



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

**Citation: 2013 TMOB 138**  
**Date of Decision: 2013-08-28**

**IN THE MATTER OF AN OPPOSITION by  
Retail Royalty Company and American Eagle  
Outfitters Canada Corporation to application  
No. 1,424,619 for the trade-mark AEOU & Design  
in the name of Annette Desgagne**

FILE RECORD

[1] On May 17, 2010, Annette Desgagne filed an application to register the trade-mark AEOU & Design, illustrated below, based on proposed use of the mark in association the following wares and services:



*wares*

- (1) printed publication, namely: newsletter, educational workbooks and colouring books
- (2) school supplies, namely: pens, pencils, pencil cases, backpacks, binders, stickers, paper, lunch bags, pencil sharpeners, erasers, scratch pads, rulers, binders and book marks
- (3) coffee mugs and drinking glasses
- (4) men's, women's and children's clothing and accessories, namely: t-shirts, sweat pants, hoodies, shorts, underwear, sweaters, pullovers, shirts, track suits, jackets, jerseys, jeans, pyjamas, hats and caps

*services*

providing a website directed to parents, teachers, educators, and adults which provide educational material and activities for printing.

[2] The subject application was advertised for opposition purposes in the *Trade-marks Journal* issue dated July 21, 2010 and was opposed by Retail Royalty Company (a Nevada, U.S.A., corporation) and American Eagle Outfitters Canada Corporation on December 21, 2010. The opponents rely on the Canadian company's use of the mark AEO in association with clothing and related wares to support their case.

[3] The Registrar forwarded a copy of the statement of opposition to the applicant on January 18, 2011, as required by s.38(5) of the *Trade-marks Act*, R.S.C. 1985, c. T-13.

The applicant responded by filing and serving a counter statement

- (a) generally denying the allegations in the statement of opposition and
- (b) noting that (i) registration No. TMA449091 for the mark AEON & Design, standing in the name of the Enrich Corporation, covers various items of personal care products, (ii) registration No. TMA575845 for the mark AEO, standing in the name of the Reitmans (Canada) Limited/ Reitmans (Canada) Limitée ("Reitmans"), covers various items of clothing, personal care products, footwear, wristwatches and luggage.

[4] The opponents' evidence consists of the affidavits of Esta Cohen and Cornelius Bulman Jr. The applicant's evidence consists of a sworn statement of the applicant Annette Desgagne but which is neither witnessed nor commissioned. Only the opponents filed a written argument. Some time after the written argument had been forwarded to the applicant, the opponents requested and were granted leave to amend their statement of opposition and to file additional evidence, namely, a supplemental affidavit of Cornelius Bulman Jr.: see the Board ruling of June 3, 2013. Only the opponents were represented at an oral hearing held on August 20, 2013.

#### AMENDED STATEMENT OF OPPOSITION

##### *Pleadings*

[5] The opponents plead that they are parties to an agreement whereby Retail Royalty Company ("RRC") has licensed American Eagle Outfitters Canada Corporation ("AEO

Canada”), and its predecessors, the right to use RRC’s trade-mark AEO in Canada. AEO Canada, and its predecessors, have used the mark AEO in Canada in association with various items of clothing, personal care items and jewellery, and with the retail sale and distribution of such products, since as early as September 2000.

[6] RRC had filed a trade-mark application, No.1363893 for the mark AEO on September 17, 2007 (the “893 Mark”), based on proposed use in association with necklaces, bracelets, earrings and rings. The application issued to registration on September 22, 2011 under No. TMA807271.

[7] Reitmans is the owner of the registered marks AEO, Nos. TMA535229 and TMA575845, for use in association with clothing, accessories and personal care products. The opponent RRC was the initial applicant for the above mentioned marks, which were later assigned to Reitmans. Reitmans agreed to exclusively license AEO Canada to use, promote and advertise the registered marks.

#### *Grounds of Opposition*

##### *Section 12(1)(d) – the applicant’s mark is not registrable*

[8] The opponents allege that the applied-for mark AEOU & Design is not registrable because it is confusing with the opponent RRC’s registered mark AEO.

##### *Sections 16(3)(a) and (b) – the applicant is not entitled to register the mark*

[9] The opponents allege that, at the date of filing the subject application, the applicant was not entitled to register the applied-for mark AEOU & Design because it was confusing with

- (i) the mark AEO previously used in Canada by AEO Canada,
- (ii) the applications for AEO which issued to the registrations now standing in the name of Reitmans (referred to in paragraph 7 above),
- (iii) RRC’s application for AEO which issued to registration no. TMA807271 (referred to in paragraph 6 above).

*Section 2 – non-distinctiveness*

[10] The applied-for mark is not distinctive of the applicant's wares and services in view of the wares and services provided by Reitmans and the opponents under their AEO marks.

OPPONENTS' EVIDENCE

*Cornelius Bulman Jr.*

[11] Mr. Bulman identifies himself as a senior executive with AEO Canada. The opponent AEO Canada is in the business of selling clothing and accessories, footwear, leather products, jewellery and related items through retail stores and websites.

[12] On January 27, 1999, the opponent RRC filed trade-mark application No. 1,003,281 for the mark AEO, which issued to registration under No. TMA575845 (the "845 Mark") on February 18, 2003. The registration covers clothing and accessories, footwear, leather products jewellery and related items. A copy of the registration is attached as Exhibit A to Mr. Bulman's affidavit.

[13] It is not clear from Mr. Bulman's testimony, or from Exhibit A, when the 845 mark was assigned to a predecessor of Reitmans. However, it is clear that a predecessor of Reitmans had title to the registration as of March 26, 2003.

[14] On November 3, 1994, opponent RRC filed trade-mark application No. 767,802 for the mark AEO, which issued to registration under No. TMA535229 (the "229 Mark") on October 20, 2000. The registration covers clothing and accessories, footwear and related retail services. I note from a copy of the registration attached as Exhibit B to Mr. Bulman's affidavit that RRC assigned the registration to a predecessor of Reitmans on February 26, 2001. Mr. Bulman refers to the two above-mentioned marks as the "AEO marks."

[15] In an agreement dated November 27, 2000, Reitmans granted an exclusive license to AEO Canada to use the AEO marks in Canada, apparently in compliance with the quality control provisions of s.50 of the *Trade-marks Act*.

[16] I note that there is an apparent inconsistency in the opponents' evidence. In this regard, there is no clear evidence that RCC assigned its AEO marks to Reitmans prior to November 27, 2000.

[17] Mr. Bulman testifies that the opponent AEO Canada was operating over 75 retail stores across Canada, and that products bearing the AEO marks have been sold in the stores, since well before 2008. For each of the years 2004 to 2008, the total advertising expenses in connection with AEO Canada operations exceeded \$US 3 million per year. Annual sales by AEO Canada of clothing, footwear and accessories ranged between \$US 100 million to \$US 200 million from 2004 to 2010. Sales for the first six months of 2011 are over \$US 75 million.

[18] Since at least 2008, all wearing apparel, footwear and accessories sold by AEO Canada have been sold “using the AEO trade-marks.” For the years 2008, 2009 and 2010, the annual number of units of (i) clothing sold averaged 10,204,000 (ii) footwear sold averaged 196,200 (iii) accessories sold averaged 837,000 and (iv) jewellery ranged between 178,000 and 364,000. From 2006 to 2009, AEO Canada’s website attracted over 16 million “hits” from Canadian locations.

*Esta Cohen*

[19] Ms. Cohen identifies herself as a senior executive with the opponent RRC. Attached as Exhibit A to her affidavit is a copy of the application which issued to registration No. TMA807271 (referred to in paragraph 6 above). RRC has licensed AEO Canada to use the mark. Ms. Cohen does not provide the date or any particulars of the license agreement.

APPLICANT’S EVIDENCE

*Annette Desgagne*

[20] Ms. Desgagne identifies herself as “the owner of the trade-mark AEOU & Design.” Her sworn statement serves to introduce four exhibits. Exhibit A is a copy of the subject application taken from the website CIPO - Canadian Trade-mark Database. Exhibit B displays what appears to be the applicant’s website identifying the applicant as the owner of the “AEOU logo.” Exhibit C “displays the logo . . .” Exhibit D consists of a sheet of stickers featuring the applied-for mark. I note that stickers are one of the wares specified in the subject application. As alluded to earlier, the applicant’s statement is not

in proper affidavit or statutory declaration form and is therefore inadmissible. Even if it were admissible, it is of insufficient probative value to advance the applicant's case.

#### LEGAL ONUS AND EVIDENTIAL BURDEN

[21] Before discussing the allegations in the statement of opposition, I will first outline some of the technical requirements with regard to (i) the legal onus on the applicant to prove its case, and (ii) the evidential burden on the opponent to support the allegations in the statement of opposition.

[22] With respect to (i) above, the legal onus is on the applicant to show that the application does not contravene the provisions of the *Trade-marks Act* as alleged by the opponents in the statement of opposition. The presence of a legal 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. With respect to (ii) above, there is also, in accordance with the usual rules of evidence, an evidential burden on the opponents to prove the facts inherent in their allegations pleaded in the statement of opposition: see *John Labatt Limited v. The Molson Companies Limited*, 30 CPR (3d) 293 at 298 (FCTD). The presence of an evidential burden on the opponents with respect to a particular issue means that in order for the issue to be considered at all, there must be sufficient evidence from which it could reasonably be concluded that the facts alleged to support that issue exist.

#### DISCUSSION OF THE GROUNDS OF OPPOSITION

[23] I will consider the grounds of opposition in the order that they are pleaded.

##### *First Ground – s.12(1)(d)*

[24] The opponents are relying on RRC's registration No. TMA807271 for the mark AEO which issued from application No.1363893. While the opponents have evidenced the application, they have not evidenced the registration. I have therefore exercised my discretion to ensure that the registration is extant: see *Quaker Oats of Canada Ltd./ La Compagnie Quaker Oats du Canada Ltée v. Menu Foods Ltd.* (1986), 11 CPR (3d) 410.

In doing so, I noted the registration is still in force and covers the wares necklaces, bracelets, earrings and rings as specified by the opponents in the statement of opposition.

[25] The first ground of opposition turns on the issue of confusion between the applied-for mark AEOU & Design and the opponent RRC's registered mark AEO. The material time to consider the issue of confusion is the date of decision: for a review of case law concerning material dates in opposition proceedings see *American Retired Persons v. Canadian Retired Persons* (1998), 84 CPR(3d) 198 at 206 - 209 (FCTD).

[26] The legal onus is on the applicant to show that there would be no reasonable likelihood of confusion, within the meaning of s.6(2) of the *Trade-marks Act*, shown below, between the applied-for mark AEOU & Design and RRC's mark AEO:

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 . . . or performed by the same person, whether or not the wares or services . . . are of the same general class.

[27] Thus, s.6(2) does not concern the confusion of the marks themselves, but confusion of goods or services from one source as being from another source. In the instant case, the question posed by s.6(2) is whether there would be confusion of the applicant's wares and services sold under the mark AEOU & Design as produced by or sponsored by or approved by the opponent RRC.

#### *Test for Confusion*

[28] 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 "all the surrounding circumstances including" those specifically mentioned in s.6(5)(a) to s.6(5)(e) 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 and all relevant factors are to be considered. Further, all factors do not necessarily have equal weight as 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.). However, as noted by Mr. Justice Rothstein in *Masterpiece Inc. v. Alavida Lifestyles Inc.* (2011), 92 C.P.R.(4<sup>th</sup>) 361 (S.C.C.), although the degree of resemblance is the last factor cited in s.6(5), it is the statutory factor that is often likely to have the greatest effect in deciding the issue of confusion.

#### *Consideration of s.6(5) Factors*

##### *Inherent and Acquired Distinctiveness*

[29] The applied for mark AEOU & Design does not possess a high degree of inherent distinctiveness as the mark is comprised of letters of the alphabet and fairly non-distinctive design features surrounding the letters. Further, the fanciful script of the letters themselves does little to add to the inherent distinctiveness of the mark which, in its entirety, clearly reads AEOU. That is, the design features of the letters are intrinsic with the letters and it is the letters which form the essential part of the trade-mark: see *Canadian Jewish Review Ltd. v. The Registrar of Trade Marks* (1961) 37 CPR 89 (ExC). The applied-for mark is therefore a relatively weak mark. Similarly, the opponent RRC's mark AEO is also a relatively weak mark as it is comprised of letters of the alphabet.

[30] In the absence of evidence from the applicant concerning use and advertising of the applied-for mark, I conclude that the mark AEOU & Design has a negligible reputation in Canada. Given the imprecise nature of the opponents' evidence regarding the extent of use of RRC's mark AEO (through its licensee AEO Canada), it is difficult to come to any definite conclusions regarding the reputation acquired by the mark.

However, in the absence of cross-examination of Mr. Bulman, I am prepared to infer that RRC's mark AEO has acquired at least some reputation as a result of sales of jewellery under the mark in the three year period 2008 – 2010: see paragraph 18 above.

[31] The first factor in s.6(5), which is a combination of inherent and acquired distinctiveness, therefore favours the opponents but only slightly.

##### *Length of Time in Use*

[32] Given the general and imprecise nature of the opponents' evidence, I am only prepared to infer that RRC began to use its mark AEO above a minimal level in 2008. There is no admissible evidence from the applicant to show that she began to use her



mark AEOU & Design at any time after the filing date May 17, 2010. The second factor in s.6(5) therefore favours the opponents, but only slightly.

*Nature of Wares, Business and Trades*

[33] The nature of the parties' wares, businesses and trades appear to be quite different, with one area of overlap in respect of clothing wares. The third and fourth factors in s.6(5) therefore favour the applicant as the opponents are relying on their mark AEO used in association with jewellery rather than clothing.

*Degree of Resemblance*

[34] The parties' marks resemble each other to a fair degree in sounding and in ideas suggested as the dominant components of the applied-for mark, that is, the letters AEOU, incorporates the whole of RRC's registered mark AEO. However, design features and fanciful script in the applied-for mark, as well as the last letter U, tend to make the applied-for mark visually distinct from RRC's mark. Overall, the last factor in s.6(5) favours the opponents.

*Jurisprudence*

[35] There is, however, a principle of trade-mark law that, in the circumstances of the instant case, mitigates the opponents' advantage under the last factor in s.6(5) discussed in paragraph 34, above. The principle is that comparatively small differences will suffice to distinguish between "weak" marks, that is, between marks of relatively low inherent distinctiveness: see *GSW Ltd. v. Great West Steel Industries Ltd.* (1975), 22 CPR(2d) 154 (FCTD). The principle was discussed in *Coventry Inc. v. Abrahamian* (1984), 1 CPR (3d) 238 (FCTD) at para. 6, shown below. In *Coventry*, the opponent was relying on its mark SARAH which was not inherently strong and had not acquired distinctiveness through use or advertising or other means:

The trade mark SARAH is a commonly used female Christian name and as such offers little inherent distinctiveness: *Bestform Foundations Inc. v. Exquisite Form Brassiere (Canada) Ltd.* (1972), 34 C.P.R. (2d) 163. Such marks are considered to be weak marks and are not entitled to a broad scope of protection: *American Cyanamid Co. v. Record Chemical Co. Inc.* (1972), 7 C.P.R. (2d) 1, [1972] F.C. 1271; and *GSW Ltd. v. Great West*

*Steel Industries Ltd. et al.* (1975), 22 C.P.R. (2d) 154. In the case of a weak mark, small differences will be sufficient to distinguish it from another mark: *American Cyanamid Co., supra*, at p. 5. Zaréh, which is also a Christian name, but the name of a male Lebanese, is not commonly used in this country. Obviously, there are at least small differences to distinguish those two names. However, the degree of distinctiveness attributed to a weak mark may be enhanced through extensive use: *GSW Ltd. v. Great West Steel, supra*. Most of the evidence led by the appellant show considerable use and publicity for the trade name Sarah or Sarah Coventry or Sarah Fashion Show, etc., but very limited use of the trade mark SARAH. And it has been well established that it is not sufficient for the owner of the trade mark to make a statement of use, he must show use: *Plough (Canada) Ltd. v. Aerosol Fillers Inc.* (1980), 53 C.P.R. (2d) 62, [1981] 1 F.C. 679, 34 N.R. 39.

(underlining added)

[36] Similarly, in the instant case, the mark AEO relied on by the opponents is inherently weak. The addition of the letter U, the design features and fanciful script serves to distinguish the parties' marks visually. The advantage given to the opponents under the last, and most important, factor in s.6(5) is therefore mitigated to a significant extent. Further, I am unable to conclude that the distinctiveness of RRC's mark AEO, for jewellery, has been so enhanced by prior use and advertising that it is entitled to a broad scope of protection, i.e., for wares other than jewellery.

[37] Considering the factors in s.6(5) as discussed above, and also taking into account that the mark AEO relied on by the opponents is a weak mark and not entitled to a broad scope of protection, I have concluded that the balance of probabilities between finding that there is no reasonable likelihood of confusion, and finding that there is reasonable likelihood of confusion, falls slightly in favour of the applicant. The first ground of opposition is therefore rejected.

*Second Ground of Opposition - Sections 16(3)(a) and (b)*

[38] The second ground of opposition consists of three distinct parts. Each part requires some discussion of technical issues. I believe the discussion is made clearer if the three parts are discussed in reverse to their order in the statement of opposition.

*Part (iii) - Relying on Application No. 1,363,893*

[39] I note that the opponents are entitled to rely on RRC's 893 application as it was pending as of July 21, 2010, that is, as of the date of advertisement of the subject application for AEOU & Design: see s.16(4) of the *Trade-marks Act*, shown below:

The right of an applicant to secure registration of a registrable trade-mark is not affected by the previous filing of an application for registration of a confusing trade-mark by another person, unless the application for registration of the confusing trade-mark was pending at the date of advertisement of the applicant's application in accordance with section 37.

[40] The determinative issue is whether the applied-for mark is confusing with RRC's trade-mark application No.1,363,893 for the AEO mark (which issued to registration No. TMA807271 considered in the first ground of opposition.) It is, of course, the same issue of confusion considered under the first ground, except that the material date is the date of filing of the applied-for mark AEOU & Design, that is, May 17, 2010. The surrounding circumstances to assess the issue of confusion are essentially the same as those discussed with respect to the first ground. As the material facts are not significantly different at the earlier material date May 17, 2010, the same result follows, that is, the balance of probabilities between finding that there is no reasonable likelihood of confusion, and finding that there is reasonable likelihood of confusion, falls slightly in favour of the applicant. The third part of the second ground of opposition is therefore rejected.

*Part (ii) – Relying on Application Nos. 0767802 and 1003281*

[41] At the oral hearing, counsel for the opponents withdrew part (ii) of the second ground of opposition. As neither of the applications that the opponents intended to rely on was pending as of July 21, 2010, that is, as of the date of advertisement of the subject application for AEOU & Design, part (ii) could not have been successful in view of s.16(4) of the *Trade-marks Act*.

*Part (i)*

[42] As I read the statement of opposition, the opponents are relying on AEO Canada's use of (a) RRC's mark AEO, under license, and (b) Reitmans' AEO marks, also under license. As Reitmans is not a party to this proceeding, the opponents may not rely on use

of the AEO marks which inure to the benefit of Reitmans to support a ground of opposition alleging that the applicant is not entitled to register the applied-for mark. In this regard, see s.17(1) of the *Trade-marks Act*, shown below, which requires an opponent to rely on its own use of a mark when alleging that the applicant is not entitled to registration:

No application for registration of a trade-mark that has been advertised . . . shall be refused . . . on the ground of any previous use . . . of a confusing trade-mark . . . by a person other than the applicant . . . , except at the instance of that other person or his successor in title . . .

[43] The issue of entitlement therefore turns on whether the applied-for mark AEOU & Design is confusing with RRC's mark AEO. This issue of confusion turns on essentially the same considerations discussed in Part (iii), above, and the same result follows, that is, Part (i) is rejected.

#### *Third Ground – non-distinctiveness*

[44] The material time for considering the circumstances respecting the issue of distinctiveness is as of the filing of the opposition, in this case December 21, 2010: see *Re Andres Wines Ltd. and E. & J. Gallo Winery* (1975), 25 CPR(2d) 126 at 130 (FCA); *Park Avenue Furniture Corp. v. Wickes/Simmons Bedding Ltd.* (1991), 37 CPR(3d) 412 at 424 (FCA).

[45] The third ground of opposition is based on the use of the mark AEO which inures to the benefit of the opponent RRC and the third party Reitmans. There is no bar to the opponents relying on such third party use of the mark AEO to support a ground of opposition alleging non-distinctiveness of the applied-for mark. From Mr. Bulman's evidence, I conclude that the far greater share of any acquired distinctiveness for the mark AEO inures to the benefit of Reitmans. The determinative issue is therefore whether the applied-for mark AEOU & Design is not distinctive owing to use of the mark AEO by AEO Canada under license from Reitmans. Even taking into account ambiguities in the opponents' evidence regarding the commencement of the license agreement with Reitmans, I am prepared to find that as of the material date December 21, 2010, Reitmans' mark AEO had acquired a significant reputation in Canada in association with clothing and footwear.

[46] In considering the issue of distinctiveness, I have been guided by the *dicta* of Addy J. in *Motel 6, Inc. v. No. 6 Motel Ltd.* (1981), 56 CPR(2d) 44 at 58 (FCTD):

On the issue of lack of distinctiveness of a mark, although it must be shown that the rival or opposing mark [the mark the opponent relies on] must be known to some extent at least, it is not necessary to show that it is well known . . . It is sufficient to establish that the other mark [the mark the opponent relies on] has become known sufficiently to negate the distinctiveness of the mark under attack [the applicant's mark].

[47] Given the resemblance between the applied-for mark AEOU & Design and the mark AEO, that the applied-for mark has not acquired any reputation of note, and that the mark AEO has acquired a significant reputation in association with clothing and related wares, I find that the opponents have met their evidential burden to put into issue whether the public would believe that the applicant's clothing, sold under the mark AEOU & Design, was endorsed or supported by a third party, that is, Reitmans. The applicant, for her part, has done very little to meet the legal onus on her to show that the applied-for mark is in fact adapted to distinguish the applicant's clothing. Accordingly, I find that the reputation in Canada for Reitmans' AEO mark at the material date December 21, 2010 is sufficient to negate the distinctiveness of the applied-for mark in relation to the clothing wares. The opponents therefore partially succeed on the ground of opposition alleging non-distinctiveness.

#### DISPOSITION

[48] In view of the foregoing,

(a) the application is refused in respect of the wares denoted (4) (see paragraph 1, above), namely:

men's, women's and children's clothing and accessories,  
namely: t-shirts, sweat pants, hoodies, shorts, underwear,  
sweaters, pullovers, shirts, track suits, jackets, jerseys, jeans,  
pyjamas, hats and caps,

(b) otherwise, the opposition is rejected.

[49] Authority for a divided decision is found in *Produits Ménagers Coronet Inc. v. Coronet-Werke Heinrich Schlerf GmbH* (1986), 10 CPR (3d) 482 (FCTD). This decision has been made pursuant to a delegation of authority under s.63(3) of the *Trade-marks Act*.

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Myer Herzig, Member,  
Trade-marks Opposition Board  
Canadian Intellectual Property Office