicant, Digi International Inc., filed applications to register the trade-marks DIGI INTERNATIONAL and DIGI & Design (shown below) based on proposed use in Canada. The drawing for the latter mark is lined for the color green which is claimed as a feature of the mark. The effective filing date of the first application is January 18, 1994 in view of the applicant's claim to priority based on its corresponding application filed on that date in the United States. Both applications were advertised for opposition purposes on October 23, 1996. The statement of wares for each application was later amended to cover the following wares:

microcomputer hardware for use in connection with multi-user systems and local area networks namely: server-based asynchronous serial port boards, ISDN network interface cards and synchronous boards, ISDN LAN bridges, remote access servers, LAN routers, single and multiport transceivers, media converters, microhubs and modular repeaters, network print servers, cluster controller systems, modems and fax modems; and microcomputer software, namely software for operating such microcomputer hardware, software for terminal emulation, software for data communications in multi-user systems, software for data communications in local area networks, and software for remote local area network access.



The opponent, Teraoka Seiko Co., Ltd., filed statements of opposition on December 23, 1996, copies of which were forwarded to the applicant on May 20, 1997. The first ground of opposition in each case is that the applied for trade-mark is not registrable pursuant to Section 12(1)(d) of the Trade-marks Act because it is confusing with the following registered trade-marks owned by the opponent:

<i>Reg. No.</i>	<i>Trade-mark</i>	<i>Wares</i>
235,349	DIGI	retail price weigh scales; digital computing scales; digital computing scale printers; label printers; digital counting scales and computer peripheral equipment

328,101		scales, namely, electronic scale, electronic combination scale, digital scale and electronic scale with printer; printers, namely, electronic printer, cassette-loading label printer, label printer, label printer with electronic scale, and desk bar code printer; electronic accounting and shipping machines and instruments having postage meter or parcel register; integrated automatic weighing, wrapping and labelling machines and instruments; electronic wrapping apparatus; store automation system comprising computer, keyboard, printers, registers and electronic scale; electronic register; wrapping machines and instruments with electronic weighing apparatus; digital accounting apparatus; controllable automatic store rack; automatic weighing and labelling machines and instruments with conveyor belt; automatic weigh-price labelling machines and instruments; electric-powered hand labelling machine; automation system for assortment of products comprising computers, bar code printer, labelling robot, scanner and automatic assortment apparatus and instruments with belt conveyer; filling-type automatic packaging machine; automatic vacuum packaging machine; electric-powered automatic door
374,965	DIGI POSTAL	electronic scale and electronic printer for postal use; electronic accounting and shipping machines and instruments having postage meter or parcel register

The second ground of opposition in each case is that the applicant is not the person entitled to registration pursuant to Section 16(3) of the Act because, as of the applicant's filing date, the applied for trade-mark was confusing with the three registered trade-marks noted above which had been previously used in Canada by the opponent. The third ground is that the applied for trade-mark is not distinctive because it is confusing with the opponent's trade-marks.

The applicant filed and served a counter statement in each case. As its evidence in each opposition, the opponent submitted the affidavits of Ben Garistro and Lorraine Devitt. In the first opposition, the opponent also submitted a certified copy of the Trade-marks Office file history for application No. 758,315. In the second opposition, the opponent also submitted a certified copy of the file history for application No. 758,316.

As its evidence in each case, the applicant submitted an affidavit of Subramanian Krishnan. In the second opposition, the applicant also submitted an affidavit of Rosemary Langel. As evidence in reply in each case, the opponent submitted an affidavit of Linda Victoria Thibeault and a second affidavit of Ben Garisto. Both parties filed a written argument and an oral hearing was conducted at which both parties were represented.

As a preliminary matter, the applicant objected to the Thibeault affidavit and the second Garisto affidavit as not being proper reply evidence pursuant to Rule 43 of the Trade-marks Regulations. I agree. The Thibeault affidavit evidences the results of a search of the trade-marks register which was apparently done to correct perceived shortcomings in the search evidenced by the Devitt affidavit. It does not clearly reply to anything introduced into evidence by the Krishnan affidavit. The second Garisto affidavit is identical to the first Garisto affidavit except that the reference to the applicant's statements of wares was amended to take into account amended applications filed by the applicant. This, too, does not constitute evidence strictly confined to matters in reply to the Krishnan affidavit. Thus, I have given no consideration to the Thibeault affidavit or the second Garisto affidavit in these two proceedings.

As for the first ground of opposition in each case, 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 applicant's trade-marks DIGI INTERNATIONAL and DIGI & Design are inherently distinctive. However, the component DIGI is a contraction of the word "digital" which is suggestive of computer-related wares and the word INTERNATIONAL is inherently weak. Thus, the applicant's marks are not inherently strong.

**In his affidavit, Mr. Krishnan identifies himself as the Senior Vice President and Chief Financial Officer of the applicant and states that his company sells hardware and software products for multi-user environments, remote access and LAN connect markets. Mr. Krishnan states that his company uses its trade-marks DIGI & Design and DIGI INTERNATIONAL on virtually every product. According to Mr. Krishnan, sales of products bearing those trade-marks in Canada have averaged about \$225,000 a month since October of 1995. Sales for 1997 and 1998 totalled about \$6 million (U.S.). Thus, sales as of the end of 1998 totalled in excess of \$13 million (Cndn.). The applicant has also advertised its marks in Canada by itself and through its Canadian distributors. Thus, as of the material time, the trade-marks DIGI & Design and DIGI INTERNATIONAL had become known to some extent among those in the computer field.**

**The opponent's registered marks are also inherently distinctive. However, the marks are dominated by the suggestive component DIGI. Furthermore, the opponent's third registered mark includes the non-distinctive element POSTAL. Thus, the opponent's marks are not inherently strong.**

**In his first affidavit, Mr. Garisto identifies himself as the national sales manager of Digi Canada Incorporated, the opponent's exclusive Canadian distributor. Mr. Garisto states that the opponent has manufactured and sold electronically controlled counter scales, meat wrapping equipment and high-speed labellers in Canada under the registered trade-marks DIGI and DIGI & Design. According to Mr. Garisto, Canadian sales for the period 1995 to 1997 totalled in excess of \$7.7 million. Advertising expenditures for that same period were in excess of \$500,000. Thus, the opponent's registered trade-marks DIGI and DIGI & Design have become known to some extent in Canada. Since there is no evidence relating to the opponent's registered mark DIGI POSTAL & Design, I must conclude that it has not become known at all in Canada.**

**The length of time the marks have been in use does not significantly favor either party and is therefore not a material circumstance in the present cases. As for Sections 6(5)(c) and 6(5)(d) of the Act, it is the statements of wares of the parties 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.), Miss Universe, Inc. v. Dale Bohna (1994), 58 C.P.R.(3d) 381 at 390-392 (F.C.A.) and 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 opponent's wares primarily comprise electronic counter scales, labellers and meat wrapping equipment which are intended primarily for supermarkets and grocery stores. Exhibit 1 to the first Garisto affidavit is a catalogue which evidences the range of the opponent's products. Tabs 4 and 6 of Exhibit 1 illustrate how some of those products have computer communication capabilities. Exhibit 2 to the first Garisto affidavit is a catalogue description for one of the opponent's label printers which illustrates how the printer can be connected to a store's management system with a computer. The statement of wares for registration No. 328,101 also includes "store automation system comprising computer, keyboard, printers, registers and electronic scale."

As noted, the applicant's wares comprise hardware and software products for multi-user environments, remote access and LAN connect markets. Exhibit A to the Krishnan affidavit is a product preview book which evidences the range of products manufactured and sold by the applicant under its trade-marks DIGI & Design and DIGI INTERNATIONAL. Those products are designed to facilitate connectivity within various computer networks.

In general, the products of the parties are not the same. The opponent's products primarily comprise electronic scales, meat wrappers and labellers whereas the applicant's wares are hardware and software products designed primarily to effect connection between computers and networks. However, the opponent's registered wares include computer-related items including a computer-based store automation system. Thus, there is at least some potential overlap between the wares of the parties. Furthermore, as noted by the opponent, there is a potential connection between the goods of the parties as evidenced by Exhibit A to the Krishnan affidavit. Page eight of the applicant's product booklet refers to the applicant's AccelePort Xe product as follows:

The AccelePort Xe family supports point-of-sales applications connecting printers, terminals, cash registers, cash drawers, scanners and print receipt devices.

**This appears to be the very type of application encompassed by the opponent's computer-based electronic scales and labellers. Thus, there would appear to be at least some potential overlap in the trades of the parties, at least insofar as they both relate to in-store computerized systems for use by retailers.**

**As for Section 6(5)(e) of the Act, there is a high degree of visual resemblance between the marks at issue since the only distinctive word component of the applicant's marks is DIGI which is identical to the opponent's registered mark DIGI and the word component of the opponent's registered mark DIGI & Design. The degree of phonetic resemblance between the marks is even greater since the design components of the parties' marks then become irrelevant. To the extent that all of the marks suggest something "digital", there is some resemblance between them in the ideas suggested.**

**The opponent sought to rely on the Devitt affidavit to support its contention that the only registrations on the register for the word DIGI alone are the opponent's. However, I cannot give much weight to the Devitt affidavit since it does not appear that Ms. Devitt conducted her search directly from the trade-marks register. In any event, she did not indicate the source of the records searched and I therefore cannot assess the reliability of her search results.**

**The applicant contended that it could rely on the search results appearing in the certified copies of the Trade-marks Office files for each application which were submitted by the opponent to show that DIGI-prefixed trade-marks are common on the register. However, the certified copy of each file is merely evidence of the existence of records in that file. It cannot be relied on to conclude that search results found in the file are accurate or reliable. It is impossible to know what the parameters of the search were, how the search was conducted or even who conducted the search. More importantly, there is no one available to cross-examine in order to test the veracity of the results. Thus, I cannot rely on the search report appearing in the certified copies of the file histories of the applicant's two applications.**

The applicant also submitted that the contemporaneous use of the parties' trade-marks without any evidence of actual confusion supports its case. However, as noted by the opponent, the period of contemporaneous use evidenced in this case is, at most, two or three years. More importantly, the absence of actual confusion during that period is not surprising given the fact that the actual trades (as opposed to the potential trades) of the parties did not appear to overlap during that time. Thus, I have only given limited weight to the absence of evidence of incidents of actual confusion.

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 resemblance between the marks at issue, the potential overlap in the trades of the parties and the reputation shown for the opponent's marks DIGI and DIGI & Design, I find that I am left in a state of doubt respecting the issue of confusion between those two registered marks and the applicant's two marks. Since the onus or legal burden is on the applicant, I must resolve my doubt against it. Thus, I find that the first ground of opposition based on the opponent's first two registered marks is successful. If the applicant had been able to evidence common use of DIGI-prefixed marks in the trade, my conclusion might have been different. Given my conclusion respecting the first ground based on the opponent's first two registered marks, it is unnecessary to consider that ground insofar as it relies on the opponent's third registered mark.

As for the second ground of opposition in each case, there was an initial burden on the opponent to evidence use of its trade-marks prior to the applicant's effective filing dates which for the first application is January 18, 1994 and for the second application is July 4, 1994. Although the first Garisto affidavit evidences fairly extensive use of the opponent's trade-marks DIGI and DIGI & Design, it did not evidence any use of those marks prior to the applicant's filing dates. Furthermore, there is no evidence of use of the opponent's trade-mark DIGI POSTAL & Design at any time. Thus, the second ground of opposition is unsuccessful.

As for the third ground of opposition in each case, the onus or legal burden is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares

from the wares and services 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. - December 23, 1996): 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.

The third ground essentially turns on the issue of confusion between the applicant's marks and the opponent's two marks for which use has been shown namely, DIGI and DIGI & Design. My conclusions respecting this issue for the first ground of opposition are, for the most part, applicable to the third ground as well. Thus, I find that the applicant has failed to satisfy the onus on it to show that its two trade-marks were not confusing with the opponent's marks DIGI and DIGI & Design. The third ground of opposition is therefore also successful.

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 applications.

DATED AT HULL, QUEBEC, THIS 17<sup>th</sup> DAY OF APRIL, 2001.

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