

**IN THE MATTER OF AN OPPOSITION by  
Frito-Lay North America, Inc. to application No.  
1,191,604 for the trade-mark CRUNCHIPS in the  
name of Exito Food Manufacturing Inc.**

On October 7, 2003, Exito Food Manufacturing Inc. (the “Applicant”) filed an application to register the trade-mark CRUNCHIPS (the “Mark”). The application is based upon proposed use of the Mark in Canada in association with potato chips and tortilla chips.

The application was advertised for opposition purposes in the Trade-marks Journal of April 21, 2004. On September 21, 2004, Frito-Lay North America, Inc. (the “Opponent”) filed a statement of opposition. The Opponent has pleaded grounds of opposition under s. 38(2)(a), (b), (c) and (d) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the “Act”). Each of these grounds is premised on the Opponent’s allegation that the Mark is confusing with the trade-mark SUNCHIPS, which the Opponent has registered and used in association with snack foods.

The Applicant filed and served a counter statement in which it denied the Opponent’s allegations. It also made various arguments concerning the issues to be decided in these proceedings. Such submissions ought not to appear in a counter statement. Moreover, I am disregarding the various exhibits that are attached to the counter statement because they have not been properly introduced as evidence in these proceedings.

In support of its opposition, the Opponent filed the affidavit of Diljinder Tina Mahal. Ms. Mahal is a Sensible Snacks Marketing Manager at Frito Lay Canada, a Division of Pepsi-Cola Canada Ltd., which is licensed to use the Opponent’s SUNCHIPS mark.

In support of its application, the Applicant filed the affidavit of its President and Sole Director, Khashayar Baghai.

No cross-examinations were conducted.

Each party filed a written argument and participated in an oral hearing.

### Onus and Material Dates

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 the Opponent 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].

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

- 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.) at 475];
- s. 12(1)(d) - the date of my decision [see *Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. and The Registrar of Trade Marks* (1991), 37 C.P.R. (3d) 413 (F.C.A.)];
- s. 16(3) - the filing date of the application [see s. 16(3)];
- non-distinctiveness - the date of filing of the opposition [see *Metro-Goldwyn-Mayer Inc. v. Stargate Connections Inc.* (2004), 34 C.P.R. (4th) 317 (F.C.T.D.)].

### Section 30(i) Ground of Opposition

Where an applicant has provided the statement required by s. 30(i), a s. 30(i) ground should only succeed in exceptional cases such as where there is evidence of bad faith on the part of the applicant. [*Sapodilla Co. Ltd. v. Bristol-Myers Co.* (1974), 15 C.P.R. (2d) 152 (T.M.O.B.) at 155] As this is not such a case, I am dismissing this ground of opposition.

### Remaining Grounds of Opposition

Each of the remaining grounds of opposition turns on the issue of the likelihood of confusion between the Mark and the Opponent's mark SUNCHIPS. As the Opponent's case is strongest with respect to the ground that the Mark is not registrable pursuant to s. 12(1)(d) of the Act due to the likelihood of confusion with the Opponent's mark as registered under No. 430,944, I shall

first analyze the likelihood of confusion under that ground.

I note that the Opponent's initial burden with respect to this ground has been satisfied because Registration No. 430,944 is extant.

*test for confusion*

The test for confusion is one of first impression and imperfect recollection. Section 6(2) of the Act indicates that use of a trade-mark causes confusion with another trade-mark if 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, whether or not the wares or services are of the same general class.

In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in s. 6(5) of the Act, namely: a) the inherent distinctiveness of the trade-marks and the extent to which they have become known; b) the length of time each has been in use; c) the nature of the wares, services or business; d) the nature of the trade; and e) the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them. These enumerated factors need not be attributed equal weight. [See, in general, *Mattel, Inc. v. 3894207 Canada Inc.* (2006), 49 C.P.R. (4th) 321 (S.C.C.).]

*s. 6(5)(a) - inherent distinctiveness of the marks and the extent to which each has become known*  
SUNCHIPS is an inherently distinctive mark. CRUNCHIPS is also an inherently distinctive mark, although it is less so than SUNCHIPS due to the more suggestive nature of CRUNCHIPS.

The Applicant has not yet used its Mark, because it is awaiting the outcome of the present opposition. [paragraph 4, Baghai affidavit] In contrast, the Opponent has had extensive Canadian sales of its SUNCHIPS wares, ranging from \$10 million to \$33 million in each of the years between 1993 and 2005. In addition, the Opponent has been promoting its SUNCHIPS wares since 1992 and in excess of half a million dollars was expected to be spent in 2005 on advertising in the form of magazine ads, point of sale/point of purchase materials, sell sheets and Internet

promotions. [paragraphs 9-13, Mahal affidavit]

*s. 6(5)(b) - the length of time each has been in use*

This factor clearly favours the Opponent.

*s. 6(5)(c) and (d) - the nature of the wares, services or business; the nature of the trade*

When considering the wares, services and trades of the parties, it is the statement of wares or services in the parties' trade-mark application or registration that govern in respect of the issue of confusion arising under s. 12(1)(d) [*Henkel Kommanditgesellschaft auf Aktien v. Super Dragon Import Export Inc.* (1986), 12 C.P.R. (3d) 110 (F.C.A.); *Mr. Submarine Ltd. v. Amandista Investments Ltd.* (1987), 19 C.P.R. (3d) 3 (F.C.A.); *Miss Universe Inc. v. Bohna* (1994), 58 C.P.R. (3d) 381 (F.C.A.); cf. *McDonald's Corp. v. Coffee Hut Stores Ltd.* (1996), 68 C.P.R. (3d) 168 (F.C.A.); *Procter & Gamble Inc. v. Hunter Packaging Ltd.* (1999), 2 C.P.R. (4<sup>th</sup>) 266 (T.M.O.B.)].

The Opponent's mark is registered for multi-grain snack chips. The Applicant's application covers potato chips and tortilla chips. Thus, the parties' wares are very similar.

The Opponent sells its chips in several flavours and in several sizes of packaging through grocery stores, mass merchandise stores, drug stores, club stores, and gas and convenience stores. [paragraph 6, Mahal affidavit] It is reasonable to conclude that the Applicant's wares would travel similar channels of trade and target the same consumers.

The Opponent pointed out that the parties' wares are inexpensive and suggested that they would be impulse purchases.

*s. 6(5)(e) - the degree of resemblance between the marks in appearance or sound or in the ideas suggested by them*

It is a well-accepted principle that the first portion of a trade-mark is the most relevant for the purposes of distinction [*Conde Nast Publications Inc. v. Union des Editions Modernes* (1979), 46

C.P.R. (2d) 183 (F.C.T.D.) at 188] and the first portions of the two marks at issue here are significantly different in appearance, sound and idea suggested. It is true that both marks end in CHIPS but as that is the name of the associated wares, one would not expect consumers to rely on that portion of the mark to distinguish the source of the respective wares. It is also true that the first portion of each mark includes the syllable “un” but the marks as a whole do not resemble each other to a high degree. The Applicant’s mark is a telescoped version of “crunch chips” and the idea suggested is clearly that the chips are crunchy. I do not accept Ms. Mahal’s non-expert view that the marks are “audibly indistinguishable ... because ‘CRUN’ rhymes with ‘SUN’, but more significantly, because the ‘N’ in CRUNCHIPS is located in the same position as in SUNCHIPS®, causing the same phonetic effect.” [paragraph 8, Mahal affidavit] While there is no expert opinion evidence, given the appropriate dictionary meaning of “crunch”, and the lack of any meaning of “crun”, it may be reasonable to assume that consumers would naturally apply a known, rather than an unknown, pronunciation to the Mark, blurring the “ch” so that it occurs as both the tail end of the first word and the beginning of the second word. In addition, the fact that the sound of “cr” is notably different from the sound of “s” results in there being a significant audible difference between the two marks.

I note that the Applicant made the following submissions at paragraph 6 of its written argument:

As opposed to the Opponent’s trade-mark, the Applicant’s proposed trade-mark CRUNCHIPS consists of one (1) forged word, created by combining the words “Crunch” and “Chips”, being an obvious play on words of the crunchy nature of the Applicant’s wares which are Potato and Tortilla Chips. In this manner, the new word created is necessarily always pronounced as one (1) word, namely as –Crunchips-, and never as Crun-Chips or Crunch-Ips. You cannot breakdown trademark to two words when pronouncing it, as you can do with Sun-Chips, as neither “Crun” nor “Ips” are words in the English language. Therefore, the trademark shall always be pronounced quickly, as CRUNCHIPS, in one breath, as opposed to the pause that occurs when pronouncing SUNCHIPS.

I also note that in its written argument, the Opponent stated that the Applicant made the following admission at paragraph 4 of its counter statement: “The Applicant’s mark CRUNCHIPS is pronounced with the emphasis on the first syllable CRUN.” As the foregoing quote is simply an excerpt, I consider it only fair to reproduce paragraph 4 of the Applicant’s counter statement in full:

4. Without prejudice to Applicant's foregoing arguments, Opponent has emphasized the celestial body, the sun, in its registered trade-mark SUNCHIPS and in the design on the bag containing its wares (see Exhibit A-1). Also in pronouncing the trade-mark SUNCHIPS the emphasis is on the first syllable SUN rather than on the word CHIPS.

Whereas in Applicant's proposed trade-mark CRUNCHIPS the conveyed meaning and the pronunciation is on the first syllable CRUN rather than on CHIPS thus conveying the sound of crunching or crushing.

I am not certain that the foregoing qualifies as an admission, but if it is, the Opponent's agent agreed at the oral hearing that it is not binding on me. After all, the foregoing quote is in the form of argument (as opposed to a factual admission) and concerns an issue that is to be decided by me, i.e. the degree of resemblance between the parties' marks.

Even if the Applicant's Mark was to be pronounced CRUN-CHIPS, there are marked differences between SUNCHIPS and CRUNCHIPS in sound, appearance and idea suggested.

I note that the marks should be assessed in their entirety but that it is still acceptable to "focus on a particular feature of the mark that may have a determinative influence on the public's perception of it" [*United Artists Corp. v. Pink Panther Beauty Corp.* (1998), 80 C.P.R. (3d) 247 (F.C.A.) at 263].

*other surrounding circumstances*

The Applicant has pointed out that the Opponent's mark appears in certain places on its packaging etc. as two words, rather than one. However, the display of SUN above the word CHIPS still qualifies as use of SUNCHIPS, in accordance with Principle 2 of *Interloc Ltd. v. Prodesign Ltd.* (1984), 2 C.P.R. (3d) 535 at 538-9.

*conclusion regarding likelihood of confusion*

"Realistically appraised it is the degree of resemblance between trade marks in appearance, sound or in ideas suggested by them that is the most crucial factor, in most instances, and is the dominant factor and other factors play a subservient role in the over-all surrounding

circumstances.” [*Beverley Bedding & Upholstery Co. v. Regal Bedding & Upholstery Ltd.* (1980), 47 C.P.R. (2d) 145 (F.C.T.D.) at 149, affirmed 60 C.P.R. (2d) 70]

I find that the average Canadian consumer of chips, who has an imperfect recollection of SUNCHIPS, is not likely to assume that CRUNCHIPS chips and SUNCHIPS chips share the same source as a matter of immediate impression. Despite the reputation acquired by the Opponent, the marked differences between the marks appear to me to be sufficient to make confusion unlikely.

The s. 12(1)(d) ground of opposition therefore fails.

#### *Entitlement Ground of Opposition*

The Opponent has met its initial burden with respect to its s. 16(3) ground of opposition, by showing that its mark was used in Canada prior to October 7, 2003.

The analysis of the likelihood of confusion under this ground does not differ significantly from that under the s. 12(1)(d) ground of opposition. Accordingly, its outcome is the same, namely the s. 16(3) ground of opposition also fails.

#### *Non-distinctiveness Ground of Opposition*

In order to meet its initial burden with respect to this ground, the Opponent need only show that its mark was “known to some extent at least” as of September 21, 2004. [*Motel 6, Inc. v. No. 6 Motel Ltd.* (1981), 56 C.P.R. (2d) 44 (F.C.T.D.) at 58] The Opponent has met this burden.

The analysis of the likelihood of confusion under this ground does not differ significantly from that under the s. 12(1)(d) ground of opposition. Accordingly, its outcome is the same, namely the distinctiveness ground of opposition also fails.

Disposition

Having been delegated by the Registrar of Trade-marks by virtue of s. 63(3) of the Act, I reject the opposition pursuant to s. 38(8) of the Act.

DATED AT TORONTO, ONTARIO, THIS 3rd DAY OF JULY 2008.

Jill W. Bradbury  
Member  
Trade-marks Opposition Board