



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

Citation: 2013 TMOB 126
Date of Decision: 2013-07-22

**IN THE MATTER OF AN OPPOSITION by
Computer Modelling Group Ltd. to
application No. 1,293,761 for the trade-mark
STARS in the name of Horiba, Ltd.**

[1] Computer Modelling Group Ltd. (the Opponent) opposes registration of the trade-mark STARS (the Mark) that is the subject of application No. 1,293,761 by Horiba, Ltd. (the Applicant).

[2] The application, filed on March 15, 2006, claims priority of a corresponding application filed in Japan on September 27, 2005 and is based on proposed use of the Mark in Canada in association with the following wares, as revised by the Applicant on July 3, 2007:

Laboratory automation system for vehicle development, namely, software and hardware for controlling vehicle testing equipments.

[3] The Opponent alleges that the Mark is not registrable under section 12(1)(d) of the *Trade-marks Act*, RSC 1985, c T-13 (the Act) and not distinctive under section 2 of the Act and that the Applicant is not the person entitled to registration of the Mark under section 16(3)(a) of the Act. All three grounds of opposition revolve around the likelihood of confusion with the Opponent's registered trade-mark STARS, that has allegedly been used before in Canada by the Opponent in association with, among others, computer software and manuals.

[4] For the reasons explained below, I find confusion unlikely given the differences existing between the parties' wares and their corresponding trades.

The Record

[5] The statement of opposition was filed by the Opponent on August 17, 2009 and was denied by the Applicant by counter statement.

[6] As its evidence, the Opponent filed the affidavit of Kenneth M. Dedeluk, President and CEO of the Opponent, sworn February 17, 2010. As its evidence, the Applicant filed the affidavit of Carla Edwards, a secretary employed by the law firm representing the Applicant, sworn June 21, 2010. No cross-examinations were conducted.

[7] Both parties filed written arguments and were represented by counsel at a hearing.

Preliminary issue concerning the statement of wares and services covered by the Opponent's registration for the trade-mark STARS

[8] The statement of opposition alleges that the Opponent's registration No. TMA429,075 for the trade-mark STARS covers both wares and services, namely:

Computer software and manuals. Research, design and development of customized computer software.

[9] However, as pleaded by the Applicant in its counter statement and as further conceded by the Opponent, this registration was amended to delete the registered services by decision of the Registrar issued on August 6, 2009, in the matter of a cancellation proceeding under section 45 of the Act [see *Riches, McKenzie & Herbert v Computer Modelling Group* 2009 CanLII 90526 (TMOB)]. As a result, the section 12(1)(d) ground of opposition will be assessed in the light of the registration as amended.

The parties' respective burden or onus

[10] The Opponent has the initial evidentiary burden to establish the facts alleged to support each ground of opposition. Once that burden is met, the legal burden or onus that the Mark is registrable remains on the Applicant, on a balance of probabilities [see *John Labatt Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 (FCTD); and *Dion Neckwear Ltd v Christian Dior, SA et al* (2002), 20 CPR (4th) 155 (FCA)].

Analysis of the grounds of opposition

The non-registrability ground of opposition

[11] The Opponent has pleaded that the Mark is not registrable having regard to the provisions of section 12(1)(d) of the Act in that it is confusing with the Opponent's registered trade-mark STARS discussed above. I have exercised the Registrar's discretion to confirm that this registration is in good standing as of today's date, which date is the material date to assess a section 12(1)(d) ground of opposition [see *Park Avenue Furniture Corp v Wickers/Simmons Bedding Ltd* (1991), 37 CPR (3d) 413 (FCA)].

[12] As the Opponent's evidentiary burden has been satisfied, the Applicant must therefore establish, on a balance of probabilities, that there is not a reasonable likelihood of confusion between the Mark and the Opponent's registered trade-mark, as amended.

The test for confusion

[13] Section 6(2) of the Act provides that:

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.

[14] Thus, this section does not concern the confusion of the trade-marks themselves, but confusion of wares or services from one source as being from another source.

[15] The test for confusion is one of first impression and imperfect recollection. As noted by Mr. Justice Denault in *Pernod Ricard v Molson Breweries* (1992), 44 CPR (3d) 359 at 369:

The trade marks should be examined from the point of view of the average consumer having a general and not a precise recollection of the earlier mark. Consequently, the marks should not be dissected or subjected to a microscopic analysis with a view to assessing their similarities and differences. Rather, they should be looked at in their totality and assessed for their effect on the average consumer as a whole.

[16] In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those listed at section 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 the trade-marks have 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. This list is not exhaustive and all relevant factors are to be considered. Further, all factors are not necessarily attributed equal weight as the weight to be given to each depends on the circumstances [see *Mattel, Inc v 3894207 Canada Inc* (2006), 49 CPR (4th) 321 (SCC); *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée* (2006), 49 CPR (4th) 401 (SCC); and *Masterpiece Inc v Alavida Lifestyles Inc* (2011), 92 CPR (4th) 361 (SCC) for a thorough discussion of the general principles that govern the test for confusion].

[17] In *Masterpiece*, the Supreme Court of Canada discussed the importance of the section 6(5)(e) factor in conducting an analysis of the likelihood of confusion between the parties' marks in accordance with section 6 of the Act (see para 49):

[...] the degree of resemblance, although the last factor listed in s. 6(5), is the statutory factor that is often likely to have the greatest effect on the confusion analysis ... if the marks or names do not resemble one another, it is unlikely that even a strong finding on the remaining factors would lead to a likelihood of confusion. The other factors become significant only once the marks are found to be identical or very similar. As a result, it has been suggested that a consideration of resemblance is where most confusion analyses should start.

[18] Under the circumstances of the present case, I consider it appropriate to analyse the degree of resemblance between the parties' marks first.

Consideration of the section 6(5) factors

The degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them

[19] The trade-marks at issue are identical. Accordingly, as reasoned in *Masterpiece*, the remaining factors must be carefully considered since they take on added significance in these circumstances.

The inherent distinctiveness of the trade-marks and the extent to which they have become known

[20] The trade-marks at issue are both inherently distinctive in the context of their associated wares, although arguably less so for the Opponent's since the Dedeluk affidavit indicates that "STARS" is an acronym for "Steam, Thermal and Advanced Processes Reservoir Simulator" [see Exhibit "J" re printout of the sub-section "STARS" from the Opponent's website promoting the STARS simulation software].

[21] Concerning the extent to which the trade-marks at issue have become known, there is no evidence to suggest that use of the Mark in Canada has commenced or that the Mark has been made known in this country in association with the applied-for wares. The Edward affidavit merely serves to introduce into evidence printouts from the Applicant's website [Exhibits "A" and "B"] and a copy of the Applicant's "Solutions for Engine Test Product Overview Catalogue" [Exhibit "C"]. As stressed by the Opponent, there is no indication that Canadians did access this website, the URL of which indicates an American source owing to the "/us/" component. Nor is there any indication that the Applicant's catalogue has been circulated in Canada. Furthermore, no invoices or sales figures have been supplied evidencing the sale of the Applicant's applied-for wares to customers in Canada.

[22] By comparison, the Dedeluk affidavit evidences that the Opponent's trade-mark STARS has become known to the Opponent's target audience in Canada in association with reservoir simulation software, as per my review below of the salient points of the Dedeluk affidavit.

The Dedeluk affidavit

[23] Mr. Dedeluk first provides a background of the Opponent's activities. He states that the Opponent is a publicly traded international computer software engineering and consulting firm engaged in the development, sale and technology transfer of reservoir simulation software. The Opponent has focused on the development and delivery of reservoir simulation technologies to assist oil and gas companies in determining reservoir capacities and maximize potential recovery. With over 360 oil and gas companies and technology centres in more than 49 countries, the Opponent is one of the largest independent providers of reservoir simulation

software in the world [para 2 of his affidavit].

[24] Mr. Dedeluk goes on to explain that the trade-mark STARS “is used specifically for [the Opponent’s] Advanced Thermal Reservoir Simulator software and manuals for sale to companies worldwide.” [para 3 of his affidavit]

[25] Mr. Dedeluk then turns specifically to the use of the trade-mark STARS in Canada. He states that the Opponent and its predecessor in title have used the trade-mark STARS in Canada in association with computer software and manuals continuously since at least as early as 1986. The Opponent sells the computer software and the manual with an installation guide as a package to Canadian consumers [paras 4 to 7 of his affidavit].

[26] In support of his assertions of use of the mark, Mr. Dedeluk attaches the following exhibits:

- Exhibit “C”: a representative sample of the Opponent’s License Agreement and Licensed Software CD which is offered for sale and sold in Canada and which includes the STARS simulation software [para 8 of his affidavit];
- Exhibit “D”: a copy of the banner depicting the trade-mark STARS in association with the simulation software. Mr. Dedeluk explains that this banner is prominently displayed whenever the STARS simulation software is started up on a computer [para 9 of his affidavit];
- Exhibit “E”: excerpt photocopies from the manual, titled “STARS Version 2006 User’s Guide”, issued in or around April, 2006, representative of the manuals that are distributed with the simulation software when it is purchased in Canada. Mr. Dedeluk explains that an updated version of the User Guide consistently accompanies the STARS simulation software when it is purchased [para 10 of his affidavit];
- Exhibit “F”: a photocopy of a Computer Modelling Group Software Installation Guide which is distributed in Canada with the STARS simulation software and the User Guide. Mr. Dedeluk explains that this installation guide is consistently provided to clients when the STARS simulation software is purchased [para 11 of his affidavit]; and

- Exhibit “G”: copies of invoices evidencing sales for the Opponent’s STARS simulation software, including the manuals, for the years 2004-2008 [para 12 of his affidavit];

[27] Mr. Dedeluk further provides the Opponent’s total software license revenues from 2003 to 2009, and the portions of the sales of licenses relating to the STARS simulation software and manuals, the total of which amounts to in excess of 50 million dollars [para 13 of his affidavit].

[28] Mr. Dedeluk then turns to the promotion and advertising of the trade-mark STARS in Canada. He explains that the Opponent has advertised and promoted its STARS simulation software and manuals through various means [para 14 of his affidavit]. These include:

- The operation of websites at *www.cmgroup.com* (the Website) and *www.cmgl.ca* that are identical and available to Canadians [paras 15 to 18 of his affidavit; printouts of the Opponent’s Website attached as Exhibits “H”, “I”, “J”, and “K”];
- The provision of electronic promotional materials prominently displaying the trade-mark STARS, namely printouts of brochures for the STARS simulation software available on the Website [para 19 of his affidavit; Exhibit “L”];
- The distribution of brochures to potential consumers prominently displaying the trade-mark STARS in association with the simulation software [paras 20-21; Exhibits “M” and “N”]; and
- The placing of advertisements in trade publications which specialize in the oil and gas industry, such as the *Oilweek Canadian Oilsands Magazine*, the *New Technology Magazine* and the *Journal of Canadian Petroleum Technology* [paras 22 to 25 of his affidavit; Exhibits “O”, “P”, and “Q”].

[29] To sum up, the overall consideration of this first factor, which is a combination of inherent distinctiveness and acquired distinctiveness, favours the Opponent.

the length of time the trade-marks have been in use

[30] As per my comments above, this factor also favours the Opponent.

the nature of the wares, services or business; and d) the nature of the trade

[31] The Opponent submits that I must compare the Applicant's statement of wares with the statement of wares in the Opponent's registration. This is true [see *Henkel Kommanditgesellschaft auf Aktien v Super Dragon Import Export Inc* (1986), 12 CPR (3d) 110 (FCA); and *Mr Submarine Ltd v Amandista Investments Ltd* (1987), 19 CPR (3d) 3 (FCA)]. 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. The evidence of the parties' actual trades is useful in this respect particularly where there is an ambiguity as to the wares or services covered in the application or registration(s) at issue [see *McDonald's Corp v Coffee Hut Stores Ltd* (1996), 68 CPR (3d) 168 (FCA); *Procter & Gamble Inc v Hunter Packaging Ltd* (1999), 2 CPR (4th) 266 (TMOB); and *American Optional Corp v Alcon Pharmaceuticals Ltd* (2000), 5 CPR (4th) 110 (TMOB)].

[32] In the present case, the Opponent's registration covers "Computer software and manuals", whereas the Applicant's applied-for wares consist of "Laboratory automation system for vehicle development, namely, software and hardware for controlling vehicle testing equipments".

[33] Relying on the decisions in *Canadian Automobile Association v Olde & Co, Incorporated*, 1991 CanLII 6760 (TMOB) and *Cognos Inc v Cognisys Consultants Inc*, 1994 CanLII 10155 (TMOB), the Opponent takes the position that the Applicant's applied-for wares are similar to the Opponent's as they consist of a type of computer software that completely overlaps with the Opponent's wares *as registered*.

[34] Relying on the decisions in *Axon Development Corp v IC Axon Inc* (2007) 63 CPR (4th) 276 (TMOB) and *Unisys Corp v Northwood Technologies Inc* (2002), 29 CPR (4th) 115 (TMOB), the Applicant takes the position that it is reasonable and appropriate in the circumstances of the present case to consider the specific nature of the computer wares marketed by the Opponent given the generality of the statement of wares covered by the Opponent's registration. I agree.

[35] As stressed by the Applicant at the hearing, the Opponent's registration, issued on

June 17, 1994, dates back to an era when the term “computer software” was considered sufficiently specific for registration purposes. This is no longer the case [see the Canadian Intellectual Property Office (CIPO) practice notice *Compliance with Section 30(a) – Programs – Data Transmission Services* that refers to the September 1996 revision of CIPO Examination Wares and Services Manual. See also section II.5.4 of CIPO Examination Manual and section 2.4.7 of CIPO Wares and Services Manual providing that wares described as “computer software”, without further specification, would give an applicant an unreasonably wide ambit of protection]. That being so, I find the decision in *Cognos* distinguishable from the *Axon* and *Unisys* cases.

[36] Furthermore, I find that the approach taken in *Axon* and *Unisys* is in line with the above-enunciated principle that the evidence of the parties’ actual trade is useful where there is an ambiguity as to the wares or services covered in the application or registration(s) at issue like in the present case with the Opponent’s registration.

[37] In the present case, Mr. Dedeluk has testified that the Opponent “has focused on the development and delivery of *reservoir simulation technologies to assist oil and gas companies in determining reservoir capacities and maximize potential recovery*” (my emphasis) [para 2 of his affidavit] and that the Opponent’s trade-mark STARS “is used *specifically* for [the Opponent’s] Advanced Thermal Reservoir Simulation software and manuals” (my emphasis) [para 5 of his affidavit].

[38] More particularly, the preface to the User’s Guide attached as Exhibit “E” to the Dedeluk affidavit indicates that:

STARS is [the Opponent’s] new generation advanced processes reservoir simulator [...].

STARS was developed to simulate stem flood, steam cycling, steam-with-additives, dry and wet combustion, along with many types of chemical additive processes, using a wide range of grid and porosity models in both field and laboratory scale.

[39] While the STARS simulation software is dedicated to the oil and gas industry, the samples of brochures attached as Exhibits “L” and “M” to the Dedeluk affidavit also indicate non oil and gas related applications of STARS. More particularly, Exhibit “M” indicates the following:

STARS can simulate non-oilfield processes, including:

- Ground-water movement;
- Pollutant clean-up and recovery;
- Hazardous waste disposal and re-injection;
- Geothermal reservoir production;
- Solution mining operations; and
- Near wellbore exothermic reactions.

[40] The printout of the homepage of the Opponent's Website attached as Exhibit "H", which Mr. Dedeluk describes as "displaying the complete suite of [the Opponent's] software", describes the Opponent's market as a niche market:

Together, [the Opponent] and its clients share a common commitment to greater oil and gas recovery through the exchange of knowledge, ideas, and the development of new technologies. Through this process of joint ventures and partnerships, [the Opponent] has been able to evolve its technologies to their present capabilities, positioning [the Opponent] *as a world leader in this niche market.*

Our unique approach to the development of numerical simulation technology, coupled with past and current client input, has advanced [the Opponent's] technologies to the point where we can solve *the extremely complex problems and issues encountered in today's petroleum industry.* (my emphasis)

[41] The User's Guide attached as Exhibit "E" to the Dedeluk affidavit further indicates that:

This User's Guide details data entry for simulating the above processes. *It requires some knowledge of reservoir engineering and some rudimentary exposure to reservoir simulation.* (my emphasis)

while the Opponent's Software Installation Guide attached as Exhibit "F" indicates that:

STARS is an essential tool for *engineers in the field and in the lab.* STARS is also an indispensable tool for *petroleum managers* who are dedicated to significantly increasing their production efficiencies. (my emphasis)

[42] To sum up, the Opponent's STARS simulation software is used primarily by the oil and petroleum industries in order to determine reservoir capacities and maximize potential recovery. It simulates a variety of complex oil field production and enhancement processes. As indicated above, other non oil and gas related applications of STARS would be pollutant clean-up and recovery, hazardous waste disposal and re-injection, geothermal reservoir production, solution

mining operations, and the like. Accordingly, in addition to oil and gas companies, the STARS simulation software of the Opponent would likely also target environmental agencies, waste disposal companies and mining companies.

[43] By comparison, the statement of wares covered by the Applicant's application covers a "*Laboratory automation system for vehicle development, namely software and hardware for controlling vehicle testing equipments*" (my emphasis). The catalogue attached as Exhibit "C" to the Edwards affidavit describes the Applicant as a leading company in the fields of engine testing and emission testing systems. The Applicant's automotive test systems cover the whole range of vehicle engine testing from small motorcycle engines up to large ship engines.

[44] The Applicant's applied-for wares are used for a variety of aspects of engine testing such as torque and power measurement, engine emission testing, noise analysis, and the like. The catalogue attached as Exhibit "C" to the Edwards affidavit indicates that:

We integrate mechanical engineering, electrical engineering, measuring equipment, computer technology and software to create the best engine testing solutions on the market.

[45] Accordingly, the Applicant's targeted consumers would be the manufacturers of small motorcycle engines, automobile engines, heavy duty truck engines, train engines, ship engines, and the like.

[46] The Opponent submits that:

The oil and gas industry is intimately tied to the automobile industry given oil and gas is the fuel source the functioning of nearly all vehicles. It is likely that the Opponent would naturally expand its current range of products and business by moving into the development of computer software for vehicles. For example, the Opponent's computer software is already usable in the laboratory setting and is already targeted towards and used by engineers dealing with petroleum, the primary fuel source for vehicles.

Further, the Applicant's Wares and the Opponent's [w]ares are already directed for purchase by the same group of purchasers, namely engineers. Given the clear relationship between the industries in which the Applicant and Opponent offer to sell their wares, it is therefore likely, if not probable, that the Applicant and Opponent would promote their respective wares at the same trade shows and to the same consumer groups.

[47] However, there is no evidence whatsoever to support the Opponent's submission that it is

likely that the Opponent would naturally expand its current range of products and business by moving into a completely different field of business, namely that of laboratory automation systems for vehicle development. To the contrary, the Opponent's evidence shows that for more than 24 years, the Opponent's STARS simulation software has been used specifically for its advanced thermal reservoir simulator software. There is no reason for me to infer that this is likely to change [see *Canada Wire & Cable Ltd v Heatex Howden Inc* (1986), 13 CPR (3d) 183 (FCTD) at 186].

[48] As indicated above, the Opponent's market is a niche market. While I acknowledge the complementarities existing between the oil and gas industry and the automobile industry, it remains that the Applicant's Wares and those of the Opponent target distinct sophisticated industries and applications. The Opponent's software is directed to the extraction and modeling of what is in the ground while the Applicant's system is directed to engine and driveline testing.

[49] To sum up, I find that the overall consideration of the nature of the parties' wares and trades favours the Applicant.

Additional surrounding circumstances

[50] As a further surrounding circumstance, the Opponent submitted at the hearing that its registration for the trade-mark STARS was cited during the prosecution of the Applicant's application. Besides the fact that this has not been evidenced by the Opponent, a decision by the examination section of the Trade-marks Office is not binding on this Board and does not have a precedential value for this Board given that the examination section does not have before it evidence that is filed by the parties in an opposition proceeding. Furthermore, the burden on an applicant differs whether the application is at the examination stage or at the opposition stage. Accordingly, I am not prepared to accord weight to this particular surrounding circumstance in the present case.

Conclusion regarding the likelihood of confusion

[51] As indicated above, the issue is whether a consumer, who has a general and not precise recollection of the Opponent's trade-mark STARS, will be likely, upon seeing the Mark, to believe that their associated wares share a common source.

[52] Having regard to my comments above, I find that the differences existing between the exact nature of the parties' wares and businesses combined with the ones existing between their respective trades shift the balance of probabilities in favour of the Applicant.

[53] Accordingly, the non-registrability ground of opposition is dismissed.

The non-entitlement ground of opposition

[54] The Opponent has pleaded that the Applicant is not the person entitled to registration of the Mark in view of the provisions of section 16(3)(a) of the Act since at the date of filing of the Applicant's application (in this case, the priority date), the Mark was confusing with the Opponent's trade-mark STARS that had been previously used in Canada in association with the wares and services originally covered by the Opponent's aforementioned registration.

[55] An opponent meets its evidentiary burden with respect to a section 16(3)(a) ground if it shows that as of the date of filing of the applicant's application, its trade-mark had been previously used in Canada and had not been abandoned as of the date of advertisement of the applicant's application [section 16(5) of the Act]. The Opponent has met this burden with respect to its simulation software only.

[56] The difference in relevant dates does not substantially affect my analysis above under the non-registrability ground of opposition. As a result, my finding made above concerning the likelihood of confusion between the Mark and the Opponent's trade-mark STARS remains applicable. Accordingly, the non-entitlement ground of opposition is dismissed.

The non-distinctiveness ground of opposition

[57] The Opponent has pleaded that the Mark does not and cannot act to distinguish the Wares

from the wares and services of the Opponent as originally described in the Opponent's registration, nor is it adapted so to distinguish them in view of the provisions of section 2 of the Act since the Mark creates confusion with the Opponent's trade-mark STARS.

[58] An opponent meets its evidential burden with respect to a distinctiveness ground if it shows that as of the filing of the opposition (in this case, August 17, 2009) its trade-mark had become known to some extent at least to negate the distinctiveness of the applied-for mark [see *Motel 6, Inc v No 6 Motel Ltd* (1981), 56 CPR (2d) 44 (FCTD)]. The Opponent has met this burden with respect to its simulation software only.

[59] The difference in relevant dates does not substantially affect my analysis above under the non-registrability ground of opposition. As a result, my finding made above concerning the likelihood of confusion between the Mark and the Opponent's trade-mark STARS remains applicable. Accordingly, the non-distinctiveness ground of opposition is dismissed.

Disposition

[60] In view of the foregoing and pursuant to the authority delegated to me under section 63(3) of the Act, I reject the opposition pursuant to section 38(8) of the Act.

Annie Robitaille
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office