

IN THE MATTER OF AN OPPOSITION by
Interprovincial Lottery Corporation, British
Columbia Lottery Corporation, Western
Canada Lottery Corporation, Ontario Lottery
and Gaming Corporation, Société des loteries
du Québec and Atlantic Lottery Corporation to
application No. 1,051,962 for the trade-mark
SHOWCASE LOTTO filed by Monetary
Capital Corporation

On March 22, 2000, the applicant, Monetary Capital Corporation, filed an application to register the trade-mark SHOWCASE LOTTO. The application is based upon proposed use of the trade-mark in Canada in association with “electronic retail sales, by means of a global computer network, of prizes provided by others by accepting discounts to be won in an on-line lottery game” and upon use in Canada since at least November 16, 1999 in association with “a lottery game accessible over a global computer network.”. The application disclaims the right to the exclusive use of the word LOTTO apart from the trade-mark.

The application was advertised for opposition purposes in the Trade-marks Journal of July 31, 2002. The opponents, Interprovincial Lottery Corporation, British Columbia Lottery Corporation, Western Canada Lottery Corporation, Ontario Lottery and Gaming Corporation, Société des loteries du Québec and Atlantic Lottery Corporation, filed a statement of opposition on March 20, 2003, pleading one ground of opposition, which I summarize below:

The applicant could not have been satisfied pursuant to s. 30(i) of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the “Act”) that it was entitled to use the trade-mark SHOWCASE LOTTO in Canada in that the applied for activities are illegal pursuant to the *Criminal Code* (the “Code”). Section 206 of the Code generally prohibits gaming and betting in Canada, while s. 207 allows some tightly circumscribed exceptions to the broad prohibition. The applicant is not an organization authorized by s. 207 to conduct gaming and lottery activities and it has not been licensed by any of the opponents. Furthermore, the applicant’s use or intent to use the trade-mark in association with gaming and lottery activities conducted over a “global computer network” is contrary to the Code as it raises two additional legal problems: the operation of lottery schemes “on or through a computer” and the conduct and management of multi-jurisdictional lottery schemes, which would be contrary to s. 207(4) and 207(1)(a), (e), (f) and (h) of the Code.

The applicant filed and served a counter statement in which it denied the opponents' allegations.

As rule 41 evidence, an affidavit from a representative of each of the opponents was filed, namely the affidavits of Elizabeth Knebli, Douglas Penrose, John Matheson, Lynne Roiter, Antonio Carvalho and Scott Grant. The opponent Interprovincial Lottery Corporation is a corporation owned by the ten provincial governments whose purpose is to protect the rights and interest of the provinces and their regional lottery organizations. The remaining opponents are the regional lottery organizations authorized to conduct and manage lottery schemes pursuant to s. 207(4) of the Code in each of the ten provinces and three territories of Canada.

The affiants discuss the provisions of the Code that deal with gaming and lotteries and set out a *prima facie* case that the applicant is not a party authorized pursuant to the Code to perform gaming or lottery services and has not been licensed to do so by the parties entitled to do so. In addition, the evidence sets out the legislation and case law that requires there to be interprovincial agreements pursuant to s. 207(1)(a) of the Code in order for multi-jurisdictional gaming activities to be lawfully performed. Finally, the evidence asserts that lottery schemes that are operated "on or through a computer" in Canada may only be conducted by provinces and the provinces are not entitled to license another party to conduct a lottery scheme "on or through a computer." In this regard, the opponents rely upon the decision in the matter of *Reference re: Earth Future Lottery*, (2002) 215 D.L.R. (4th) 656.

The applicant elected to not file any rule 42 evidence.

Only the opponents filed a written argument. An oral hearing was not requested.

The opponents' written argument directs us to a number of Board decisions, and I will quote from one of them, *Interprovincial Lottery Corp. v. Western Gaming Systems Inc.* (2002), 25 C.P.R. (4th) 572. At pages 575-6, Board Member Martin wrote:

As for the third ground of opposition, the applicant has formally complied with the provisions of s. 30(i) of the Act by including the required statement in its application. The issue then becomes whether or not the applicant has substantively complied with that

subsection, i.e., was the statement true when the application was filed? Previous oppositions based on non-compliance with s. 30(i) of the Trade-marks Act have been successful where an opponent has made out a *prima facie* case that the applicant's proposed use of its mark was in potential violation of a federal statute. As stated at pp. 542-43 of the opposition decision in *Interactiv Design Pty Ltd. v. Grafton-Fraser Inc.* (1998), 87 C.P.R. (3d) 537 (T.M.H.O.):

... in the course of dealing with section 30(i) grounds of opposition, the Trade-marks Opposition Board has in the past found it necessary to consider whether an opponent has made out a *prima facie* case of contravention of another federal statute, as opposed to finding that there has actually been contravention. For example, a case of *prima facie* copyright infringement was found to exist in *E. Remy Martin & Co. S.A. v. Magnet Trading Corp. (HK) Ltd.* (1988), 23 C.P.R. (3d) 242 (T.M.O.B.), discussed in the applicant's written argument and various oppositions by Canada Post Corporation have resulted in a finding of *prima facie* contravention of the *Canada Post Corporation Act*, R.S.C. 1985, c. C-10 (see for example, *Canada Post Corp. v. Metromail Corp.*, November 19, 1997 (T.M.O.B.) [now reported 84 C.P.R. (3d) 511]). In addition, *prima facie* contravention of the *Food and Drugs Act*, R.S.C. 1985, c. F-27, supported the success of a section 30(i) ground of opposition in *Institut National des Appellations d'Origine v. Brick Brewing Co.* (1995), 66 C.P.R. (3d) 351 (T.M.O.B.).

In the present case, the opponents' evidence establishes that ss. 206 and 207 of the Criminal Code govern the legality and conduct of lottery schemes in Canada. The net effect of these provisions is that lottery schemes in Canada may only be conducted and managed by the government of a province through legislatively designated entities or corporations or, in certain specified circumstances, where defined individuals or organizations obtain a licence or designation from the Lieutenant Governor in Council of a province.

The opponents' six affiants represent the six opponents which comprise all of the provincially legislatively designated entities charged with managing and conducting lotteries and the organization responsible for the overall national administration of various lotteries, namely Interprovincial Lottery Corporation. All of those affiants indicate that the applicant has had no dealings with them since January of 1998 and that they have not asked the applicant to print lottery tickets, break-open ticket games and the like for them. Furthermore, they all state that the applicant has not asked them to be involved in the sale, wholesale or distribution of lottery tickets in association with the trade-mark POWWOW. Finally, they all indicate that they are unaware of the applicant having been licensed to manage and conduct lottery schemes in Canada.

I consider that the foregoing suffices to meet the opponents' evidential burden. The applicant contends that it does not since its application is based on proposed use and it is premature to require it to establish that it has been issued a licence to operate a lottery. While, strictly speaking, it may be accurate to state that the applicant need not yet have an issued licence to support its proposed business venture, the opponents' evidence suggests

that the applicant has taken no steps to conform with the Criminal Code. Presumably, the applicant would have already applied for a licence or at least taken some preliminary steps to ensure its compliance with the Criminal Code. Yet the applicant did not evidence any such steps. Thus, I find that the opponents have made out a *prima facie* case of a potential contravention of the Criminal Code by the applicant. The opponents have therefore satisfied their evidential burden and the applicant did nothing to meet its legal burden. That is not to say that the applicant has offended any provisions of the Criminal Code but it was incumbent on it to show that it had at least taken preliminary steps to comply with the Code. The third ground is therefore successful.

Clearly, the above case is similar in many ways to the present one. However, in the present case, the opponents' position is stronger because the application is based on use in addition to proposed use. In addition, the present applicant did not make any submissions in support of its contention that its application complies with s. 30(i).

The applicant bears the legal onus of establishing, on a balance of probabilities, that its application complies with the requirements of the Act. There is however an initial evidential burden on the opponents 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*, 30 C.P.R. (3d) 293 at 298] The opponents have here met their initial burden and it was therefore incumbent on the applicant to meet its legal onus. Given the lack of both evidence and argument from the applicant, I find in favour of the opponents.

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

DATED AT TORONTO, ONTARIO, THIS 11TH DAY OF JULY 2006.

Jill W. Bradbury
Member
Trade-marks Opposition Board