

**IN THE MATTER OF AN OPPOSITION by Spy
Optic, Inc. to application No. 1,141,196 for the
trade-mark SPY-C filed by YM Inc. (Sales)**

On May 17, 2002, YM Inc. (Sales) (the “Applicant”) filed an application to register the trade-mark SPY-C (the “Mark”). The application is based upon:

1. use of the Mark in Canada since at least as early as May 16, 2002 in association with coats, pants, suits, jackets, shirts, dresses, blouses, skirts, shorts, sweaters, t-shirts, ties, vests, hats, and gloves, and
2. proposed use of the Mark in Canada in association with retail clothing store services.

The application was advertised for opposition purposes in the Trade-marks Journal of March 10, 2004. On August 6, 2004, Spy Optic, 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”).

The Applicant filed and served a counter statement in which it denied the Opponent’s allegations and submitted that the allegation set out with respect to s. 38(2)(d) is vague and improper as it fails to set out a ground of opposition in sufficient detail to enable the Applicant to reply thereto.

In support of its opposition, the Opponent filed the affidavit of Barry Buchholtz and certified copies of Canadian trade-mark registrations Nos. TMA475,429 and TMA449,901. In support of its application, the Applicant filed the affidavits of Rex M. Shoyama, Sharon Ho and Gay Owens. No cross-examinations were conducted.

Each party filed a written argument and each party was represented at 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. 38(2)(a)/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. 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 C.P.R. (3d) 413 (F.C.A.)];
- s. 38(2)(c)/16(3) - the filing date of the application [see s. 16(3)];
- s. 38(2)(d)/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 Grounds of Opposition

There is no evidence before me from which it could reasonably be concluded that the facts alleged to support the pleaded s. 30 grounds of opposition exist. Accordingly, the Opponent has not met its initial burden with respect to these grounds and the grounds must fail.

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 SPY.

The Opponent's SPY mark was registered on November 10, 1995 under No. 449,901 for glasses and sunglasses and on April 29, 1997 under No. 475,429 for wearing apparel, namely t-shirts, shirts, shorts, pants, sweat shirts, sweat pants, hats, visors, shoes, sandals and belts; glasses and sunglasses. However, on May 16, 2006, the statement of wares in registration No. 475,429 was restricted to wearing apparel, namely t-shirts, shirts, sweat shirts, hats and belts; glasses and sunglasses, pursuant to s. 45.

The Opponent's SPY mark is also the subject of application No. 1,158,145 for bags namely, backpacks and sports bags. Application No. 1,158,145 has a convention priority filing date of May 7, 2002.

In addition, the Opponent has alleged in its statement of opposition that it has used SPY since prior to the Applicant's claimed date of first use (May 16, 2002) and filing date (May 17, 2002) in association with wearing apparel, namely t-shirts, shirts, shorts, pants, sweat shirts, sweat pants, hats, visors, shoes, sandals and belts; glasses and sunglasses, and goggles.

I shall first analyze the likelihood of confusion under 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. 475,429. I note that the Opponent's initial burden with respect to this ground has been satisfied because registration No. 475,429 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

Both SPY and SPY-C are inherently distinctive marks when applied to the parties' respective wares/services.

The Applicant has not filed any evidence concerning the extent to which its Mark may have become known.

The Opponent's CEO, Barry Buchholtz, has provided the following exhibits that are relevant to the issue of the extent to which SPY has become known in Canada:

1. Exhibits D1-D8: 8 catalogues dated 2002 through 2006 that were distributed to retailers across Canada
 - as the Opponent's corporate name might suggest, the bulk of these catalogues feature only eyewear; however the 2002 and Fall 2003 catalogues do advertise both bags and clothing in association with the SPY mark
 - details of the quantity distributed or the location/identity of the Canadian retailers have not been provided
2. Exhibit E: printouts from the Opponent's website, spyoptic.com, dated 08/02/2005
 - these show hats, T-shirts, fleeces, and eyewear, but there is no evidence that Canadians have ever accessed the website
3. Exhibit F: a sampling of invoices relating to sales of SPY wares to Canadian customers
 - although paragraph 8 of the affidavit states that these are dated between January 15, 2001 and June 15, 2005, the invoices only run from October 31, 2003 to June 15, 2005
 - the bulk of the invoiced wares are eyewear, but there are also invoices for T-shirts, sweatshirts and hats
 - many of the invoices show only 1 item of each ware ordered
 - typically SPY does not appear in the body of the invoices; SPY does appear in the upper left hand corner of each invoice, to the left of the Opponent's corporate name and address

- the affiant has demonstrated how the wares listed in the invoices can be cross-referenced by style code to the catalogues to see how the SPY mark appears on the wares
- customers listed in the invoices include The Source, Freewheelin Skateboards & Snowboards, HTO Sun Surf & Swim, Threesixty Board Shop, Westing's Cycle & Mount, Gravity Sports, Nelms Opticians, Random Clothing.

It is noted that Mr. Buchholtz has not provided sales or advertising figures; instead Mr. Buchholtz simply makes the vague attestation that sales and advertising expenses in Canada have been "substantial over the past several years". However, some sales figures are discernable by referring to the invoices provided.

Based on the foregoing, I accept that the Opponent's mark has become known in Canada to a greater extent than has the Applicant's Mark.

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

The Opponent's registration issued based on a declaration of use filed March 24, 1997. The earliest sale evidenced by Mr. Buchholtz was invoiced on October 31, 2003.

The Applicant's application claims use since May 16, 2002, but it has not provided any evidence of such use.

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. (4th) 266

(T.M.O.B.)].

Clearly there is an overlap between the parties' clothing items.

No information has been provided concerning the Applicant's business. Although the Opponent's evidence suggests that it targets many sports-related stores, there is nothing preventing its wares from being sold in other types of retailers. In other words, there is no reason to assume that the parties' channels of trade would not overlap.

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]. In the present case, the beginning of each mark is identical. Moreover, the Applicant has appropriated the entirety of the Opponent's mark as the first component of its Mark. The marks should be assessed in their entirety but 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].

The word "spy" does not have any meaning that is applicable to clothing. Thus there is no particular idea suggested by the Opponent's mark. However, the addition of -C to SPY results in the Applicant's Mark possibly being pronounced as "spicy", which would result in the Applicant's Mark suggesting that the associated clothing is "sensational or improper" [*Oxford Canadian Dictionary*].

I note that the resemblance between the marks is somewhat less when sounded than when viewed, since the transformation of SPY-C to "spicy" appears more likely when sounded; when viewed, the word SPY is very dominant in SPY-C.

other surrounding circumstances

i) state of the register and marketplace

All of the Applicant's evidence is directed to this circumstance. Ms. Owens, a trade-mark searcher employed by the Applicant's law firm, provides results from searches conducted in February 2006 of the Canadian Trade-marks Register. Ms. Ho, an articling student at the Applicant's law firm, provides evidence from a SPY LAB store that she visited in Toronto in February 2006. Mr. Shoyama, a lawyer at the Applicant's law firm, provides information that he obtained in February 2006 from the Canadian Trade-marks Register, a telephone directory search, and the Internet.

Some of the information provided by the Applicant relates to third party use of SPICE. I consider such evidence to be irrelevant given that the Opponent's mark does not include such a formative. At the oral hearing, the Applicant's agent expressed the view that SPICE marks are relevant in that they show that the Opponent's mark has peacefully co-existed with marks that are phonetically similar to the Applicant's Mark. However, as pointed out by the Opponent's agent, the third party SPICE marks differ significantly from the Applicant's Mark in that they do not include the Opponent's SPY mark in its entirety; to put it another way, the third party SPICE marks are not relevant with respect to the question of whether members of the Canadian public would be adept at distinguishing the sources of the wares when the SPY and SPY-C marks are seen. I also do not consider marks such as SPYKE or SPYDER to be particularly relevant to the case at hand; although they include SPY as their first syllable, it is clear that they are simply misspelling the ordinary dictionary words SPIKE and SPIDER (which is different from SPY-C in that SPY-C can be seen as a model/variation of SPY, e.g. SPY-A, SPY-B, SPY-C, with the SPICY connotation being more apparent only upon pronunciation). Finally, I do not consider businesses that are not in the clothing field to be of any relevance.

I consider the following evidence to be the most pertinent:

- from the Trade-marks Register:
 1. CSPI registered for clothing

2. ESPY CANADA & Design registered for underwear (the word SPY dominates in this design mark)
 3. EYE SPY registered for bags
 4. SPI & Design registered for tennis clothing
 5. SPY RECORDS & Design registered for t-shirts
- from the telephone directory search:
 1. House of Spy designers apparel in Toronto
 2. Spy Lab Clothing women's apparel retail in Toronto
 3. Spy Pre-a-Porter men's clothing and furnishings retail, women's apparel retail in Westmount, Quebec (listed at same address as Spy Prêt A Porter women's apparel retail)
 - from the Internet:
 1. www.spylab.ca promotes various brands of clothing offered at its Toronto store, but did not offer on-line shopping as of the date of the search (the Wayback Machine indicated that the website existed from 2001 to 2004)
 2. www.houseofspy.com lists its clothing as being available at stores in Ontario, Saskatchewan, Alberta, Manitoba, British Columbia, Newfoundland and Nova Scotia (the Wayback Machine indicated that the website existed from 2001 to 2005)
 3. www.eyespy-acc.com shows various luggage and bags
 4. www.chatelaine.com refers to women's fashion products being available at SPI 25 retail locations in Canada.
 - from the marketplace:
 1. photographs of signage, merchandise tags and shopping bags from the SPY LAB clothing store in Toronto, all of which display SPY LAB.

Based on the foregoing, I am unable to conclude that Canadians are used to distinguishing among clothing marks that incorporate or begin with the word SPY. For the following reasons, the evidence is simply insufficient to reach such a conclusion.

State of the register evidence is only relevant insofar as one can make inferences from it about the state of the marketplace, and inferences about the state of the marketplace can only be drawn where large numbers of relevant registrations are located. [*Ports International Ltd. v. Dunlop Ltd.* (1992), 41 C.P.R. (3d) 432; *Del Monte Corporation v. Welch Foods Inc.* (1992), 44 C.P.R. (3d) 205 (F.C.T.D.); *Kellogg Salada Canada Inc. v. Maximum Nutrition Ltd.* (1992), 43 C.P.R. (3d) 349 (F.C.A.)] Five registrations are insufficient to draw any inferences about the marketplace.

The telephone directory information is of limited worth as there is only evidence that one of the three businesses listed are in operation.

The Internet evidence is of very little assistance to the Applicant both because there is no evidence that any Canadians ever viewed those websites and because the contents of those websites constitute hearsay evidence.

The most substantive evidence is that of the SPY LAB store in Toronto but it of itself is insufficient to show that Canadians are used to distinguishing between SPY clothing marks.

I confirm that in assessing the state of the marketplace evidence, I have considered all of the evidence cumulatively and have concluded that it is insufficient to be a significant surrounding circumstance.

ii) use of design version by Opponent

The Applicant has submitted that it is significant that the evidence shows that the Opponent uses SPY in close association with a “Swiss cross”. As I understand the argument, the submission is that this design feature serves to distinguish the Opponent’s mark from the Applicant’s Mark. I shall not however address this submission any further as it is irrelevant with respect to the s. 12(1)(d) ground, given that the Opponent’s registration is for the word mark SPY, not for a design version thereof.

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] Visually, the marks at issue here are very similar. Their associated wares overlap and the Applicant has not evidenced that it has acquired any reputation in association with its Mark. I therefore find that the Applicant has not met its legal onus to show that it is not reasonably likely that an individual who has an imperfect recollection of the Opponent’s SPY mark as applied to clothing would not as a matter of immediate impression conclude that SPY-C clothing or retail clothing stores share a common source. The s. 12(1)(d) ground of opposition therefore succeeds based on registration No. 475,429.

Non-distinctiveness Ground of Opposition

This ground reads, “Further, the opponent bases its opposition on the grounds provided by Section 38(2)(d) in that the trade-mark SPY-C claimed in application 1,141,196 is not distinctive within the meaning of Section 2 in that such trade-mark is not distinctive of the wares in association with which it has allegedly been used and not adapted to distinguish the services with which it is proposed to be used.” Although the Applicant objected to the sufficiency of this pleading in its counter statement, it has not pursued its objection further. Instead, in its written argument, it treats the s. 38(2)(d) pleading as being further defined by the remainder of the pleadings, i.e. it considers the issue to be whether the Mark is not distinctive on the basis that it is confusing with the Opponent’s SPY mark. Thus I see no need to deal with the Applicant’s earlier objection.

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 August 6, 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

Applicant must therefore show that its Mark is adapted to distinguish or actually distinguishes its wares and services from the Opponent's wares throughout Canada in order to meet its legal burden [*Muffin Houses Incorporated v. The Muffin House Bakery Ltd.* (1985), 4 C.P.R. (3d) 272 (T.M.O.B.)].

The evidence concerning this ground is different from that with respect to the s. 12(1)(d) ground in two respects. First, the majority of the Applicant's evidence concerning third party marks/names does not predate the date that is material with respect to the distinctiveness ground of opposition. Second, the Applicant's point that the Opponent uses SPY in association with design features is more appropriate with respect to this ground. However, having viewed the various ways in which the Opponent displays its SPY mark, I reach the conclusion that the word SPY is typically dominant and qualifies as use of SPY *simpliciter*, with the result that I do not agree that the design features employed by the Opponent have the effect of making the Applicant's Mark distinctive.

Based on an analysis similar to that conducted with respect to the s. 12(1)(d) ground, I conclude that the Applicant has not met its onus with respect to the distinctiveness ground of opposition. The distinctiveness ground of opposition therefore succeeds.

Entitlement Grounds of Opposition

The entitlement ground of opposition that relies upon prior use of the Opponent's mark is rejected because the Opponent has not shown use of its mark in accordance with s. 4 of the Act prior to the material date. Although the Opponent's registration No. 475,429 refers to a date of first use that is earlier than the material dates, the mere filing of a certified copy of its registration does not satisfy the Opponent's evidential burden with respect to this ground [see *Entre Computer Centers, Inc. v. Global Upholstery Co.* (1991), 40 C.P.R. (3d) 427 (T.M.O.B.)]. Moreover, if the Opponent distributed its catalogues in Canada prior to the material date, that would not satisfy the Opponent's initial burden since the distribution of catalogues does not qualify as use of the mark for wares under s. 4 of the Act.

Regarding the entitlement ground based on the Opponent's previously filed application, the Opponent has met its initial burden. However, I will not address this ground further as I have already refused the application on two other grounds.

Disposition

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 3rd DAY OF JULY 2008.

Jill W. Bradbury
Member
Trade-marks Opposition Board