



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

Citation: 2015 TMOB 75
Date of Decision: 2015-04-21

**IN THE MATTER OF AN OPPOSITION
by Lemon Hart Rum Company Limited
to application No. 1,518,833 for the trade-
mark OAKHEART in the name of
Bacardi & Company Limited**

[1] On March 11, 2011, Bacardi & Company Limited (the Applicant) filed an application to register the trade-mark OAKHEART (the Mark). The application is based on proposed use in association with “rum, rum-based beverages, flavoured rums, cocktails flavoured with rum” (the Goods).

[2] The application was advertised for opposition purposes in the *Trade-marks Journal* of May 2, 2012.

[3] On October 2, 2012, Lemon Hart Rum Company Limited (the Opponent) filed a statement of opposition. The grounds of opposition can be summarized as follows:

- a. Pursuant to sections 38(2)(b) and 12(1)(d) of the *Trade-marks Act*, RSC 1985, c T-13 (the Act), the Mark is not registrable because it is confusing with the Opponent’s registered trade-marks
 - i. LEMON HART & SONS AND HEART SHAPED SHIELD Design – (0993194, NFLD003194)



- ii. HEART, LEMON HART & SONS, CORONET and Design – (0991874, NFLD001874)



- iii. LEMON HART (TMA603122)
- iv. LEMON HART & Design (TMA326928)



- v. ROYAL NAVY & Design (TMA331446)



- vi. A SCENE CONSISTING OF A SAILBOAT ... - (0200714; UCA031804)



- b. Pursuant to sections 38(2)(c) and 16 of the Act, the Applicant is not the person entitled to registration of the Mark because the trade-mark is not registrable and is confusing with the Opponent's registered trade-marks

- c. The Mark is not distinctive because it does not distinguish the rum in association with which it is used from the rum of the Opponent marketed in association with the Opponent's trade-marks

[4] The Applicant served and filed a counter statement in which it denied the Opponent's allegations and put the Opponent to the strict proof thereof.

[5] In support of its opposition, the Opponent filed two affidavits of Michael Szcepaniuk – one filed as its evidence in chief and one filed in reply to the applicant's evidence.

[6] In support of its application, the Applicant filed affidavits of Daniel Pilas and Jane Buckingham.

[7] Both parties filed written arguments and were represented at an oral hearing.

Onus and Material Dates

[8] 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 its ground of opposition exist [see *John Labatt Limited v The Molson Companies Limited* (1990), 30 CPR (3d) 293 (FCTD) at 298].

[9] The material date that applies to the ground of opposition is as follows:

- a. section 38(2)(b)/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 CPR (3d) 413 (FCA)];
- b. sections 38(2)(c)/16(3) – the date of filing the application [section 16(3) of the Act];
- c. sections 38(2)(d)/2 - the date of filing of the opposition [see *Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* (2004), 34 CPR (4th) 317 (FC)].

Non-registrability ground of opposition – section 12(1)(d)

[10] An opponent's initial onus is met with respect to a section 12(1)(d) ground of opposition if the registration(s) relied upon is in good standing as of the date of the opposition decision. The

Registrar has discretion to check the register in order to confirm the existence of the registration(s) relied upon by an opponent [see *Quaker Oats of Canada Ltd/La Compagnie Quaker Oats du Canada Ltée v Menu Foods Ltd* (1986), 11 CPR (3d) 410 (TMOB)].

[11] I have exercised my discretion and note that each of the pleaded registrations for the Opponent's trade-marks remains extant and thus the Opponent has met its initial evidential burden.

[12] 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 goods or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class.

[13] In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in section 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 goods, 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 CPR (4th) 321 (SCC) and *Masterpiece Inc v Alavida Lifestyles Inc* (2011), 96 CPR (4th) 361 (SCC).]

[14] At the oral hearing, the Opponent pointed to various design elements of the Opponent's registered design marks – specifically the images of hearts in registration Nos. NFLD003194 and NFLD001874 and the casks/barrels in registration No. UCA031804. The Opponent submitted that these design elements serve to create similarities between these trade-marks and the Mark by virtue of the heart design creating a link between the word “hart” and the word “heart” and the casks creating a link with the word “oak”. I disagree with the Opponent's submissions on this point and instead I find that the most pertinent of the Opponent's pleaded registrations is the trade-mark LEMON HART of registration No. TMA603,122 for “rum”. A consideration of the issue of confusion between this registration and the Mark will effectively decide the outcome of this opposition.

Section 6(5)(a) – inherent distinctiveness and the extent to which the marks have become known

[15] In its written argument, the Opponent submits that the first portion of the parties' marks is clearly suggestive in that it suggests the flavour of the associated rum. I do not agree. Rather, I am of the view that the parties' marks are coined words, with no particular meaning in relation to the associated goods and thus they share the same relatively high degree of inherent distinctiveness.

[16] I will now turn to the extent to which the trade-marks have become known in Canada.

[17] The application for the Mark claims proposed use. Mr. Pilas makes the sworn statement that from September 2011 to March 31, 2013 the Applicant sold 61,812 9L cases of OAKHEART branded rum. Mr. Pilas makes the sworn statement that the Mark is prominently displayed on labels, bottles and cans of all OAKHEART products sold in Canada. In support of this statement he attaches to his affidavit copies of photographs of the products (Exhibit B) and print representations of front and back labels (Exhibit C); all of which clearly display the Mark. He confirms that the samples are representative of the way in which the Mark has been used since the launch of the product. I am satisfied that the Applicant has evidenced sales of rum in association with the Mark since September 2011.

[18] In his first affidavit, Mr. Szcapaniuk makes bald assertions of use of the Opponent's LEMON HART trade-mark, as well as unsupported statements regarding the renown of the Opponent's LEMON HART branded rum. Mr. Szcapaniuk makes the following sworn statements:

...the trade-mark LEMON HART has been in use in Canada since at least 1924, with clear evidence of such use since 1991 being found at page 89 of the Monthly Sales Report for British Columbia as published by the Association of Canadian Distillers, an extract of which publication is attached in support of this affidavit as Exhibit MS-1

[19] The attached sales report includes a line for "LEMON HART ROYAL NAVY".

[20] This document is dated 1991 (thus significantly post-dating the claimed use date of 1924). Furthermore, it emanates from a third party and thus is hearsay as adduced through Mr. Szcapaniuk and therefore I am unable to rely on it as evidence of the truth of its contents.

[21] The only evidence of record which displays the LEMON HART mark in association with the Opponent's rum is found in the second Szcapaniuk affidavit in the form of photographs of bottles featuring labels which display the mark (Exhibit MS-3 to the Second Szcapaniuk affidavit). However, the second Szcapaniuk affidavit was filed as reply evidence pursuant to section 43 of the *Trade-marks Regulations* SOR/96-195 (the Regulations) and evidence of use of the LEMON HART mark does not form proper reply evidence.

[22] At the oral hearing the Opponent submitted that the second Szcapaniuk affidavit was adduced in reply to the issue of confusion (which was raised in the Applicant's evidence) it formed proper reply evidence. I disagree. This is too broad a view of the meaning of proper reply. Rather, I am of the view that proper reply evidence responds directly to points raised in the applicant's evidence, unanticipated matters arising from the applicant's evidence and it should not include evidence which could have been filed as part of the opponent's evidence in chief [see *Canstar Sports Group Inc v Sport Maska Inc.* (1996), 75 CPR (3d) 124 TMOB]. In fact, section 43(a) of the *Regulations* specifically states that evidence filed pursuant to this section must be "strictly confined to matters in reply". There is no reason why the Opponent could not have filed sample photographs and labels for its products in its evidence in chief.

[23] Thus, the Opponent has failed to provide any admissible evidence displaying the manner in which the LEMON HART trade-mark has been used with rum. As a result, I find that the Opponent has not established that its LEMON HART trade-mark has become known to any extent.

Section 6(5)(b) – the length of time each has been in use

[24] As discussed in greater detail above in the analysis of the section 6(5)(a) factor, the Opponent has not evidenced use of its LEMON HART trade-mark. The existence of the registration enables me only to infer *de minimis* use [see *Entre Computer Centers Inc. v. Global Upholstery Co.* (1991), 40 CPR (3d) 427 (TMOB)]. The Applicant, by contrast, has established use of the Mark since approximately September 2011.

Section 6(5)(c) and (d) – the nature of goods, services or business and trade

[25] The nature of the parties' goods is identical (with respect to "rum") or essentially identical with respect to "rum-based beverages, flavoured rums, cocktails flavoured with rum". The parties' channels of trade – namely the sale through provincial liquor control boards – are identical.

Section 6(5)(e) – the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them

[26] The Supreme Court in *Masterpiece* advised that the preferable approach when comparing marks is to begin by determining whether there is an aspect of the trade-mark that is particularly striking or unique [see *Masterpiece, supra* at para 64]. I do not find that there is any particular element of the parties' marks which is particularly striking or unique. Historically, the first element of a trade-mark was considered to be the most important for the purpose of distinguishing [see *Conde Nast Publications Inc v Union des éditions modernes* (1979), 46 CPR (2d) 183 (FCTD), at 188].

[27] In the present case, the first and arguably most important element of the parties' trade-marks differs. When the trade-marks are considered as a whole they include dominant differences in appearance, sound and idea suggested with the only similarity being a phonetic similarity between the HEART and HART elements.

[28] I find that the parties' marks thus share very little similarity in appearance, sound and ideas suggested such that this factor favours the Applicant.

Additional Surrounding Circumstance – State of the Register Evidence

[29] The Applicant filed the affidavit of Jane Buckingham which provides the results of a search of the Canadian Intellectual Property Office Trade-marks Database for trade-marks including the element HEART/HART in association with alcoholic beverages. Ms. Buckingham's search returned 12 entries on the Register for registrations or applications which have been allowed.

[30] I am of the view that while the state of the register evidence is insufficient to find that HEART/HART trade-marks have been commonly adopted; I am prepared to find that the evidence results in the inference that the Opponent does not have a monopoly over the use of the component HEART/HART in the alcoholic beverage industry. As such, this factor slightly favours the Applicant.

Conclusion

[31] In applying the test for confusion I have considered it as a matter of first impression. While I acknowledge that the nature of the parties' goods and trade is the same, I note that the degree of resemblance in the trade-marks is often considered the most important factor (see *Masterpiece* at para 49). In this case there is not a high degree of resemblance between the parties' marks in terms of appearance, sound or idea suggested.

[32] Based on the foregoing, I am satisfied that the Applicant has discharged its burden of showing, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the Opponent's registered trade-mark, LEMON HART (TMA603,122) which I find to be determinative of the issue – since confusion would be no more likely with respect to any of the Opponent's other pleaded registered trade-marks.

[33] Based on the foregoing, the section 12(1)(d) ground of opposition is dismissed.

Non-entitlement Ground of Opposition – section 16(3) of the Act

[34] The Opponent is under an initial burden of establishing use of one or more of the pleaded marks prior to the filing date for the application for the Mark (March 11, 2011) as well as non-abandonment of its pleaded marks at the date of advertisement (May 2, 2012).

[35] As discussed further above in the analysis of the section 12(1)(d) ground of opposition – the Opponent has failed to provide any admissible evidence establishing use of the pleaded LEMON HART trade-marks in Canada in association with rum. The existence of the registrations are not sufficient to enable the Opponent to meet its evidential burden [see *Roos, Inc v Edit-SRL* (2002), 23 CPR (4th) 265 (TMOB)]. As a result, I find that the Opponent has failed to meet its evidential burden in support of this ground of opposition.

Non-distinctiveness Ground of Opposition

[36] While there is a legal onus on the Applicant to show that the Mark is adapted to distinguish or actually distinguishes its Goods from those of others throughout Canada [see *Muffin Houses Incorporated v The Muffin House Bakery Ltd* (1985), 4 CPR (3d) 272 (TMOB)], there is an initial evidential burden on the Opponent to establish the facts relied upon in support of the ground of non-distinctiveness.

[37] Pursuant to its evidential burden, the Opponent is under an obligation to show that, as of the filing of the statement of opposition, one or more of its pleaded trade-marks had become known sufficiently to negate the distinctiveness of the Mark [see *Bojangles' International, LLC v Bojangles Café Ltd* (2004), 40 CPR (4th) 553, affirmed (2006), 48 CPR (4th) 427 (FC)].

[38] As discussed further above in the analysis of the section 12(1)(d) ground of opposition, the Opponent has failed to evidence use of its pleaded LEMON HART trade-marks and the registrations are not sufficient to enable the Opponent to meet its evidential burden. As a result, the Opponent has failed to meet its evidential burden under this ground of opposition.

Disposition

[39] Pursuant to the authority delegated to me under section 63(3) of the Act, I reject the opposition pursuant to section 38(8) of the Act.

Andrea Flewelling
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office