

**IN THE MATTER OF AN OPPOSITION
by R. C. Purdy Chocolates Ltd. to application
No. 1,031,626 for the trade-mark HEDGEHOG
filed by Eli A. Gershkovitch**

On October 7, 1999, the applicant, Eli A. Gershkovitch, filed an application to register the trade-mark HEDGEHOG for “flour products namely pies and cakes” based on proposed use in Canada. The application was advertised for opposition purposes on December 27, 2000.

The opponent, R. C. Purdy Chocolates Ltd., filed a statement of opposition on May 18, 2001, a copy of which was forwarded to the applicant on June 26, 2001. The first ground of opposition is that the applicant is not the person entitled to registration pursuant to Section 16(3)(a) of the Trade-marks Act because, as of the applicant’s filing date, the applied for trade-mark was confusing with the trade-marks HEDGEHOG and HEDGEHOGS previously used and made known in Canada in association with chocolate by the opponent and its licensees.

The second ground of opposition is that the applicant’s application does not conform to the requirements of Section 30(i) of the Act. The opponent contends that the applicant could not have been satisfied that he was entitled to use the applied for mark in Canada because he was aware, or should have been aware, of the opponent’s trade-marks.

The third ground of opposition is that the applicant’s application does not conform to the requirements of Section 30(e) of the Act because the applicant did not intend to use the applied for mark. The fourth ground is that the applied for trade-mark is not distinctive in

view of the prior use by the opponent and its licensees of the trade-marks HEDGEHOG and HEDGEHOGS.

The applicant filed and served a counter statement. As its evidence, the opponent submitted the affidavits of Karen Flavelle and Keith Elliott. As its evidence, the applicant submitted an affidavit of Verna Smith. Both parties filed a written argument and an oral hearing was conducted at which both parties were represented.

The Opponent's Evidence

In her affidavit, Karen Flavelle identifies herself as the President of the opponent, R. C. Purdy Chocolates Ltd. Ms. Flavelle indicates that the opponent has been in the business of making and selling chocolates for many years and has 47 retail outlets in British Columbia and Alberta.

Ms. Flavelle states that the opponent has used its trade-marks HEDGEHOG and HEDGEHOGS in association with chocolates since at least 1993. She indicates that the opponent “....sells millions of HEDGEHOGS each year.” She further states that the two trade-marks are used under license by three other entities, namely Brussels Chocolates Ltd., Dynamic Chocolates and Rene Rey Swiss Chocolates Ltd.

Although not evidenced in the Flavelle affidavit, it is apparent from the balance of the evidence of record that the HEDGEHOG chocolates sold by the opponent are hedgehog-shaped (see, for example, Exhibit I to the Smith affidavit). Appended as exhibits to Ms.

Flavelle's affidavit are representative labelling, packaging and advertising materials used in relation to the opponent's HEDGEHOGS chocolates. Some of those materials illustrate use of HEDGEHOG or HEDGEHOGS as a trade-mark whereas others include descriptive uses of the word which do not constitute trade-mark use. Examples of the former include Exhibits 10-14 to the Flavelle affidavit. Examples of the latter include Exhibits 4, 16 and 19.

Although she did not provide specific sales figures for her company's HEDGEHOGS product, Ms. Flavelle states that sales of that item represent about 7.5% of the opponent's annual chocolate sales. Ms. Flavelle provides annual advertising expenditures for the HEDGEHOGS product for the period 1993-2001 which total in excess of \$900,000. The opponent was also involved in a charitable fundraising effort for the period 1996-98 wherein its HEDGEHOGS product was sold through several restaurant chains.

Ms. Flavelle provides monthly circulation figures for an industry periodical published in the United States. She also refers to results of a survey conducted by another entity regarding the recognition of the opponent in the Vancouver and Calgary areas. Both of those items constitute inadmissible hearsay evidence.

In his affidavit, Keith Elliott identifies himself as the General Manager of Dynamic Chocolates ("Dynamic"), the Canadian division of Alpine Confections USA Inc. Mr. Elliott states that Dynamic has sold HEDGEHOGS chocolates in Canada and the United States since 1992 and that "The trade-mark is used under license by R. C. Purdy Chocolates Ltd." Presumably Mr. Elliott meant to state that the mark is used under license from the opponent.

In any event, like Ms. Flavelle, Mr. Elliott provides no copy of any license agreement, no particulars of the licensing arrangement and no details about any exercise of control by the opponent of the character or quality of the HEDGEHOGS chocolates manufactured and sold by Dynamic.

Mr. Elliott states that Dynamic sells HEDGEHOGS chocolates across Canada in approximately 2,500 retail outlets including those operated by retail chains such as Wal-Mart, Zellers, Costco and Shoppers Drug Mart as well as retail grocery stores. HEDGEHOGS is used as a secondary trade-mark, Dynamic's primary trade-marks being BOTTICELLI and DOLCE D'OR. According to Mr. Elliot, sales of HEDGEHOGS chocolates in Canada in 1992 were between 60,000 and 70,000 boxes and sales from that point on were in excess of \$1 million per year. Annual advertising expenditures for HEDGEHOGS chocolates were about \$75,000 to \$100,000.

Appended as exhibits to the Elliot affidavit are representative advertising and packaging materials. Most of the flyers appended as Exhibit 1 include a photograph of a box of HEDGEHOGS chocolates which features a large representation of a hedgehog-shaped chocolate and the trade-mark BOTTICELLI in smaller type above the mark HEDGEHOGS. The mark BOTTICELLI is followed by the letters TM whereas the mark HEDGEHOGS is followed by an encircled R which is used in other jurisdictions to denote a registered trade-mark. The representative package appended as Exhibit 2 includes the wording "TM TRADEMARK OF DYNAMIC CHOCOLATES DELTA, B. C." and there is no indication of any license arrangement.

Although there has been fairly extensive use of the trade-mark HEDGEHOGS by Dynamic in Canada, it does not appear that any of that use has enured to the benefit of the opponent. In this regard, Section 50(1) of the Act reads as follows:

50. (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

50. (1) Pour l'application de la présente loi, si une licence d'emploi d'une marque de commerce est octroyée, pour un pays, à une entité par le propriétaire de la marque, ou avec son autorisation, et que celui-ci, aux termes de la licence, contrôle, directement ou indirectement, les caractéristiques ou la qualité des marchandises et services, l'emploi, la publicité ou l'exposition de la marque, dans ce pays, par cette entité comme marque de commerce, nom commercial -- ou partie de ceux-ci -- ou autrement ont le même effet et sont réputés avoir toujours eu le même effet que s'il s'agissait de ceux du propriétaire.

As stated at page 254 of the decision MCI Communications Corp. v. MCI Multinet Communications Inc. (1995), 61 C.P.R.(3d) 245 (T.M.O.B.):

It was therefore incumbent on the opponent to evidence facts from which it could be concluded that an informal licensing arrangement existed and that the opponent had direct or indirect control of the character or quality of the services provided pursuant to that licensing arrangement. The opponent contends that it has met that burden by showing that MCIT and MCII are its wholly owned subsidiaries. That fact alone is, in my view, insufficient to establish the existence of a licence within the meaning of s. 50. There must also be evidence that the opponent controls the use of its trade marks by its subsidiaries and takes steps to ensure the character and quality of the services provided.

Merely stating that the opponent licenses its mark to other parties is insufficient for the purposes of Section 50(1). The opponent must adduce evidence which supports such a conclusion: see the opposition decision in Loblaws Inc. v. Tritap Food Broker (1999), 3 C.P.R.(4th) 108 at 112-114. In the present case, neither the opponent nor Dynamic has evidenced any license agreement, particulars of any license arrangement or details of the existence and exercise of any control by the opponent of the character or quality of the chocolates sold by Dynamic in association with the mark HEDGEHOGS. If anything, the differing formulations used by the opponent and Dynamic for their HEDGEHOGS chocolates suggest the absence of any such control (see page 7 of the applicant's written argument).

The Applicant's Evidence

In her affidavit, Verna Smith identifies herself as a Legal Assistant employed by the trade-mark firm acting on the applicant's behalf. Much of her affidavit deals with the results of her searches on the Internet for third party uses of the word "hedgehogs" for chocolates and related wares. Some of the references she located are American and have no relevance to this proceeding. However, she did locate several British Columbia confectioners who make and sell hedgehog-shaped chocolates using the descriptive designation "hedgehogs." Furthermore, Ms. Smith was able to purchase such chocolates on July 20, 2002 from another British Columbia-based firm located in New Westminster (see paragraph 13 of the Smith affidavit and Exhibit K thereto).

In the last two paragraphs of her affidavit, Ms. Smith provides particulars of two pairs of registered Canadian trade-marks where the same or similar mark is owned by different

parties for cakes on the one hand and chocolates on the other hand. Such evidence cannot be taken as a reflection of the Canadian marketplace and is irrelevant in this proceeding: see the opposition decision in Saturn Sunroof Inc. v. General Motors Corp. (1989), 25 C.P.R.(3d) 343 at 346.

The Grounds Of Opposition

As for the first ground of opposition based on Section 16(3)(a) of the Act, there was an initial burden on the opponent to evidence use or making known of one or both of its trademarks HEDGEHOG and HEDGEHOGS prior to the applicant's filing date of October 7, 1999 and non-abandonment of such marks as of the applicant's advertisement date. The Flavelle affidavit does not establish prior making known of the two marks. However, notwithstanding the equivocal uses of the marks evidenced by Ms. Flavelle, I am able to conclude that the opponent had used its two marks prior to the applicant's filing date and has not abandoned them since.

In view of the above, the first ground remains to be decided on the issue of confusion between the applicant's mark and the opponent's two marks. The onus or legal burden is on the applicant to show no reasonable likelihood of confusion between the marks at issue. Furthermore, the material time for considering the circumstances is as of the applicant's filing date. Finally, in applying the test for confusion set out 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.

As for Section 6(5)(a) of the Act, the opponent's trade-marks HEDGEHOG and HEDGEHOGS are inherently distinctive in the abstract when used in association with chocolates. However, the evidence establishes that the opponent's chocolates are hedgehog-shaped so that the associated marks are at least somewhat suggestive of the wares and therefore not inherently strong.

Since Ms. Flavelle did not provide specific sales figures for her company's product sold in association with the two marks, it is difficult to assess their acquired reputation. Nevertheless, given that millions of such chocolates have been sold each year and that there have been fairly substantial advertising and promotional activities in relation to the marks over the years, I am able to conclude that the marks had become known to some extent as of the applicant's filing date, at least in Alberta and British Columbia.

The applicant's proposed mark HEDGEHOG is inherently distinctive in relation to its wares although, if the applicant decides to produce its cakes and pies in the shape of a hedgehog, that would diminish the inherent distinctiveness of the mark somewhat. There being no evidence to date of any use of the applicant's mark, I must conclude that it had not become known at all as of the material time.

The length of time the marks have been in use favors the opponent. As for Sections 6(5)(c) and 6(5)(d) of the Act, the wares at issue all qualify broadly as food products. However, the wares do differ to some extent since the applicant's wares are baked goods and the opponent's are chocolates. The opponent's wares are sold through its own retail outlets which

sell chocolates and other speciality candy and nut items. As evidenced by Mr. Elliott in his affidavit, chocolates can also be sold through retail grocery stores which presumably would also sell cakes and pies. However, I consider that it is reasonable to presume that cakes and pies would not be sold through the same section of a grocery store as chocolates. Thus, I consider that the trades of the parties differ.

As for Section 6(5)(e) of the Act, the marks at issue are identical or almost identical in all respects.

As an additional surrounding circumstance, I have considered the effect of third party uses of the mark HEDGEHOGS or the descriptive term “hedgehogs” for chocolates. Most notably, as of the applicant’s filing date, Dynamic had made fairly extensive use of the mark HEDGEHOGS for chocolates across Canada. In the absence of evidence establishing that such use was licensed use enuring to the benefit of the opponent, I must conclude that many Canadians had come to associate the trade-mark HEDGEHOGS for hedgehog-shaped chocolates with Dynamic. Thus, it appears that the mark HEDGEHOGS was not distinctive of any one party’s chocolates as of the material time.

The Smith affidavit also evidences the existence of several other chocolatiers selling hedgehog-shaped chocolates designated as “hedgehogs.” However, given that Ms. Smith’s searches were conducted in 2002, it is difficult to conclude that any of those other enterprises were doing so as of the material time. Thus, I have given little weight to such third party evidence.

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 differences between the wares and trades of the parties, the non-distinctive uses of its marks by the opponent and the third party use of the same mark or designation for chocolates by Dynamic, and notwithstanding the high degree of resemblance between the marks at issue, I find that the applicant's mark HEDGEHOG for cakes and pies was not confusing with the opponent's marks HEDGEHOG and HEDGEHOGS for chocolates as of the applicant's filing date. The first ground of opposition is therefore unsuccessful.

The second ground does not raise a proper ground of opposition. The fact that the applicant may have been aware of the opponent's trade-marks does not, by itself, support a ground of non-conformance with Section 30(i) of the Act. The opponent did not allege that the applicant adopted his mark knowing it to be confusing with the opponent's marks. Thus, the second ground is also unsuccessful.

The third ground also does not raise a proper ground of opposition. The opponent failed to include any allegations of fact in support of its contention that the applicant did not intend to use his applied for mark. Even if it had, however, there is no evidence of record to suggest a lack of intention to use on the part of the applicant. Thus, the third ground is also unsuccessful.

As for the fourth ground of opposition, the onus or legal burden is on the applicant to show that his mark is adapted to distinguish or actually distinguishes his 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. - May 18, 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.). Finally, there is an evidential burden on the opponent to prove the allegations of fact in support of its ground of non-distinctiveness.

The fourth ground essentially turns of the issue of confusion between the applicant's mark and the opponent's marks HEDGEHOG and HEDGEHOGS. My conclusions respecting that issue for the first ground also apply here. In fact, if anything, the use of a later material time only strengthens the applicant's case since, by the filing of the opposition, there had been more extensive third party use of the mark HEDGEHOGS by Dynamic. Thus, I find that the marks at issue were not confusing as of that date and the fourth ground of opposition is also unsuccessful.

In view of the above, and pursuant to the authority delegated to me under Section 63(3) of the Act, I reject the opponent's opposition.

DATED AT GATINEAU, QUEBEC, THIS 22nd DAY OF MARCH, 2005.

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