

**IN THE MATTER OF AN OPPOSITION
by Starbucks Corporation d.b.a. Starbucks
Coffee Company to application no. 1232110
for the trade-mark TAYOMOCHA filed by
Food Steps International Inc.**



[1] On September 29, 2004, Food Steps International Inc. (hereinafter "Food Steps") filed an application to register the trade-mark TAYOMOCHA, based on proposed use in Canada, in association with

non-alcoholic beverages containing coffee and tea;
non-dairy topping for beverages containing coffee
and tea; non-dairy creamers.

[2] The subject application was advertised for opposition purposes in the *Trade-marks Journal* issue dated September 7, 2005, and was opposed by Starbucks Corporation d.b.a. Starbucks Coffee Company (hereinafter "Starbucks") on February 6, 2006. The Registrar forwarded a copy of the statement of opposition to the applicant on February 28, 2006, as required by Section 38(5) of the *Trade-marks Act*. The applicant responded by filing and serving a counter statement. During the course of the proceedings the opponent was granted leave to file an amended statement of opposition and the applicant was granted leave to file an amended counter statement.

FILINGS

[3] The opponent's evidence consists of the affidavits of Karin Koonings; Roy Wong; and Holman Wang, as well as certified copies of the opponent's trade-mark registrations the particulars of which are summarized below:

Trade-mark & Registration No.	Wares & Services
TAZO regn. no. 510244	tea
TAZO regn. no. 574263	<p>tea; herbal tea for food purposes; beverages made with a base of tea; beverages made with a base of herbal tea for food purposes; tea based beverages with fruit flavoring, flavoring syrups to add to beverages, tea based concentrates; herbal tea based concentrates for food purposes; non-carbonated soft drinks, syrups for making soft drinks, syrups for making fruit drinks, fruit flavored soft drinks, fruit juices, fruit based soft drinks flavored with tea.</p> <p>mail order, online and catalogue sales services featuring tea, tea based beverages and housewares related to tea.</p>
 <p>THE REINCARNATION of TEA</p> <p>regn. no. 569159</p>	herbal and non-herbal tea, non-alcoholic beverages made with a base of herbal and non-herbal tea, non-alcoholic tea-based beverages with fruit flavoring, flavoring syrups to add to beverages, herbal and non-herbal tea-based concentrates; non-carbonated soft drinks, syrups for making soft drinks, syrups for making fruit drinks, fruit flavored soft drinks, fruit juices, fruit-based soft drinks flavored with tea.
 <p>regn. no. 662905</p>	tea (herbal and non-herbal), tea beverages, beverages made with a base of tea, iced tea, ready-to-drink tea, fruit drinks, liquid beverage mixes used to make non-alcoholic tea-based beverages and non-alcoholic fruit-based beverages; non-carbonated soft drinks.

[4] The applicant's evidence consists of the affidavits of Ian Toews and Lisa Saltzman. Both

parties filed a written argument and both parties attended at a hearing held on May 26, 2009.

STATEMENT OF OPPOSITION

[5] The first ground of opposition alleges that the applied for mark TAYOMOCHA is not registrable, pursuant to Section 12(1)(d) of the *Trade-marks Act*, because it is confusing with the opponent's above-mentioned registrations.

[6] The second ground alleges that the applicant is not entitled to register the applied for mark, pursuant to Section 16(3)(a) of the *Act*, because at the date of filing of the subject application the mark TAYOMOCHA was confusing with the opponent's above mentioned trade-marks which had been previously used in Canada by the opponent with the same type of goods identified in the subject application.

[7] The third ground alleges that the applied for mark TAYOMOCHA is not adapted to distinguish the wares of the applicant from the wares of the opponent.

OPPONENT'S EVIDENCE

Karin Koonings

[8] Ms. Koonings identifies herself as an executive with the opponent. Her testimony is that the opponent is the world's leading retailer, roaster and brand of specialty coffee, with over 12,000 retail locations throughout the world. In addition to brewed coffee and espresso beverages, the opponent's coffeeshouses also serve tea, pasteries and confections. The opponent opened its first Canadian store in Vancouver in 1987 and the first stores in Ontario opened in 1996. As of October

2006, there were about 683 Starbucks retail locations throughout Canada. The opponent and its predecessor in title have been using the trade-mark TAZO in association with tea and other beverages since February 1997. The product is sold (a) as packaged tea in filter bags and as loose tea, (b) as a tea beverage, including a tea latte, prepared and sold in Starbucks' coffee bars and third party grocery stores, and (c) as a ready to drink bottled or packaged beverage. Items under (a) and (c) above are also sold by independent retailers including Safeway, Loblaw's, A&P, Dominion, and Sobeys. Exhibit material attached to Ms. Koonings' affidavit show that the opponent's mark TAZO is prominently featured on its tea and beverage products. Sales under the opponent's TAZO marks amounted to about \$26,000 (representing about 9,000 units sold) in the year 1999 and gradually increased to about \$2.86 million (representing about 286,000 units sold) in the year 2006.

[9] TAZO tea beverages which are prepared in-store are served in beverage cups. The customer would (i) view a menu board with the trade-mark TAZO appearing with product description and prices, (ii) order the TAZO product from a Starbucks' employee, (iii) receive the beverage with a printed label affixed to the cup stating that the cup contains a TAZO tea beverage. The opponent has spent over \$1 million in Canada on advertising TAZO products in the five year period ending September 2006.

There are indications that in-store branding has created significant public awareness of the mark TAZO. It is estimated that in Canada there are over 900 million in-store branded impressions of the trade-mark TAZO through menu board advertising, sampling and table toppers. Sales of

TAZO products at non-Starbucks retail locations has also contributed to public awareness of the trade-mark TAZO.

[10] The opponent's concern with the applicant's proposed use of the applied for mark TAYOMOCHA is expressed at paragraph 27 of Ms. Koonings' affidavit:

. . . the use by the Applicant of the trade-mark TAYOMOCHA in association with products which are sold in the same channel of trade as Starbucks' products will lead to confusion in the marketplace. The source of the Applicant's products could be mistaken as being the Opponent, given Starbucks' presence in the market segment and Starbucks' extensive use of the trade-mark TAZO.

Roy Wong

[11] Mr. Wong is a principal of a business intelligence and investigations firm. His evidence is to the effect that the applicant sells a non-dairy beverage under the trade-mark TAYO & Design. The design elements of the mark are comprised of an oval centred in the middle of the top V portion of the letter Y, and the letter Y itself is somewhat asymmetrical, broad and rounded. Thus, the design components suggest a standing human figure with outstretched arms, as shown below:



It appears that the non-flavoured TAYO & Design product can be used as a milk substitute in the preparation of specialty coffees such as lattes and mochas. However, the distribution of TAYO & Design products at the retail coffee shop level was not put into operation because the applicant did not have a cost effective distribution network. Mr. Wong's evidence also corroborates Ms. Koonings' evidence concerning how the opponent's in-store branding methods

create customer awareness of TAZO beverages.

Holman Wang

[12] Mr. Wang is a lawyer with the firm representing the opponent. Mr. Wang's evidence concerns TAYO & Design products described on the Internet as a non-dairy alternative to milk and suitable for use in specialty coffee drinks such as lattes, mochas and cappuccinos.

APPLICANT'S EVIDENCE

Ian Toews

[13] Mr. Toews is the President of the applicant company Food Steps. The applicant was incorporated as a Federal corporation in November 2001. In July 2003 the applicant commenced commercial production of the TAYO & Design brand beverage at which time it was distributed to retail grocery stores in the lower mainland of British Columbia and Vancouver Island. The TAYO & Design beverage was a newly developed product intended for lactose intolerant people who did not consume soya based products. The mark was registered in July 2004 under registration no. 614751 for various types of non-alcoholic beverages.

[14] TAYO & Design products have been distributed across Canada to retail stores including Thrifty Stores, IGA, and Sobey's. As of mid-2007, TAYO & Design products were sold in the refrigerated dairy case alongside traditional milk products, however, the applicant would soon be launching a non-refrigerated "shelf stable" product. The applicant planned to launch the TAYOMOCHA and TAYOLATTE products in the year 2008. Gross sales under the mark TAYO

& Design amounted to about \$47,000 in 2003, and averaged about \$325,000 for the three year period 2004 - 2006. Sales in the first quarter of 2007 amounted to \$37,000. The total advertising costs to promote the TAYO & Design trade-mark amounted to about \$1 million from 2003 to the end of the first quarter of 2007. The mark appears on all product labels, product packaging and advertising material consisting of consumer coupons, consumer information handouts and brochures. Exhibit material attached to Mr. Toews' affidavit confirm that the mark TAYO & Design is prominently displayed on the applicant's beverage products.

As of April 2007, the applicant was also the owner of the mark GELATAYO, registration no. 643072; allowed application no. 1232112 for the mark TAYOCCINO; application no. 1231374 for the word mark TAYO; and application no. 1232111 for the mark TAYOLATTÉ.

[15] Mr. Toews' views on the subject opposition are expressed at paragraph 33 of his affidavit:

. . . the Opponent's TAZO trade-marks and Food Steps' TAYO trade-mark have co-existed in the marketplace in similar channels of trade for at least the last four years without a single instance of actual confusion. I submit that the addition of the trade-mark TAYOMOCHA to Food Steps [sic] existing family of marks is not likely to cause confusion in the minds of consumers. Having regard to this . . . it is unlikely that confusion will occur in the future.

Lisa Saltzman

[16] Ms. Saltzman is with a trade-marks searching firm. Her affidavit serves to introduce into evidence a search of the trade-marks register for marks that are similar to or comprised of the components TAZO and TAYO. From my review of the exhibit material attached to her affidavit, I

conclude that there are two third party marks namely, TAZA Design and TAZZA which bear some resemblance to the opponent's mark TAZO, but no marks which bear a similar resemblance to the marks TAYO & Design or TAYOMOCHA.

MAIN ISSUE & LEGAL ONUS

[17] The main issue in this proceeding is whether the applied for mark TAYOMOCHA is confusing with the opponent's mark TAZO. The material dates to assess the issue of confusion are (i) the date of decision, with respect to the first ground of opposition alleging non-registrability: see *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) 413 at 424 (F.C.A.); (ii) the date of filing of the application, in this case September 29, 2004, with respect to the second ground of opposition alleging non-entitlement: see Section 16(3) of the *Trade-marks Act*; (iii) the date of opposition, in this case February 6, 2006, in respect of the issue of non-distinctiveness: see *Re Andres Wines Ltd. and E. & J. Gallo Winery* (1975), 25 C.P.R.(2d) 126 at 130 (F.C.A.) and *Clarco Communications Ltd. v. Sassy Publishers Inc.* (1994), 54 C.P.R.(3d) 418 (F.C.T.D.).

[18] The legal onus is on the applicant to show that there would be no reasonable likelihood of confusion, within the meaning of Section 6(2) of the *Act*, shown below, between the applied for mark TAYOMOCHA and the opponent's mark TAZO:

6(2) The 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.

The presence of an onus on the applicant means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against the applicant: see *John Labatt Ltd. v. Molson Companies Ltd.* (1990) 30 C.P.R.(3d) 293 at 297-298 (F.C.T.D.). The test for confusion is one of first impression and imperfect recollection. Factors to be considered, in making an assessment as to whether two marks are confusing, are set out in Section 6(5) of the *Act*: the inherent distinctiveness of the marks and the extent to which they have become known; the length of time each has been in use; the nature of the wares, services or business; the nature of the trade; the degree of resemblance in appearance or sound of the marks or in the ideas suggested by them. This list is not exhaustive; all relevant factors are to be considered. All factors do not necessarily have equal weight. The weight to be given to each depends on the circumstances: see *Gainers Inc. v. Tammy L. Marchildon and The Registrar of Trade-marks* (1996), 66 C.P.R.(3d) 308 (F.C.T.D.).

CONSIDERATION OF SECTION 6(5) FACTORS

Inherent and Acquired Distinctiveness

[19] The opponent's mark TAZO possesses a high degree of inherent distinctiveness because it is a coined word without any particular connotation which relates to the opponent's wares. Similarly, the applied for mark TAYOMOCHA possesses a relatively high degree of inherent distinctiveness because the first portion of the mark is a coined word without any particular connotation which relates to the applicant's wares. However, the inherent distinctiveness of the applied for mark is lessened owing to the suffix component MOCHA which describes a type of

coffee beverage. The inherent distinctiveness of the parties' marks are underscored by Ms. Saltzman's evidence which identified only two marks similar to the opponent's mark TAZO but none as similar to the mark TAYO. The opponent's mark TAZO would have acquired a fair degree of reputation in Canada as of the earliest material date (September 2004) owing to use and promotion of the mark beginning in late 1997. Of course, the opponent's mark TAZO continued to acquire distinctiveness, via sales under the mark and promotion of the mark, through to the latest material date which is the date of my decision. The applied for mark TAYOMOCHA is based on proposed use in Canada and did not acquire any reputation at any material time. However, the first and distinctive portion of the applied for mark TAYOMOCHA (that is, TAYO) would have acquired some distinctiveness as it is a variant of the applicant's mark TAYO & Design which has been in use since July 2003. Like the opponent's mark, the mark TAYO & Design continued to acquire distinctiveness, via sales under the mark and promotion of the mark, through to the latest material date.

Nature of the Wares and Trades

[20] In regard to the wares and trades of the parties, it is the applicant's statement of wares in the application and the opponent's statement of wares in its registrations that govern, at least in respect of the ground of opposition based on Section 12(1)(d) of the *Act*: 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.) and *Miss*

Universe, Inc. v. Dale Bohna (1994), 58 C.P.R.(3d) 381 at 390-392 (F.C.A.). However, those

statements must be read with a view to determining the probable type of business or trade intended

by the parties rather than all possible trades that might be encompassed by the wording. For this purpose, evidence of the actual trades of the parties is useful: see *McDonald's Corporation v. Coffee Hut Stores Ltd.* (1996), 68 C.P.R.(3d) 168 at 169 (F.C.A.). It is apparent from the evidence of record that there is significant overlap between the parties' wares and the parties' channels of trade. It is therefore likely that the parties' wares would be sold through the same third party retail food outlets. Further, some of the applicant's products such as non-dairy toppings and creamers are suitable for use in the opponent's own coffee shops. Of course, such use of the applicant's products in the opponent's coffee shops is under the control of the opponent.

Degree of Resemblance

[21] There is a fair degree of resemblance between the marks TAZO and TAYOMOCHA visually given that (i) the first portion of a mark is the more important for the purposes of distinction (see *Conde Nast Publications Inc. v. Union Des Editions Modernes* (1979) 26 C.P.R.(2d) 183 at 188 (F.C.T.D.)) and (ii) the suffix portion of the applied for mark (that is, MOCHA) is a descriptive term for beverages. However, I consider that there is less of a resemblance aurally between the marks TAZO and TAYOMOCHA since the Z sound in the term TAZO is distinct from the Y sound in the component TAYO. I do not consider that there is any resemblance between the parties' marks in the ideas that they suggest. In this regard, the opponent's mark does not suggest any idea in particular to the average consumer, while the applied for mark suggests some type of coffee drink.

Surrounding Circumstance

[22] A surrounding circumstance to be considered is the lack of evidence of actual confusion.

Of course, the opponent is under no obligation to submit evidence of instances of actual confusion and the absence of such evidence does not necessarily raise any presumptions unfavourable to the opponent nor is it determinative of the issue of confusion. Nevertheless, an absence of evidence of actual confusion over a relevant period of time, despite an overlap in the parties' wares and channels of trade, may entitle one to draw a negative inference about the likelihood of confusion: see *Monsport Inc. v. Vetements de Sport Bonnie (1978) Ltée* (1988), 22 C.P.R. (3d) 356 (F.C.T.D.); *Mercedes-Benz A.G. v. Autostock Inc.*, 69 C.P.R. (3d) 518 (TMOB). In the instant case, the evidence indicates that there has been substantial concurrent use of the parties' marks TAZO and TAYO & Design across Canada since mid 2003 and that the parties' wares have been sold through overlapping channels of trade, that is, through major third party food retailers. If instances of actual confusion have not been evidenced in respect of the marks TAZO and TAYO & Design, then the implication is that there will not be a reasonable likelihood of confusion between the marks TAZO and TAYOMOCHA.

DISPOSITION

[23] Considering all of the above, and taking into account in particular the differences in the parties' marks as well as their similarities, and that the opponent has not evidenced any instances of actual confusion between the marks TAZO and TAYO & Design despite their concurrent use in the marketplace, I am satisfied that the applicant has met the legal onus on it show that, on a balance of probabilities, there is no reasonable likelihood of confusion between the applied for mark TAYOMOCHA and any of the opponent's TAZO marks at any material time.

In view of the foregoing, the opposition is rejected. This decision has been made pursuant to a delegation of authority under Section 63(3) of the *Trade-marks Act*.

DATED AT VILLE DE GATINEAU, QUEBEC, THIS 10th DAY OF JUNE, 2009.

Myer Herzig,
Member,
Trade-marks Opposition Board