

**IN THE MATTER OF AN OPPOSITION
by Kraft Foods Holdings, Inc. and Kraft Canada Inc.
to application No. 1,035,405 for the trade-mark
SHREDZ filed by Weetabix of Canada Limited**

On November 9, 1999, the applicant, Weetabix of Canada Limited, filed an application to register the trade-mark SHREDZ based on proposed use of the mark in Canada. The application was advertised for opposition purposes on July 11, 2001 and covers the following wares:

Breakfast cereal; cereal based snack foods; food ingredients, namely a cereal based food product that may be used as an ingredient in the preparation of another food product, for example as a component of a snack mix.

The opponents, Kraft Foods Holdings, Inc. (“Kraft Foods”) and Kraft Canada Inc. (“Kraft Canada”), filed a statement of opposition on December 11, 2001, a copy of which was forwarded to the applicant on February 5, 2002. The first ground of opposition is that the applicant’s application does not conform to the requirements of Section 30(i) of the Trade-marks Act. The opponents allege that the applicant could not have been satisfied that it was the person entitled to use the applied for mark because it was aware, or should have been aware, of the opponents’ prior rights in the trade-mark SHREDDIES.

The second ground of opposition is that the applied for trade-mark is not registrable pursuant to Section 12(1)(d) of the Act because it is confusing with the following registered trade-marks owned by Kraft Foods:

<u>Trade-mark</u>	<u>Reg. No.</u>	<u>Wares</u>
SHREDDIES	UCA10934	cereal foods; flavoured snack products made from wheat, corn or flour, with added nuts; toy flying saucers for toss games; lunch boxes and knapsacks
APPLE CINNAMON SHREDDIES POMMES-CANNELLE	430,677	breakfast cereal
APPLE CINNAMON SHREDDIES	430,676	breakfast cereal
SHREDDIES & RAISINS	297,500	cereals
SHREDDIES POMMES-CANNELLE	431,081	breakfast cereal

The third ground of opposition is that the applicant is not the person entitled to registration pursuant to Section 16(3)(a) of the Act because, as of the applicant's filing date, the applied for mark was confusing with the registered trade-marks listed above. The fourth ground is that the applied for trade-mark is not distinctive of the applicant because it is confusing with those registered trade-marks used in Canada by Kraft Foods.

The applicant filed and served a counter statement. As their evidence, the opponents submitted an affidavit of Scott Ellis and certified copies of the first opponent's five trade-mark registrations. As its evidence, the applicant submitted the affidavits of Kelly Ann Brady and Elizabeth A. Sterling. As evidence in reply, the opponents submitted an affidavit of Melanie Szweras. Both parties filed a written argument and an oral hearing was conducted on February 27, 2006 at which both the opponents and the applicant were represented.

The opponents only submitted their list of cases on February 27, 2006, one day prior to the oral hearing. Thus, pursuant to a request made at the hearing by the applicant's agent, I invited her to make additional submissions in writing respecting those cases if she considered it necessary. Additional submissions were filed by way of the applicant's letter of March 6, 2006.

THE OPPONENTS' EVIDENCE

In his affidavit, Mr. Ellis identifies himself as the Category Business Director, Cereal of Kraft Canada which is the Canadian licensee of the five registered trade-marks owned by Kraft Foods. Mr. Ellis details the corporate histories of the opponents with respect to the POST house brand in general and the SHREDDIES product brand in particular. The cereal product is described by Mr. Ellis as comprising "...whole grain that has been shredded and woven into squares with flavour added."

According to Mr. Ellis, Kraft Canada sells SHREDDIES brand cereal through more than 3,500 stores in Canada with wholesale sales for the period 1998-2002 being in excess of \$100 million. Advertising expenditures for the period 1999-2002 were more than \$8 million.

Mr. Ellis describes the licensing arrangement between the two opponents. Kraft Canada has been granted a license by Kraft Foods to use the POST family of trade-marks in Canada including the five registered SHREDDIES marks relied on in this proceeding. Mr. Ellis states that Kraft Foods exercises control over the character or quality of the products

manufactured and sold under license by Kraft Canada. In particular, Kraft Foods employs quality control procedures, product testing and regular inspections.

Appended as Exhibits C-1 to C-8 and D are representative packages of the opponents' SHREDDIES product. Seven of those nine packages identify the trade-mark as a registered trade-mark used under license by Kraft Canada. The remaining two identify SHREDDIES as a registered trade-mark of Kraft Canada. Similarly, the in-store promotional item appended as Exhibit S to Mr. Ellis's affidavit identifies SHREDDIES as a registered mark of Kraft Canada.

Much of the balance of the Ellis affidavit describes the various advertising and promotional activities conducted by Kraft Canada in relation to the mark SHREDDIES. Those include extensive television advertising, direct mail programs, co-promotional activities and sponsorship of minor sports. The last portion of the Ellis affidavit deals with speculations by Mr. Ellis as to how the applicant may use its applied for trade-mark.

THE APPLICANT'S EVIDENCE

In her affidavit, Ms. Brady identifies herself as a Trade-mark Agent Trainee with the firm representing the applicant in this proceeding. She states that she was instructed by a lawyer in the firm to conduct a search of the trade-marks register. Attached as Exhibit A to her affidavit is what she calls "...a representative sample of the cereals which I located." (Presumably she meant to say "marks" rather than "cereals.")

Exhibit A comprises a table of the marks located. It appears to be a listing of various cereal marks wherein two or more of such marks owned by different parties include descriptive or otherwise non-distinctive words such as “crunch”, “cocoa”, “country”, “fruit”, “nature” and the like. Apart from the Kraft Foods mark SHREDDIES, the listing does not include any other currently registered mark including the component “shred-.”

The balance of the Brady affidavit details the results of Ms. Brady’s investigations of cereals available in various Ottawa stores. The purchases made by Ms. Brady constitute some evidence that different trade-mark owners use certain common non-distinctive terms for their cereal products. However, such evidence is of no relevance in this opposition. It is noteworthy that Ms. Brady was unable to locate any third party cereal products bearing trade-marks similar to the mark SHREDDIES. The closest product she was able to purchase was a box of SHREDDED OATY BITES cereal. However, as is apparent from the Ellis affidavit, the word “shredded” is a descriptive or non-distinctive term in the cereal industry.

In her affidavit, Ms. Sterling identifies herself as a Trade-mark Agent with the same firm as Ms. Brady. Ms. Sterling visited a Sobeys’ grocery store in Ottawa and purchased four different cereals. Three of the products were products of Sobeys’ and none bore any wording related to the marks at issue in the present case.

THE OPPONENTS’ REPLY EVIDENCE

The Szweras affidavit serves simply to introduce into evidence dictionary definitions

of such words as “crunch”, “crisp”, “country” “cocoa” and “nature” to confirm the non-distinctive nature of such words in the context of the cereal industry. Ms. Szwera notes that she did not find a dictionary entry for the word “shreddies.”

THE GROUNDS OF OPPOSITION

As for the first ground, it does not raise a proper ground of opposition. Even if the applicant was aware of the opponents’ trade-mark SHREDDIES, that fact alone would not have precluded the applicant from truthfully making the statement required by Section 30(i) of the Act. The opponents did not allege that the applicant adopted its mark knowing it to be confusing with the opponents’ mark. Thus, the first ground is unsuccessful.

As for the second ground of opposition, the material time for considering the circumstances respecting the issue of confusion with a registered trade-mark is the date of my decision: see Conde Nast Publications Inc. v. Canadian Federation of Independent Grocers (1991), 37 C.P.R.(3d) 538 at 541-542 (T.M.O.B.). The onus or legal burden is on the applicant to show no reasonable likelihood of confusion between the marks at issue. Furthermore, in applying the test for confusion set forth in Section 6(2) of the Act, consideration is to be given to all of the surrounding circumstances including those specifically set forth in Section 6(5) of the Act. Finally, since the opponents’ evidence is primarily directed to the trade-mark SHREDDIES and there is little if any evidence of use of the other four registered marks, a consideration of the issue of confusion with the registered mark SHREDDIES will effectively decide the outcome of the second ground.

As for Section 6(5)(a) of the Act, the marks of both parties are inherently distinctive. However, both marks are suggestive of a cereal product comprised of a shredded grain. Thus, neither mark is inherently strong.

There being no evidence of use or advertising of the applicant's mark, I must conclude that it has not become known at all in Canada. By way of contrast, the Ellis affidavit evidences extensive use and advertising of the SHREDDIES mark in Canada. However, the applicant submitted that it is not clear whose use it is. As discussed, the representative packages appended to the Ellis affidavit bear two different legends regarding the use and ownership of the trade-mark SHREDDIES.

The applicant contended that since the packages identifying Kraft Canada as a licensed user did not identify the owner of the mark, Section 50(2) of the Act precludes Kraft Foods from relying on the use of the mark SHREDDIES by its licensee Kraft Canada. However, Section 50(1) of the Act does not require that the owner be identified. Section 50(2) simply raises a rebuttable presumption of licensed use where the appropriate notice is given.

The applicant further contended that the different labelling used on the packages resulted in use of the mark SHREDDIES by both Kraft Foods and Kraft Canada which thereby diminished the distinctiveness of the mark in the hands of the former. However, as noted by the opponents, Mr. Ellis clearly sets out the licensing arrangement between the two

companies in his affidavit and seven of the nine packages have labelling consistent with that arrangement, namely that the mark SHREDDIES is used under license by Kraft Canada. As further submitted by the opponents, the most likely explanation for the contrary labelling on two of the packages is that it was simply a mistake or a clerical error.

Given that Mr. Ellis was clear about the licensing arrangement and that the preponderance of the physical evidence is consistent with that situation, it would be unfair to hold two minor inconsistencies against the opponents. As a practical matter, it is likely that the public has continued to perceive one source for SHREDDIES cereal notwithstanding the occasional lapse in labelling. At most, the two inconsistent packages suggest that the quality control exercised by Kraft Foods was perhaps not as diligent as stated by Mr. Ellis.

As contended by the opponents, it is unfair for the applicant to wait until the final stages of this proceeding to point out the discrepancies and then argue that the mark is non-distinctive in the hands of either opponent. If the applicant seriously believed that there were two separate users of the mark, it should have pursued the matter by cross-examining Mr. Ellis on point. Thus, on a balance of probabilities, I find that the use of the mark SHREDDIES has consistently been licensed use by Kraft Canada accruing to the benefit of Kraft Foods.

For the purposes of Section 6(5)(a) of the Act, I am prepared to conclude that all of the use of the mark SHREDDIES has been use by Kraft Foods. The two instances of improper

labelling were presumably nothing more than clerical errors and did not, legally or practically, affect the distinctiveness of Kraft Foods's registered mark. Thus, I can conclude that the mark SHREDDIES has become well known in Canada in the hands of the first opponent Kraft Foods.

As for Section 6(5)(b) of the Act, the length of time the marks have been in use favors the opponents. As for Sections 6(5)(c) and 6(5)(d) of the Act, the applicant's statement of wares includes breakfast cereal which is the same product sold by the opponents under the mark SHREDDIES. The other items in the applicant's statement of wares appear to be similar to the opponents' wares. Presumably, the trades of the parties would be the same. In fact, the applicant's product flyer appended as Exhibit V to the Ellis affidavit suggests that the applicant's proposed cereal product may end up being virtually identical to the opponents' SHREDDIES product.

As for Section 6(5)(e) of the Act, the marks bear a fairly high degree of resemblance in all respects. The marks look and sound similar and they both suggest an idea related to a "shredded" grain product.

As a surrounding circumstance, the applicant has relied on the state of the register evidence in the Brady affidavit. State of the register evidence is only relevant insofar as one can make inferences from it about the state of the marketplace: see the opposition decision in Ports International Ltd. v. Dunlop Ltd. (1992), 41 C.P.R.(3d) 432 and the decision in Del

Monte Corporation v. Welch Foods Inc. (1992), 44 C.P.R.(3d) 205 (F.C.T.D.). Also of note is the decision in Kellogg Salada Canada Inc. v. Maximum Nutrition Ltd. (1992), 43 C.P.R.(3d) 349 (F.C.A.) which is support for the proposition that inferences about the state of the marketplace can only be drawn from state of the register evidence where large numbers of relevant registrations are located.

As noted by the opponents, Ms. Brady failed to identify by what means the trade-marks register was searched or what parameters were used. In fact, she did not even clearly state who conducted the search. Finally, she did not provide complete copies of the registrations located. Thus, I find that this portion of the Brady affidavit constitutes unreliable hearsay and is therefore inadmissible.

Even if I did consider the Brady register search results, they would not advance the applicant's case. As discussed, the results of that search merely suggest that different traders in the breakfast cereal industry commonly use various descriptive or otherwise non-distinctive words as part of their trade-marks. Ms. Brady was unable to locate any current registrations that would suggest that the opponents' mark or its components are commonly used in the trade.

As also discussed, the marketplace searches conducted by Mss. Brady and Sterling suffer from the same deficiencies as the state of the register search results. The fact that different traders may use the same non-distinctive components in their cereal trade-marks has

no bearing on the issue of confusion at hand. Furthermore, it is noteworthy that neither affiant was able to locate any cereal product bearing a trade-mark similar to the opponents' mark apart from the descriptive use of the word "shredded" in the mark SHREDDED OATY BITES.

In applying the test for confusion, I have considered that it is a matter of first impression and imperfect recollection. In view of my conclusions above, and particularly in view of the acquired reputation for the mark SHREDDIES, the overlap between the wares and trades of the parties and the degree of resemblance between the marks, I find that the applicant has not satisfied the onus on it to show that its mark is not confusing with the registered mark SHREDDIES. Thus, the second ground of opposition is successful.

As for the third ground, it does not raise a proper ground of opposition. In the absence of an allegation of prior use by an identified owner of the mark, there is no proper ground raised pursuant to Section 16(3)(a) of the Act. Thus, the third ground is unsuccessful.

As for the fourth ground, the onus or legal burden is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares from those of others throughout Canada: see Muffin Houses Incorporated v. The Muffin House Bakery Ltd. (1985), 4 C.P.R.(3d) 272 (T.M.O.B.). Furthermore, the material time for considering the circumstances respecting this issue is as of the filing of the opposition (i.e. - December 11, 2001): see Re 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) 412 at 424 (F.C.A.).**

My conclusions respecting the second ground of opposition are, for the most part, equally applicable here. Given the extensive use of the mark SHREDDIES and the resemblance between the wares, trades and marks of the parties, I find that the applicant's mark SHREDZ was confusing with the opponents' mark SHREDDIES as of the filing of the opposition. Thus, the fourth ground is also successful.

In view of the above, and pursuant to the authority delegated to me under Section 63(3) of the Act, I refuse the applicant's application.

DATED AT GATINEAU, QUEBEC, THIS 22nd DAY OF MARCH, 2006.

**David J. Martin,
Member,
Trade Marks Opposition Board.**