



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

Citation: 2013 TMOB 136
Date of Decision: 2013-08-23

**IN THE MATTER OF AN OPPOSITION
by International Business Machines
Corporation to application No. 1,433,465
for the trade-mark FILENEXUS in the
name of Loris Technologies Inc.**

Introduction

[1] This opposition relates to an application filed by Loris Technologies Inc. (the Applicant) on April 3, 2009 to register the trade-mark FILENEXUS (the Mark) in association with:

Computer software for the capture from any source of hard copy and electronic files and documents and the indexing, archival, organization, electronic retrieval, management and workflow distribution thereof; document capture and document management software; computer software for capturing, indexing, collating and storing documents for subsequent electronic access and retrieval (the Wares); and installation, support and customization of document capturing and document management software (Services1);

and in association with:

Hosting online access to document capture and document management software permitting the capture, indexing, archival organization, electronic retrieval, management and workflow distribution of all manner of hard copy and electronic files and documents; electronic document capture and document management services provided to others; offsite electronic document storage and retrieval services for others; assisting others to create, manage and access databases of electronic documents and records (Services2).

Services1 and Services2 are jointly referred to as the Services.

[2] The application is based on use since at least as early as 1997 in association with the Wares and Services1 and on proposed use with respect to Services2.

[3] The grounds of opposition raised by International Business Machines Corporation (the Opponent) are based on sections 30(b), 30(i), 12(1)(d), 16(1)(a),(b), 16(3)(a), (b) and 2 (distinctiveness) of the *Trade-marks Act* RSC 1985, c T-13, (the Act). The specific grounds of opposition are detailed in Schedule A annexed to this decision.

[4] The first issue is to determine if the Opponent has furnished sufficient evidence to support its grounds of opposition. If so, then I have to decide if the Mark has been used since the claimed date of first use; and finally if the Mark is confusing with the Opponent's trade-mark FILENET.

[5] On the first issue I conclude that the Opponent has failed to meet its evidential burden with respect to the ground of opposition based on section 30(i), 16(1)(b) and 16(3) (b) of the Act. I conclude that the Opponent has met its initial burden with respect to section 30(b) and the remaining grounds of opposition. However the Applicant has shown use of the Mark as of the claimed date of first use. I also conclude for the reasons detailed hereinafter that the Mark is not confusing with the Opponent's trade-mark.

Legal Onus and Burden of Proof

[6] There is an initial evidential burden on the Opponent to file sufficient admissible evidence from which it could reasonably be concluded that there exist sufficient facts to support each ground of opposition pleaded. If those facts exist, then the Applicant must show that the application complies with the provisions of the Act and the grounds of opposition raised by the Opponent should not prevent the registration of the trade-mark applied for [see *Joseph E Seagram & Sons Ltd et al v Seagram Real Estate Ltd* (1984), 3 CPR (3d) 325 (TMOB); *John Labatt Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 (FCTD) and *Wrangler Apparel Corp v The Timberland Company* (2005), 41 CPR (4th) 223 (FCTD)].

Ground of Opposition based on Section 30(i)

[7] Section 30(i) of the Act only requires the Applicant to declare that it is satisfied that it is entitled to use the Mark in Canada in association with the wares and services described in the application. Such a statement is included in this application. An opponent may rely on section

30(i) in specific cases such as where fraud by the applicant is alleged [see *Sapodilla Co Ld v Bristol Myers Co* (1974), 15 CPR (2d) 152 (TMOB)]. There is no allegation of that nature in the statement of opposition or any evidence in the record to that effect.

[8] Consequently the ground of opposition based on section 30(i) of the Act is dismissed.

Grounds of Opposition Based on Sections 16(1)(b) and 16(3)(b) of the Act

[9] The Opponent has the initial burden to prove that its previously filed application was pending at the date of advertisement of the present application (November 25, 2009) [see section 16(4) of the Act]. Application 606562 relied upon by the Opponent to support those grounds of opposition was filed on May 11, 1988. However it matured to registration on February 24, 1989 under registration number TMA352209. Therefore it was no longer pending on November 25, 2009.

[10] Consequently those grounds are dismissed.

Ground of Opposition Based on Section 30(b) of the Act

[11] The affidavit of Mr. Kunkel as well as some allegations contained in Mr. Maguire's affidavit address the issue of the claimed date of first use of the Mark in Canada by the Applicant in association with the Wares and Services¹.

[12] Mr. Kunkel is the Vice President and General Manager of the private investigation agency Mitchell Partners Investigation Services (Mitchell). In May 2010 Mitchell was retained by the Opponent's agents firm to perform an investigation with respect to the date of apparent first use of the Mark by the Applicant or any claimed predecessor in title. Mr. Kunkel was asked to try and locate the earliest apparent use of the Mark in Canada by the Applicant and specifically to see if he could locate any reference to the trade-mark being in use by the Applicant since 'at least as early as 1997'. He states that he used the Internet to do various searches, including the search engine Google using different search terms such as the Mark, FILE NEXUS, LORIS, LORIS TECHNOLOGIES, and 1997 as well as combinations of those terms and others, looking for any references or appearances of FILENEXUS or FILE NEXUS in apparent association with the Applicant's business, wares or services.

[13] He investigated the Applicant's website to look for any references to the Mark going back to at least as early as 1997. Those searches took place during the week of May 23 to May 26, 2010.

[14] His conclusion is that, at the time of his searches, the earliest located reference to the Applicant's use of the Mark dates apparently to the year 2000, and was found in an online sheet of technical information that is dated 'January/00'. He filed a copy of such document.

[15] His investigation of the Applicant's website revealed that it contains a section dedicated to promoting the Mark, and part of this section of the Applicant's website provides various 'case studies' relating to the Mark. He was unable to find on the website anything relating to the Mark prior to 2000. The earliest case study with reference to the Mark goes back to the year 2001. It appears in a publication dated in 2004, but the body of which contains references to ICI Canada Inc. as having installed in 2001 a product bearing the Mark of the Applicant and he filed a copy of the publication.

[16] He concludes by stating that he was unable to locate any reference on the Applicant's website or anywhere else on the Internet suggesting the use of the Mark in Canada or otherwise by the Applicant 'at least as early as 1997'. The earliest reference he could locate was in the years 2000 and 2001.

[17] Mr. Colin Maguire is the Account Executive-ECM Software for IBM Canada Ltd. (IBM Canada) a wholly-owned subsidiary of the Opponent. He is responsible for sales and promotion of the Opponent's Enterprise Content Management (ECM) brands in Canada, including the FILENET brand. He has held this position since late 2006 at which time IBM purchased the FILENET brand and business from FileNet Corporation, a parent company of his former employer FileNet Canada Inc. Since January 1997 he had been a similar account executive for FileNet Canada Inc. He was one of the persons responsible for sales and promotion of the FILENET brand and products in Canada.

[18] Mr. Maguire alleges that he has no knowledge of the Applicant's use of the Mark in Canada since 1997. He only learned the existence of FILENEXUS very recently. He states that given his role as an account executive for the FILENET brand since 1997, if a competitor had

been using a similar trade-mark such as FILENEXUS in their field he would have expected the mark and business to quickly come to his attention.

[19] From this evidence I conclude that the Opponent has met its initial evidential burden, which has been characterized as a light one [see *John Labatt Ltd v Molson Companies Ltd* (1990) 30 CPR (3d) 293 at 298]. Therefore the burden shifts on the Applicant who must establish that it was using the Mark as of the claimed date of first use, namely 1997 (which in fact is presumed to be December 31, 1997, see *Khan v Turban Brand Products Ltd* (1984), 1 CPR (3d) 388(TMOB)) in association with the Wares and the Services¹.

[20] Mr. Bevan has been the Applicant's President since 1984. He states that the Applicant was incorporated in 1980 under the name of Brass Tabs Investments Inc. In 1994 the company changed its name to Information Bridge Technologies Inc and finally in 1998 the company changed its name to the current one.

[21] He states that the Applicant is a developer of document imaging and document management software systems. He asserts that the Applicant is the creator and developer of a computer software associated with the Mark. This software enables users to index, collate and archive all records and files of virtually any type and from virtually any source into a single cohesive electronic database. The software allows users to, among other things, retrieve records and files and appropriately manage the workflow of such records and files.

[22] He alleges that since at least 1997 the Applicant has been selling, in the normal course of its business, licenses to use the software in association with the Mark for document management. He asserts that the client retains possession of the compact disks onto which the software is burned, but the ownership of the FILENEXUS software remains in the Applicant.

[23] He asserts that since 1997 to this date the FILENEXUS software has been sold and delivered to customers in compact disk (CD) format. On the CD the Mark was and continues to be displayed on the face of the CD. He states that no original CDs containing the FILENEXUS software from 1997 could be located. However he filed a photocopy of the label of the original demonstration CD (exhibit D) used during the period of 1997-2000 by the Applicant's staff when making presentations to prospective customers. He asserts that the Mark as shown on exhibit D

has remained the same and has been displayed on the face of the CDs for FILENEXUS software produced in Canada and sold and delivered to customers in Canada and the United States from 1997 to the present. For clients located in the United States the Applicant exports to them at their U.S. addresses the CDs that display the Mark on their labels.

[24] He alleges that since at least 1997, when a customer purchases FILENEXUS software, the Applicant provides the following services:

- Technical assistance to install the FILENEXUS software on the client's computer system;
- Technical assistance to customize the FILENEXUS software to the specific needs and applications of the client;
- Training of the client's staff on how to operate the FILENEXUS software; and
- Ongoing technical support to field operational questions and to conduct any maintenance, if required, relating to the FILENEXUS software.

[25] Mr. Bevan states that in 1997 the Applicant installed its FILENEXUS software for document management at the St. Joseph's Health Centre (St. Joseph's) in Toronto, Ontario. It was installed to manage documents and files in respect of such departments as patient accounts and payroll. He affirms that on the CDs provided, the Mark appeared in the same manner as on the demonstration CD filed as exhibit D. He states that the Applicant's technicians installed the FILENEXUS software at St Joseph's and the installation process included customizing the FILENEXUS software to account for the specific needs of St Joseph's. The Applicant also provided training and ongoing support to St Joseph's staff that uses the FILENEXUS software.

[26] Mr. Bevan filed as exhibit E a CD containing a video clip featuring the manager of Patient Accounts at St Joseph's who gives a brief testimonial about the merits of the FILENEXUS software wherein he states 'I have been using FILENEXUS since 1996'. He filed another CD containing a video clip featuring the Payroll Coordinator at St Joseph's who states 'We've been using FILENEXUS for about four years now.' These video clips were created by the Applicant in 2000 as testimonials for future promotion of the FILENEXUS software and related services.

[27] The Opponent objected to this portion of the evidence on the basis that its content is inadmissible hearsay evidence. There is no affidavit filed by the persons who are making the

statements on the video attesting that those statements are true. The Opponent could not cross-examine those persons and finally the Applicant has not provided any reasons as to why it was impossible to obtain an affidavit from them or any other representative of St. Joseph's [see *R v Khan* [1984]2 SCR 62]. As such I am excluding the content of those videos as part of the Applicant's evidence.

[28] Mr. Bevan alleges that in 1997, the Applicant sold its FILENEXUS software to Richmond Hill Hydro located in Richmond Hill, Ontario. He asserts that it is now part of PowerStream which is a municipality wholly-owned electric distribution company. He asserts that at the time of delivery, CDs of the FILENEXUS software were provided and each of them had the Mark displayed on the face of the CD.

[29] Mr. Bevan explains that FILENEXUS software was installed at Richmond Hill Hydro with the assistance from the Applicant to manage their documents and electronic files relating to customers, namely indexing, collating, and storing such documents in a single cohesive electronic repository and subsequently accessing and retrieving such information, documents and files when required.

[30] Mr. Bevan filed as exhibit G a CD containing a video clip featuring the Systems Information Supervisor at Richmond Hill Hydro wherein he states 'We installed FILENEXUS in the beginning of 1997.' The video was created by the Applicant in 2000 as a testimonial for future promotion of the FILENEXUS software and related services. For the same reasons mentioned above with respect to other videos of the same nature, I maintain the Opponent's objection and such portion of the evidence is not considered as part of the record.

[31] He filed as exhibit H a copy of purchase order #8014 dated September 12, 1997 relating to the purchase of FILENEXUS software and related FILENEXUS installation, training and support services. The purchaser for this transaction was a business named Labelad/Sandy Lion (Labelad) located in Markham, Ontario. The vendor is identified as Prism Computer Concepts (Prism). Mr. Bevan alleges that in 1997 Prism was an authorized dealer for the Applicant. Mr. Bevan alleges that Prism did only the sale. The Applicant delivered and installed the FILENEXUS software. It also did the client's training and support. He filed as exhibit I a copy of the Monthly Support Contract/Support Schedule between the Applicant and Labelad relating

to the purchase of FILENEXUS software. The support agreement relates to maintenance support for the FILENEXUS software during the period of November 14, 1997 and December 13, 1997.

[32] Mr. Bevan has provided the total sales figures for the year 1997. They were approximately 50,000\$.

[33] From this evidence the Opponent has raised four main issues: There is no documentary evidence of a single sale by the Applicant of the Wares in association with the Mark as of December 31, 1997; there is no evidence that the Services1, if performed in 1997, were so performed in association with the Mark; if wares and services were sold in association with the Mark, they were not the Wares and Services1; and finally if a trade-mark was used in association with the Wares and Services1 in 1997, it was not the Mark.

[34] Obviously the filing of an invoice evidencing the sale by the Applicant of the Wares and Services1 in association with the Mark would be the best evidence. However I must view the evidence as a whole, including the cross-examination of Mr. Bevan. One must realized that the alleged date of first use goes back more than 15 years ago. The documentary evidence filed by Mr. Bevan and his cross-examination do not contradict such date of first use and there are elements that support such date such as the purchase order filed as exhibit H and the Monthly Support Contract/Support Schedule filed as exhibit I to Mr. Bevan's affidavit.

[35] As for the argument that if the Mark was in use at the claimed date of first use, it was not in association with the Wares and Services1, the Opponent argues that, as admitted by Mr. Bevan during his cross-examination, the Applicant's system evolved over the years. At the beginning, namely at the end of 1996 and in 1997 it consisted of a document imaging process. There is no specific date as to when the Applicant's software was able to manage the documents scanned. Mr. Bevan clearly explained during his cross-examination that the scanning process was the beginning of the Applicant's system and that by the end of 1997 the Applicant had improved its system. In all, still the Applicant's software was at all relevant times a computer software for capturing, indexing, collating and storing documents for subsequent electronic access and retrieval.

[36] I conclude that the description of the different functions of the Applicant's software and the services provided by the Applicant going back to 1997 in association with such system and described by Mr. Bevan in his affidavit and during his cross-examination, falls within the description of the Wares and Services1.

[37] Lastly the Opponent argues that the trade-mark appearing on the CD is not the Mark as the word FILE is written on a first line; underneath it, there is the word NEXUS; and on the top right portion of the latter word there is the inscription 'tm' suggesting that the trade-mark is NEXUS. I consider the use of FILE and NEXUS written on two separate lines to be use of the Mark [see *Promafil Canada Ltd v Munsingwear Inc* (1992), 44 CPR (3d) 59].

[38] I conclude that the Applicant has met its burden to show that the Mark was in use in Canada in association with the Wares and the Services1 at the claimed date of first use and consequently I dismiss the ground of opposition based on section 30(b) of the Act.

Grounds of Opposition Based on the Likelihood of Confusion with the Opponent's Trade-mark

[39] The remaining grounds of opposition (sections 16(1)(a), 16(3)(a), 12(1)(d) and distinctiveness of the Mark under section 2 of the Act) all center on the issue of likelihood of confusion between the Mark and the Opponent's trade-mark FILENET. Each of these grounds of opposition must be assessed at different dates, but in this file the best case scenario for the Opponent is the registrability ground of opposition as it does not have to establish prior use of its trade-mark. If the marks in issue are not confusing as of the present date, they would not be confusing at any of the other earlier relevant dates (date of first use of the Mark, filing date of the application, and/or the filing date of the statement of opposition) assuming that the Opponent would have met its initial burden at any of those dates.

[40] The Opponent's initial burden is met with respect to a section 12(1)(d) ground of opposition if the registration relied upon is in good standing as of the date of my decision. The Registrar has discretion to check the register in order to confirm the existence of the registration(s) relied upon by an opponent [see *Quaker Oats of Canada Ltd/La Compagnie Quaker Oats du Canada Ltée v Menu Foods Ltd* (1986), 11 CPR (3d) 410 (TMOB)].

[41] A certified copy of registration TMA352209 for the trade-mark FILENET has been filed through the affidavit of Mr. Maguire. I exercised my discretion and checked the register and note that this registration remains extant. Consequently the Opponent has met its initial burden of proof.

[42] The test for confusion is outlined in section 6(2) of the Act. Some of the surrounding circumstances to be taken into consideration when assessing the likelihood of confusion between two trade-marks are described in section 6(5) of the Act: the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known; the length of time the trade-marks or trade-names have been in use; the nature of the wares, services, or business; the nature of the trade; and the degree of resemblance between the trade-marks or trade-names in appearance, or sound or any ideas suggested by them. Those criteria are not exhaustive and it is not necessary to give each one of them equal weight [See *Clorox Co v Sears Canada Inc* (1992), 41 CPR (3d) 483 (FCTD) and *Gainers Inc v Marchildon* (1996), 66 CPR (3d) 308 (FCTD)].

[43] Mr. Justice Binnie of the Supreme Court of Canada commented on the assessment of these criteria [see *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée et al* (2006), 49 CPR (4th) 401 and *Mattel Inc v 3894207 Canada Inc* (2006), 49 CPR (4th) 321]. The most important factor is often the degree of resemblance between the marks [see *Masterpiece Inc v Alavida Lifestyles Inc et al* (2011), 96 CPR (4th) 361 (SCC)].

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

[44] Neither of the marks in issue possesses a high degree of inherent distinctiveness. The Opponent's trade-mark is composed of two common English words 'File' and 'Net'. The word 'file' is defined in the *Dictionary of Computer and Internet Terms* (exhibit E to Mr. Legault's affidavit) as: 'a block of information stored on a disk, tape, or similar media.' The word 'net' is defined in *Random House Webster's Unabridged Dictionary* (exhibit O to Mr. Legault's affidavit) as: '9. any network containing computers and telecommunications equipment.' The combination 'Filenet' is thus at least suggestive of computer products.

[45] The word ‘Nexus’ is defined in *Random House Webster’s Unabridged Dictionary* as ‘a mean of connection; tie; link’. The combination ‘file’ and ‘nexus’ is suggestive of the character of the Applicant’s software in that it would connect or link various computer files.

[46] A trade-mark may acquire distinctiveness through use or promotion in Canada. I shall now examine the parties’ evidence on this issue.

[47] To the Applicant’s evidence already described above under the ground of opposition based on section 30(b) of the Act, I must consider the following additional facts. Mr. Bevan has provided the annual revenues relating to the sales of FILENEXUS software and performance of related services since 1997 to 2010 which vary from \$50,000 to an excess of \$1 million and they total more than \$10 million. He filed as exhibit L a representative sampling of the Applicant’s invoices covering the period from 1997 to 2011 all related to the sale in Canada or the U.S. of FILENEXUS software and the performance in Canada of related services. He alleges that presently a typical sale and installation of FILENEXUS software for a customer in Canada will be in the range of \$50,000 to \$100,000.

[48] He states that for the years 2001 to 2010, 35% of the total sales were attributable to sales of FILENEXUS software and approximately 65% was attributable to FILENEXUS related services. He alleges that for the same period approximately 85% of the revenue arose from customers in Canada and 15% from customers in the U.S.

[49] Mr. Bevan asserts that between 1997 to the present the Applicant has advertised its FILENEXUS software and related services in Canada through the use of different media such as the Internet and printed material. As examples he filed print outs of the homepages from the Applicant’s website from 2001 to 2004. He also filed a copy of FILENEXUS brochure created in or around 2000 and distributed to potential and actual customers in Canada. He asserts that the Applicant has distributed since 2000 at least several thousands copies of this brochure.

[50] From this evidence I conclude that the Applicant’s Mark is known in Canada to some extent.

[51] Mr. Colin Maguire provides some history of the Opponent but I will limit my summary of his evidence to facts related to the Opponent's products sold in association with the trade-mark FILENET.

[52] Mr. Maguire explains that IBM Canada is a licensee in Canada of the Opponent's various registered and unregistered trade-marks including the registered trade-mark FILENET, pursuant to which licence the Opponent exercises direct or indirect control over IBM Canada's use of such marks. As mentioned previously exhibit A to his affidavit is a certified copy of registration TMA352,209 for the trade-mark FILENET registered in association with 'Computer hardware, software and peripherals; automated office systems for the storage, retrieval, handling and processing of business documents' based on use in Canada since at least as early as 1985. Prior to the Opponent's acquisition of the FILENET brand and business it was owned by FileNet Corporation and later by FileNet Canada, Inc (collectively referred to as 'FileNet').

[53] Mr. Maguire affirms that FileNet pioneered a field that would later become known as Enterprise Content Management (ECM) generally meaning methods and technologies to capture, store, manage and control an organization's document and information content, as well as relating today to business process management, records management, email management, web content management and more. In the early days of this field the term ECM was not used. Rather the focus was on technologies and methods relating to 'document imaging' and 'workflow'. He alleges that in approximately 1985, FileNet became the first company to create a commercially successful document imaging system for businesses. It released the first commercial business process management software and also the first computer output to laser disk.

[54] To support his contention that FILENET brand and business growth and success was worldwide, he filed the annual reports of FileNet Corporation for the years 1994 to 1997 inclusive. Despite the fact that such reports make reference to sales in Canada there is no sales figures mentioned for Canada. Moreover the global sales figures are not broken down per trade-mark and per product. Therefore these documents are of little assistance to determine the extent to which the Opponent's trade-mark FILENET was known in Canada during that period.

[55] However Mr. Maguire alleges that throughout the course of his entire career with the FILENET brand, FileNet and the Opponent have always enjoyed multi-million dollar annual

sales in Canada. He has provided the annual sales figures in Canada for FILENET brand's products and services going back to 1996. They range from over \$3.5 million CDN to over \$18.5 million CDN. He filed as exhibit G a photograph of a sample software 'jewel box' displaying the FILENET trade-mark. He alleges that the FILENET trade-mark would generally appear on all FILENET products, packaging and promotional material in a similar manner.

[56] Mr. Maguire asserts that the mark FILENET has also been used since at least the early 1990's to sell and promote various services ancillary to these products such as: consulting services to meet with clients to discuss their business needs, match them with systems requirements, technology and architectural design to develop a project plan for implementing the customized solution; managing the system installation and configuration; mentoring services; testing services; education and training services.

[57] The mark FILENET has been advertised in traditional media (see an add in the *Fortune* magazine in 2004 filed as exhibit H). As well, from approximately 1987 to 2006, and afterward by the Opponent, FileNet conducted annual 'UserNet' conferences in large convention city locations for users and potential customers of FileNet products. He filed as exhibit I the welcome document for the 2006 conference held in Dallas, Texas for the 20th Anniversary of FileNet UserNet conferences. I note that there is no mention of any Canadian conferences but Mr. Maguire does state that they are widely attended and include customers from Canada and that there has been for many years a separate Canadian chapter but no details have been provided on it.

[58] Mr. Maguire alleges that FileNet has sent out to its customers and potential customers throughout the world, including Canada, periodic publications such as 'FileNetconnex' to promote the FileNet products and business developments. He filed a representative example that was published in 1999. However we have no information as to the scope of its distribution in Canada.

[59] Mr. Maguire affirms that the Opponent continues to promote the FILENET brand on its websites and he filed sample printouts from these websites as exhibit K.

[60] From this evidence I conclude that the Opponent's trade-mark FILENET is also known in Canada. Comparing the size of the sales figures of the respective parties, I find that the Opponent's trade-mark FILENET is more known in Canada than the Mark. Consequently the first factor favours the Opponent.

The length of time the trade-marks or trade-names have been in use

[61] I find Mr. McGuire's evidence as a whole, including the allegations of the annual sales made in Canada since 1996, the filing of a sample software 'jewel box' displaying the FILENET trade-mark and the production of a brochure promoting the Opponent's business distributed in 1999 in association with the trade-mark FILENET sufficient to conclude that the Opponent's trade-mark FILENET was in use in Canada since at least 1996 in association with computer software and in use since at least 1999 in association with ancillary services.

[62] As for the Mark the evidence described above leads me to conclude that it was in use in Canada since at least December 1997 in association with the Wares and Services1.

The nature of the wares, services, or business; the nature of the trade

[63] It is obvious from the description of the Wares and Services and of the Opponent's wares and services sold in association with the trade-mark FILENET that they are of similar nature.

[64] As for the nature of the parties' businesses I note that Mr. Maguire states in his affidavit that since its acquisition by the Opponent (late 2006 as the exact date is not specified), FILENET brand products have been marketed and sold to organizations of all sizes- small, medium and large. These products can be purchased through IBM Canada directly, and also through third parties who are authorized IBM software resellers. He explains that generally, these resellers would deal with smaller and medium-size customers looking to have hardware and original software bundled together, and such customers can ask for or receive original FILENET software products in the overall bundle. These resellers do not carry the Opponent's products exclusively, but rather are free to carry ECM software products of other companies and competitors in the field.

[65] The Applicant argues that the wares and services of the respective parties are not sold and are not rendered to the public at large. Rather, the services and wares are directed to sophisticated corporate officers responsible for their companies' computer systems and business management. The Applicant further alleges that where products and/or services are likely to be sold only to professional consumers, the likelihood of confusion is diminished. In addition, the Applicant pleads that the services of the respective parties are complex and expensive.

[66] In *Masterpiece supra*, Mr. Justice Rosthein made the following statements:

This Court has affirmed that consumers in the market for expensive goods may be less likely to be confused when they encounter a trade-mark, but the test is still one of "first impression". In his reasons, the trial judge used the importance and cost of expensive goods and services to change the likelihood of confusion test from one of first impression of a trade-mark to a test of consumers being "unlikely to make choices based on first impression". This approach is not consistent with the test for confusion under s. 6(5) which has been consistently endorsed by this Court, most recently in *Veuve Clicquot*.

68 While the hypothetical test for likelihood of confusion must be applied in all situations, it is flexible enough to reflect the observation of Binnie J. in *Mattel*, at para. 58:

When buying a car or a refrigerator, more care will naturally be taken than when buying a doll or a mid-priced meal.

69 However, as one element of the broader hypothetical test, this care or attention must relate to the attitude of the consumer approaching an important or costly purchase when he or she encounters the trade-mark, not to the research or inquiries or care that may subsequently be taken. As Rand J. put it in *General Motors Corp. v. Bellows*, [1949] S.C.R. 678 (S.C.C.), at p. 692:

Do the words then in that situation [refrigerators] lend themselves to the errors of faint impression or recollection of the average person who goes to their market? [Emphasis added.]

70 The focus of this question is the attitude of a consumer in the marketplace. Properly framed, consideration of the nature of the wares, services or business should take into account that there may be a lesser likelihood of trade-mark confusion where consumers are in the market for expensive or important wares or services. The reduced likelihood of confusion is still premised on the first impression of consumers *when they encounter* the marks in question. Where they are shopping for expensive wares or services, a consumer, while still having an imperfect recollection of a prior trade-mark, is likely to be somewhat more alert and aware of the trade-mark associated with the wares or services they are examining and its similarity or difference with that of the prior trade-mark. A

trade-mark, as Binnie J. observed in *Mattel*, is a shortcut for consumers. That observation applies whether they are shopping for more or less expensive wares or services.

71 It is not relevant that, as the trial judge found, consumers are "unlikely to make choices based on first impressions" or that they "will generally take considerable time to inform themselves about the source of expensive goods and services" (para. 43). Both of these — subsequent research or consequent purchase — occur *after* the consumer encounters a mark in the marketplace.

72 This distinction is important because even with this increased attentiveness, it may still be likely that a consumer shopping for expensive goods and services will be confused by the trade-marks they encounter. Careful research and deliberation may dispel any trade-mark confusion that may have arisen. However, that cannot mean that consumers of expensive goods, through their own caution and wariness, should lose the benefit of trade-mark protection. It is confusion when they encounter the trade-marks that is relevant. Careful research which may later remedy confusion does not mean that no confusion ever existed or that it will not continue to exist in the minds of consumers who did not carry out that research.

73 Indeed, *before* source confusion is remedied, it may lead a consumer to seek out, consider or purchase the wares or services from a source they previously had no awareness of or interest in. Such diversion diminishes the value of the goodwill associated with the trade-mark and business the consumer initially thought he or she was encountering in seeing the trade-mark. Leading consumers astray in this way is one of the evils that trade-mark law seeks to remedy. Consumers of expensive wares or services and owners of the associated trade-marks are entitled to trade-mark guidance and protection as much as those acquiring and selling inexpensive wares or services.

74 For these reasons, it was an error to discount the likelihood of confusion by considering what actions the consumer might take after encountering a mark in the marketplace. The trial judge should have instead limited his consideration to how a consumer, upon encountering the Alavida mark in the marketplace, with an imperfect recollection of the Masterpiece Inc. mark, would have reacted. Because consumers for expensive retirement residence accommodation may be expected to pay somewhat more attention when first encountering a trade-mark than consumers of less expensive wares or services, cost is not irrelevant. However, in circumstances where a strong resemblance suggests a likelihood of confusion, and the other s. 6(5) factors do not point strongly against a likelihood of confusion, then the cost is unlikely to lead to a different conclusion.

[67] Although the wares and services of the parties are expensive and that they would be sold to sophisticated corporate officers responsible for the purchase of those wares and services. I still have to apply overall the first impression test as detailed above.

[68] Therefore there is some overlap in the nature of the parties' businesses. This factor favours the Opponent.

The degree of resemblance

[69] As mentioned above, this is the most important factor. The first component of a trade-mark is the most important. However when such word is a common and descriptive word, as it is the case for 'file', such importance is diminished [see *Vancouver Sushman Ltd v Sushiboy Foods Co* (2002), 22 CPR (4th) 107 (TMOB)].

[70] The Opponent argues that there is a fair degree of resemblance as both marks have the common portion 'filene'. I do not think that it is the appropriate way to assess the degree of resemblance between the marks. Although the marks do resemble to one another to a certain extent, mainly because of the presence of the prefix 'file', the addition of the suffix 'nexus', which is different visually and in sound, is sufficient in my opinion to lessen the effect of the presence of the common and suggestive word 'file' as the first component of the marks in issue [see *Merial LLC v Novartis Animal Health Canada Inc* (2000), 11 CPR (4th) 191 at 198(FCTD)].

Additional surrounding circumstance

[71] Both parties filed state of the register evidence. The Opponent filed the affidavit of Mary P. Noonan who has been a trade-mark searcher employed by the Opponent's agents firm. She was asked to search the Canadian trade-marks database in order to locate any active trade-mark registration or active application for registration of a mark that includes the word element 'FILEN' or the word element 'FILE' followed by another word that begins with the letter 'N'. The search was conducted on July 22, 2010 and she filed the results. Five citations were located, including the present application and the Opponent's registration. Of them, three citations are totally irrelevant in terms of the wares and services.

[72] However the Applicant filed the affidavit of Lynda Palmer, an independent self-employed trade-mark searcher. She states that on March 30, 2011 she performed a search on the CDNameSearch database which obtains its information directly from Canadian Intellectual

Property Office (CIPO). She first searched for trade-marks which included the word 'FILE' in association with goods or services related to computers. She filed the extended preview report listing a summary of 60 citations found. On March 31, 2011 and April 1, 2011 she downloaded the registration or application pages for the marks listed in the extended preview report.

[73] Moreover the Applicant filed the affidavit of D. Jill Roberts, employed as an Assistant Bailiff with CEASE Bailiff Services Inc. located in Ottawa, Ontario. She was retained by the Applicant's agents firm to conduct a series of Internet searches. On March 31, 2011 she conducted a Google Internet search for the term FILECATALYST and filed a copy of the first page of the search results. She then accessed the website at www.filecatalyst.com and searched the website for such things as the trade-mark FILECATALYST and a description of goods and services.

[74] She did the same type of searches for the following trade-marks and the corresponding websites:

FILE BANK	www.filebank.ca
FILEMAKER	www.filemaker.com
FILECOURIER	www.enefilecourier.com
FILE-AID	www.compuware.com and www.brothersoft.com
FILE-VAULT	(see the domain names mentioned in para. 9 of her affidavit)

She filed the web pages she accessed and downloaded from those websites.

[75] With this evidence the Applicant argues that not only the word 'FILE' is a common element of many registered trade-marks in association with computer related products, but also that those marks are used in the marketplace in Canada. All these websites are third party websites. They are not official web sites of well-known organizations where reliable information would be admissible as evidence as stated in *ITV Technologies Inc v WIC Television Ltd* (2003), 29 CPR (4th) 182 (FCTD). I therefore do not consider the production of these web pages as evidence of the truth of their content.

[76] However as detailed in the Applicant's written argument [reference to paragraph 54 of the Applicant's written argument], there are 23 registrations or pending applications for trade-

marks comprising the element 'FILE' in association with computer software and/or computer services.

[77] State of the register evidence is only relevant insofar as one can make inferences from it about the state of the marketplace [see *Ports International Ltd v Dunlop Ltd* (1992), 41 CPR (3d) 432 (TMOB); *Welch Foods Inc v Del Monte Corp* (1992), 44 CPR (3d) 205 (FCTD)]. Inferences about the state of the marketplace can only be drawn from state of the register evidence where large number of relevant registrations are located [see *Maximum Nutrition Ltd v Kellogg Salada Canada Inc* (1992), 43 CPR (3d) 349 (FCA)]. The number of relevant citations enables me to infer that consumers are accustomed to see the term 'FILE' as part of trade-marks in association with computer software and/or relevant services such that they make the distinction between them.

[78] Additionally the Applicant argues that there has been no evidence of actual cases of confusion between the marks in issue. To support such argument the Applicant relies on the statement made by Mr. Bevan in his affidavit that as the Applicant's President he would have been made aware of any instances of confusion between the marks. Although the Opponent does not need to prove instances of actual confusion to support an allegation of likelihood of confusion, the lack of evidence of actual instances of confusion, where there has been concurrent use of the marks over a long period of time, may be considered as a relevant factor to support a finding that there is no likelihood of confusion between them [see *Mattel, supra*].

Conclusion

[79] Considering the factors in section 6(5) of the Act as discussed above, and taking into account in particular the fact that the Opponent's trade-mark FILENET is a weak mark not entitled to a broad scope of protection, that the differences in the parties' marks are sufficient to distinguish them, the state of the register evidence, and the absence of actual instances of confusion despite concurrent use of the parties' marks since at least 1997, I find that at all material times the Applicant has met its legal onus to show, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the Opponent's mark FILENET.

[80] As the difference in the relevant dates would not have any significant impact on the analysis of the factors listed under section 6(5) when assessing the likelihood of confusion under the grounds of opposition based on sections 16(1)(a), 16(3)(a), 12(1)(d) and distinctiveness of the Mark under section 2 of the Act, I am dismissing all these grounds of opposition for the reasons detailed above.

Disposition

[81] 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.

Jean Carrière
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office

Schedule A

The relevant grounds of opposition can be summarized as follow:

1. The Application does not comply with the requirements of section 30(b) of the *Trade-marks Act* RSC 1985, c T-13, (the Act) in that the Applicant claimed to have used the Mark in association with each of the Wares and Services¹ since the date of first use claimed in the application all of which to the Opponent's knowledge is not accurate and the Applicant is put to the strict proof thereof;
2. The Mark is not registrable in view of section 12(1)(d) of the Act since the Mark is confusing with the Opponent's reregistered trade-mark FILENET, certificate of registration TMA352209, registered on February 24, 1989;
3. The Applicant is not the person entitled to the registration of the Mark pursuant to sections 16(1)(a) and (b) of the Act (in relation to the Applicant's use claims) and sections 16(3)(a) and (b) (in relation to the Applicant's proposed use claim) in that both at the date of first use the Mark and at the filing date of the application, the Mark was confusing with the Opponent's trade-mark FILENET previously used in Canada and made known in Canada by the Opponent and its predecessor in title and with the Opponent's trade-mark FILENET in respect of which an application for registration had been previously filed in Canada by the Opponent, application 606562 filed on May 11, 1988 and issued as TMA352209 on February 24, 1989;
4. Pursuant to section 38(2)(d) of the Act, the Mark is not distinctive within the meaning of section 2 in that it does not distinguish the Wares and Services of the Applicant from the wares and services of the Opponent nor is the Mark adapted so as to distinguish them in light of the Opponent's previously used and registered trade-mark FILENET.