

**IN THE MATTER OF AN OPPOSITION
by Bio Agri Mix Ltd.
to application No. 821,497
for the trade-mark BIO YEAST AG
filed by Canadian Bio-Systems Inc.**

On August 26, 1996, the applicant, Canadian Bio-Systems Inc., filed an application to register the trade-mark BIO YEAST AG based upon use of the trade-mark in Canada in association with animal feed supplements since at least as early as September 10, 1990. The applicant disclaimed the right to the exclusive use of the words YEAST and AG apart from the trade-mark.

The application was advertised for opposition purposes on October 1, 1997. The opponent, Bio Agri Mix Ltd., filed a statement of opposition on December 1, 1997. The first ground of opposition is based on Subsection 30(b) of the *Trade-marks Act*, the opponent alleging that the applicant has not used BIO YEAST AG in Canada in association with animal feed supplements since at least as early as September 10, 1990. The second ground pleads that the applicant's trade-mark is not registrable pursuant to Paragraph 12(1)(d) of the *Act* because it is confusing with the trade-mark BIO AGRI MIX registered under No. 414,859. The third ground is that the applicant is not the person entitled to register the trade-mark pursuant to Subsection 16(1) because at the material date it was confusing with: the trade-mark BIO AGRI MIX and the trade-name Bio Agri Mix Ltd. previously used by the opponent in Canada in association with medicinal feed additives; and the trade-mark BIO YEAST AG previously used by the opponent in Canada in association with a highly concentrated yeast culture product for use as a supplement in livestock and animal feeds. The fourth ground is that the applicant's mark is not distinctive for all of the foregoing reasons.

The applicant filed and served a counter statement in which it generally denied the grounds of opposition. It also particularly denied that the opponent had ever used the BIO YEAST AG trade-mark, stating that all use was by the applicant and that if the opponent had ever used the

trade-mark, such use enured to the benefit of the applicant and that the opponent abandoned all such use long before the present application was filed.

As its evidence, the opponent filed the affidavit of its President, Paul Lake. Mr. Lake attests that the opponent was incorporated on August 31, 1983 as 552327 Ontario Limited and changed its name first to Bio-Agrimix Ltd. on July 3, 1984 and then to Bio Agri Mix Ltd. on August 23, 1993. (Given the great similarity between the trade-names Bio-Agrimix Ltd. and Bio Agri Mix Ltd., I shall consider the use of the former to constitute use of the latter, pursuant to the principles set out in *Nightingale Interloc Ltd. v. Prodesign Ltd.* (1984), 2 C.P.R. (3d) 535 (T.M.O.B.)) Mr. Lake states that Bio Agri Mix Ltd. has used the trade-mark BIO AGRI MIX and the trade-name Bio Agri Mix Ltd. since at least as early as November 20, 1984 in Canada in association with medicinal feed additives. Such products are largely sold to feed mills or licensed animal health retail outlets for administration to poultry and animals via feed. Various promotional materials are provided to show the nature of the products. These materials all bear the trade-name Bio Agri Mix Ltd. (or Bio-Agrimix Ltd.) and some of them bear the trade-mark BIO AGRI MIX. Sample labels and bags are provided that are used for the opponent's products. These bear only the opponent's trade-name Bio Agri Mix Ltd., not the BIO AGRI MIX trade-mark. Some advertisements are provided that display both the opponent's Bio Agri Mix Ltd. trade-name and its BIO AGRI MIX trade-mark. The amount of dollars spent on advertising and promotion in 1997 exceeded \$80,000. Annual sales in Canada in association with the trade-mark BIO AGRI MIX and the trade-name Bio Agri Mix Ltd. rose steadily from 4 million dollars in 1986 to 14 million dollars in 1997. Nevertheless, from these materials, I cannot conclude that the trade-mark BIO AGRI MIX has been used at any time in accordance with Section 4 of the *Trade-marks Act*.

Mr. Lake attests that Bio Agri Mix Ltd. first sold the BIO YEAST AG product on October 31, 1986 to Bio Agri Mix (Western) Ltd. for delivery to Livingston Distribution Centres. He provides a copy of an invoice concerning such a sale, which refers to 80 units of 25 kg. Bio Yeast AG. Mr. Lake states that the opponent continued to sell Bio Yeast AG to Bio Agri Mix (Western) Ltd. for further distribution after that initial sale and he provides what he calls a copy of a transfer price list to Bio Agri Mix (Western) Ltd. from December 1987. The list itself bears the title "Bio-Agri Mix (Western) Ltd. Price List". Mr. Lake goes on to state that the BIO YEAST AG product was sold to Bio Agri Mix (Western) Ltd. from 1986 to 1992.

Mr. Lake states that the opponent registered the BIO YEAST AG product with Agriculture Canada in 1988 and that same year ordered printed bags for the sale of the BIO YEAST AG product. Although he provides copies of invoices relating to the printing of BIO YEAST AG bags, there is no evidence as to what exactly was printed on those bags.

Mr. Lake also provides us with the opponent's annual production volume of BIO YEAST AG product from 1986 to 1993.

Mr. Lake states that the original role of Bio Agri Mix (Western) Ltd. was as a distributor of Bio Agri Mix Ltd. products in Western Canada and that BIO YEAST AG was produced by Bio Agri Mix Ltd. and sold to Bio Agri Mix (Western) Ltd. for further distribution in Western Canada. In February 1993, the opponent and the applicant ceased doing business together and entered into a 5 year non-compete agreement. Mr. Lake states that the opponent did not relinquish or assign any of its rights in its trade-mark BIO YEAST AG. It did however cancel its registration with Agriculture Canada's Food Production and Inspection Branch - Plant Industry Directorate No. 990185 (BIOYEAST AG/Yeast Culture Dehydrated), which was then registered the same day in the name of the applicant.

As its evidence, the applicant filed the affidavit of its President, Richard Owen Jones. He attests that the applicant was once known as Bio-Agrimix (Western) Ltd. and that between 1984 and 1986, as an officer and employee of the applicant, he designed and developed the animal food supplement marketed under the trade-mark BIO YEAST AG.

Paragraph 6 of his affidavit reads as follows:

"Between October 31, 1986 and February 19, 1993 there was a close relationship between BAM [the opponent] and CBS [the applicant] with respect to the production of the animal feed supplement marketed under the Trade Mark. During this time, BAM was merely the toll manufacturer for CBS under my direction for the production of the animal feed supplement marketed, distributed and sold by CBS under the Trade Mark at my sole direction. CBS would pay BAM for the production of the product for CBS. To my best information and belief BAM never sold this product to anyone other than as a toll manufacturer of CBS to CBS. CBS made all of the sales of the product under the Trade Mark to the wholesalers, retailers and consumers of the product. All deliveries of the product under the Trade Mark by BAM were made solely at the direction of CBS, either to CBS or directly to customers of CBS on behalf of CBS as evidenced by Exhibit "G" to Paul Lake's affidavit filed in these proceedings."

He also refers to two Agriculture Canada registrations obtained by his company in 1990 for variations on the constituent elements of the product under the brand name BIO YEAST AG. However, these are referred to on the attached Agriculture Canada correspondence as Bio Yeast Ag Plus and Bio Yeast Ag 2B, and the applicant has filed no evidence of use of such trademarks.

Mr. Jones provides the value of "the gross sales in Canada by CBS for the product manufactured under the Trade Mark [BIO YEAST AG], where that information is still available". This amounts to in excess of \$92,000 in the applicant's 1995 fiscal year, in excess of \$155,000 in fiscal year 1996 and in excess of \$211,000 in fiscal year 1997. Although Mr. Jones has provided his company's total product gross sales for each of the years 1990 through 1994, those years' sales with respect to the BIO YEAST AG product are stated to be "n/a".

Attached as Exhibit "F" to Mr. Jones' affidavit is a copy of the label used by the applicant from at least as early as March 1993 to December 1997. It is stated that the form of label used by the applicant between September 1990 and March 1993 would be substantially similar to this label except for minor variations in the labelling requirements of Agriculture Canada and except for the corporate name used by the applicant. The label in Exhibit "F" identifies only one company, the manufacturer, which at that time was the applicant. It is unclear if the pre-March 1993 labels would have also borne the manufacturer's name, which the parties agree was then the opponent. Alternatively, if the labelling requirements were that the owner of the Agriculture Canada registration appear, then once again the opponent's name would have been displayed. No evidence has been provided that sets out the labelling requirements that would have applied to the BIO YEAST AG product at any time, including as of September 10, 1990 or before March 1993.

As Exhibit "J", Mr. Jones provides a copy of the February 17, 1993 Share Sale Agreement whereby Brian Milne sold his entire interest in the applicant to the applicant for approximately \$150,000. The agreement also provided that Milne shall cause Bio-Agrimix Ltd. to transfer the "Agriculture Canada registration number 990185 under the Feeds Regulations, 1983 relating to the feed known as 'Yeast Culture Dehydrated Bio Yeast Ag' to Mr. Owen Jones". There is evidence that this was done in 1993, Mr. Jones instructing Agriculture Canada to record the registration in the name of the applicant. No evidence has been provided concerning what exactly an Agriculture Canada registration under the Feeds Regulations amounts to, but I am

confident that the transfer of an Agriculture Canada registration is not the transfer of a trade-mark.

The Share Purchase Agreement also provided for a non-competition agreement to restrict the opponent from selling for five years in Western Canada certain products (that are referred to by their generic terms, not by trade-marks) and to restrict the applicant from selling for five years in Western Canada products having Canadian Drug Identification Numbers, except for certain listed products.

Pursuant to the agreement, the applicant agreed to change its name from Bio-Agrimix (Western) Ltd. It also acknowledged "the termination of any and all existing distributorship arrangements (the "Distributorship Arrangements") between the Corporation [Bio-Agrimix (Western) Ltd.] and Bio-Agrimix Ltd." While this suggests that the applicant was the opponent's distributor and the opponent was not the applicant's toll manufacturer, the lack of any references to trade-marks or products makes it unclear as to the subject matter of the "Distributorship Arrangements". Details of the "Distributorship Arrangements" have not been provided by either party.

In paragraph 17 of his affidavit, Mr. Jones states, "It was the spirit and intent of the negotiations leading up to and the closing of transactions relating to the Share Sale Agreement and the Non-Competition Agreement that CBS would continue to market and sell the product under the Trade Mark [BIO YEAST AG] now manufactured by CBS and BAM would cease manufacture and delivery of the product under the Trade Mark to CBS."

As reply evidence, the opponent filed a second affidavit of Paul Lake. In it he states that Bio Agri Mix (Western) Ltd. was formed with the principle aim of distributing in Western Canada products registered and manufactured by Bio Agri Mix Ltd. in Ontario. He also says that "Mr. Jones did not have any role in the actual development and preparation of the [BIO YEAST AG] product" but rather "was responsible for marketing the product in Western Canada although he was also involved with product formulation at a later date when an enzyme was added." He goes on to say, "In no way was Bio Agri Mix Ltd. a 'toll manufacturer'...Control of the product was entirely the responsibility of the Bio Agri Mix Ltd." Finally, he states, "At no time was it ever the contemplation of the parties to transfer anything other than a product formulation. Any trade-marks associated with the transferred products were to remain the property of Bio Agri Mix Ltd."

Neither party chose to cross-examine the other's affiant.

Both parties filed a written argument, following which the opponent requested leave to file an amended statement of opposition to correct a typographical error. Leave was granted by letter of March 30, 2001.

Both parties were represented at an oral hearing.

Basically we are faced here with a situation where the parties have different interpretations of their past relationship and the intent of the agreements that ended that relationship. I have been asked to believe one affiant over another. It is difficult for me to do so, possibly partly because both affiants are honestly attesting to their own perceptions of reality. It appears that neither party focussed adequately on the trade-mark issue over the years.

Given the disparate views by the parties as to ownership of the BIO YEAST AG trade-mark, I turn to consideration of whom the purchaser or user of the BIO YEAST AG product would have perceived as the owner of the mark. Unfortunately, we have not been provided with much evidence to assist us in such a determination. As of the date of first use claimed by the applicant, we do not know what exactly the product packaging looked like. Assuming that the manufacturer's name appeared on it as it did later, then the opponent's name would have appeared as manufacturer. We have no evidence that the name of the applicant or its predecessor appeared on the packaging before it became the manufacturer in 1993. Nor is there any evidence that any invoices issued by the applicant would have qualified as use of the trade-mark under Section 4 of the *Act*.

There is an initial evidential burden on the opponent respecting the issue of the applicant's non-compliance with Subsection 30(b) but this burden is a light one [see *Tune Masters v. Mr. P's Mastertune*, 10 C.P.R. (3d) 84, at p. 89]. As it can reasonably be concluded from the evidence that the use of the trade-mark as of September 10, 1990 accrued to the benefit of the opponent rather than the applicant, the opponent has satisfied its light burden. The applicant must therefore satisfy its legal onus in order for the Subsection 30(b) ground to fail.

The applicant's evidence does not satisfy me that it was selling BIO YEAST AG product as the owner of the trade-mark, rather than as the trade-mark owner's distributor, nor that the public would perceive it as the owner of the BIO YEAST AG trade-mark as of September 10, 1990. It

does not seem remarkable to me that a trade-mark owner might sell all of its product to its distributor and the signing of a document by the applicant to acknowledge the cancellation of distributorships with the opponent suggests that some sort of distributorship did exist. In the absence of any details as to what such distributorships encompassed, it seems not unreasonable to conclude that the subject matter might have included the BIO YEAST AG product. Although there is a lack of evidence of the import of Agriculture Canada registrations and their labelling requirements, the act of creating a formulation, or adapting one, is not relevant to the ownership of an associated trade-mark, nor is the reference to a trade-mark on such registrations determinative of trade-mark ownership. For these reasons and the reasons set out above concerning whose name was appearing on the packaging at the material date and the resulting public perception, I cannot conclude that the use of the BIO YEAST AG trade-mark as of September 10, 1990 accrued to the benefit of the applicant, as opposed to the opponent. Any doubt that I may harbour has to be determined against the interests of the party bearing the onus. Accordingly, the Subsection 30(b) ground of opposition succeeds.

Let me clarify that I am not saying that the applicant may not own the current rights in the BIO YEAST AG trade-mark given the opponent's apparent abandonment of it, but in the absence of a clear assignment and given the conflicting evidence, I cannot conclude that the date of first claimed enured to the applicant's benefit.

I will also add that if one were to accept that the 1993 agreement intended to transfer the trade-mark to the applicant, then the Subsection 30(b) ground of opposition could still succeed because the applicant did not name the opponent as a predecessor in its application. I am not however making any ruling as to whether or not a transfer did occur. Any argument that a transfer was intended to occur is of course contrary to the argument that the mark never belonged to the opponent.

Before moving on, I will also comment that it is curious that the applicant chose to state its date of first use as "at least as early as September 10, 1990." September 10, 1990 is the date of Agriculture Canada's letter confirming registration of the products referred to as BIO YEAST AG PLUS and BIO YEAST AG 2B, which were formulations in which the parties agree Mr. Jones was involved. Certainly the applicant is entitled to rely on a date later than its first date but it does beg the question of why the applicant chose a date approximately six years later than that which it is currently claiming accrued to it. In addition, there is no basis on which to

conclude that sales of the BIO YEAST AG PLUS or BIO YEAST AG 2B product would qualify as use of the trade-mark BIO YEAST AG *per se*.

The remaining grounds of opposition all turn on the likelihood of confusion between the applied-for mark and the opponent's trade-marks/trade-name. The material date with respect to each ground of opposition is as follows: Paragraph 12(1)(d) - the date of my decision [see *Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. and The Registrar of Trade Marks*, 37 C.P.R. (3d) 413 (F.C.A.)]; Subsection 16(1) - the applicant's date of first use; non-distinctiveness - the date of filing of the opposition [see *Re Andres Wines Ltd. and E. & J. Gallo Winery* (1975), 25 C.P.R. (2d) 126 (F.C.A.), at p. 130 and *Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd.* (1991), 37 C.P.R.(3d) 412 (F.C.A.) at p. 424].

As the opponent has not established that it had not abandoned the trade-mark BIO YEAST AG as of the advertisement date of this application, the Subsection 16(1) ground of opposition fails to the extent that it relies on such trade-mark, pursuant to Subsection 17(1). In addition, as discussed earlier, I am not satisfied that the opponent has shown that it has used BIO AGRI MIX as a trade-mark in accordance with Section 4; the Subsection 16(1) ground therefore also fails to the extent that it relies on that mark.

We are therefore left to consider the likelihood of confusion between the applicant's trade-mark BIO YEAST AG and the opponent's registered trade-mark BIO AGRI MIX and previously used trade-name Bio Agri Mix Ltd. Because the opponent has successfully challenged the applicant's claimed date of first use under its Subsection 30(b) ground of opposition, the material date for assessing the Subsection 16(1) ground of opposition is not the applicant's claimed date of first use [see *American Cyanamid Co. v. Record Chemical Co. Inc.*, 6 C.P.R. (2d) 278 (T.M.O.B.); *Everything for a Dollar Store (Canada) Inc. v. Dollar Plus Bargain Centre Ltd.* (1998) 86 C.P.R. (3d) 269 (T.M.O.B.) at p. 282]. It is difficult to know what date to use in the present situation. I will use March 1993, when the applicant began manufacturing the product, but note that the fate of this proceeding would remain the same if I used September 10, 1990 as the material date.

The test for confusion is one of first impression and imperfect recollection. In applying the test for confusion set forth in Subsection 6(2) of the *Trade-marks Act*, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in Subsection 6(5) of the *Act*. Those factors specifically set out in Subsection 6(5) are: the inherent distinctiveness

of the marks and the extent to which they have become known; the length of time each has been in use; the nature of the wares, services or business; the nature of the trade; and the degree of resemblance in appearance or sound of the marks or in the ideas suggested by them. The weight to be given to each relevant factor may vary, depending on the circumstances [*Clorox Co. v. Sears Canada Inc.* 41 C.P.R. (3d) 483 (F.C.T.D.); *Gainers Inc. v. Tammy L. Marchildon and The Registrar of Trade-marks* (1996), 66 C.P.R. (3d) 308 (F.C.T.D.)].

I will consider first the Paragraph 12(1)(d) ground. Neither BIO YEAST AG nor BIO AGRIMIX has a great degree of inherent distinctiveness. Both marks have become known to some extent through advertising but it appears that the opponent's mark has been promoted to a greater degree. As I have already found that the opponent has not evidenced any use of its BIO AGRIMIX trade-mark, a consideration of the length of time that both marks have been used necessarily favours the applicant. While the parties' wares are not identical they are similar, both being supplements or additives for animal feeds. The applicant's statement of wares is, in my view, broad enough to encompass the opponent's wares. No evidence was directed to any significant differences between the natures of the parties' businesses or trades. Both marks consist of three words, the first of which is BIO. Although one must consider each mark as a whole, typically the first portion of a trade-mark is considered to be the most significant. There is no evidence that BIO is commonly used in the parties' field. There is also no evidence that any of the trade-marks' other components are commonly used in the trade but YEAST and MIX describe their respective products (the applicant disclaimed the right to the exclusive use of the word MIX while the opponent disclaimed the right to the exclusive use of YEAST) and AG and AGRIMIX would most likely be recognized as references to the word "agriculture" (the applicant disclaimed the right to the exclusive use of AG).

Having considered all of the surrounding circumstances, I have some doubt as to whether or not there is a likelihood of confusion between the registered trade-mark BIO AGRIMIX and the applied-for trade-mark BIO YEAST AG. As the onus with respect to confusion lies on the applicant, I must resolve this doubt against the applicant. The Paragraph 12(1)(d) ground of opposition therefore succeeds.

The considerations with respect to the Subsection 16(1) ground of opposition are largely the same as those with respect to the Paragraph 12(1)(d) ground of opposition, except of course with respect to the material date and the fact that there is evidence of use of the opponent's trade-name Bio Agri Mix Ltd. As a result, the extent to which the trade-mark and trade-name have

become known and the length of time that they have been in use favours the opponent under this ground of opposition.

In order for the distinctiveness ground of opposition to succeed, the opponent need only have shown that as of December 1, 1997, its BIO AGRI MIX trade-mark or its Bio Agri Mix Ltd. trade-name had become sufficiently known in Canada to negate the distinctiveness of the applied-for mark [*Motel 6, Inc. v. No. 6 Motel Ltd.* (1981), 56 C.P.R. (2d) 44 at 58 (F.C.T.D.)]. I believe that it has succeeded in so doing. It is possible that BIO YEAST AG had become distinctive of the opponent's product as of December 1, 1997 in Western Canada, but I cannot conclude that it had in all of Canada. I say this because there had been many years of promotion of BIO AGRI MIX, extensive sales associated with the Bio Mix Agri Ltd. trade-name, and no evidence of third party use of BIO prefix marks. The non-distinctiveness ground of opposition therefore succeeds.

My decision regarding the likelihood of confusion between the opponent's trade-mark and trade-name and the applicant's trade-mark might have been different if there was evidence of the common adoption of BIO as a prefix for trade-marks used in the parties' general field.

Having been delegated by the Registrar of Trade-marks by virtue of Subsection 63(3) of the *Trade-marks Act*, I refuse the applicant's application pursuant to Subsection 38(8) of the *Act*.

DATED AT TORONTO, ONTARIO, THIS 6th DAY OF NOVEMBER, 2001.

Jill W. Bradbury
Hearing Officer
Trade-marks Opposition Board