

IN THE MATTER OF AN OPPOSITION by Demerits In-Court Inc. to application No. 770,806 for the trade-mark DEMERITS filed by Demerits Canada Inc.

On December 13, 1994, the applicant, Demerits Canada Inc., filed an application to register the trade-mark DEMERITS based upon use of the trade-mark in Canada by the applicant or its predecessor-in-title since at least as early as March 1991 in association with “Paralegal services, namely the providing of services of a paralegal nature in representing individuals in courts of summary jurisdiction matters, traffic offence/defence services, namely; appearing in court and representing individuals charged with traffic offences”.

The present application was advertised for opposition purposes in the *Trade-marks Journal* of November 1, 1995 and the opponent, Demerits In-Court Inc., filed a statement of opposition on April 1, 1996, a copy of which was forwarded to the applicant on May 1, 1996. The opponent filed as its evidence the affidavit of Charles R. Cox while the applicant advised the Opposition Board that it did not intend to file any evidence. The opponent alone filed a written argument and neither party requested an oral hearing.

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 the trade-mark DEMERITS since March 1991, as claimed in the present application, in that the applicant’s predecessor-in-title, Gloria Bailey, had previously filed an application to register the trade-mark DEMERITS on June 28, 1991 based on proposed use and that application proceeded to registration (registration No. 416,935) based on the proposed use claim. According to the opponent, this prior application contradicts the applicant’s present claim that it has used the identical trade-mark since March 1991.

While the legal burden is upon the applicant to show that its application complies with Section 30 of the *Trade-marks Act*, there is an initial evidential burden on the opponent to establish the facts relied upon by it in support of its Section 30 ground [see *Joseph E. Seagram & Sons Ltd. et al v. Seagram Real Estate Ltd.*, 3 C.P.R. (3d) 325, at pp. 329-330; and *John Labatt Ltd. v. Molson Companies Ltd.*, 30 C.P.R.(3d) 293]. The material time for considering the circumstances

respecting the issues of non-compliance with Section 30 of the *Act* is the filing date of the application [see *Georgia-Pacific Corp. v. Scott Paper Ltd.*, 3 C.P.R.(3d) 469, at p. 475]. Furthermore, the evidential burden on the opponent respecting the issue of the applicant's non-compliance with Subsection 30(b) of the *Act* is a light one [see *Tune Masters v. Mr. P's Mastertune*, 10 C.P.R.(3d) 84, at p. 89].

The opponent relied upon the affidavit of Charles R. Cox, President of the opponent, to meet its evidential burden in respect of the first ground. In paragraphs 16 to 19 of his affidavit, Mr. Cox states as follows:

Having regard to the above, I have concluded that the opponent has met the evidential burden upon it in respect of the Subsection 30(b) ground. Moreover, since the applicant failed to file either evidence or written argument in support of its application, I have concluded that the applicant has failed to meet the legal burden upon it in respect of this ground. Thus, the Subsection 30(b) ground of opposition is successful.

The opponent also alleged that the present application does not conform to the requirements of Subsection 30(i) of the *Trade-marks Act* in that the applicant could not have asserted in good faith that it was satisfied that it was entitled to use its trade-mark in Canada in view of the prior use of the trade-mark DEMERITS IN-COURT & Design by the opponent and its predecessors-in-title in respect of similar services. It would certainly appear from paragraph 19 of the Cox affidavit that the applicant was aware of the rights being claimed by the opponent in its trade-mark DEMERITS IN-COURT & Design as of the filing date of the present application and nevertheless proceeded with the filing of this application. While the applicant might well have been satisfied that it was entitled to claim the date of first use of its trade-mark DEMERITS in Canada as is asserted in the present application, I have concluded that the opponent has arguably met the evidential burden upon it in respect of this ground. Furthermore, as no evidence or written argument has been submitted by the applicant, I find that the applicant has also failed to meet the legal burden upon it in respect of this ground. Thus, the Subsection 30(i) ground of opposition is also successful.

The opponent has also alleged that the trade-mark DEMERITS is not distinctive because it does not distinguish, nor is it capable of being distinctive of, the services of the applicant in that it is likely to be confusing with the trade-mark of the opponent as set forth in the statement of opposition. In this regard, the opponent has claimed that it and its predecessors-in-title have used its trade-mark DEMERITS IN-COURT & Design in Canada since at least as early as September 6, 1992 in association with services substantially the same as set forth in the present application. The material time for considering the circumstances regarding the issue of distinctiveness is the date of the opposition, that is, April 1, 1996 [see *Re Andres Wines Ltd. and E.&J. Gallo Winery*, 25 C.P.R. (2d) 126 (F.C.A.), at p.130; *Park Avenue Furniture Corp. v. Wickes/Simmons Bedding Ltd.*, 37 C.P.R.(3d) 412 (F.C.A.), at p. 424; and *Molson Breweries, a Partnership v. Labatt Brewing*

Company Limited, (Court No. T-162-96, dated June 25, 1998, yet unreported, at p. 25)]. Furthermore, the onus or legal burden is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares from those of others throughout Canada [see *Muffin Houses, Inc. v. Muffin House Bakery Ltd.*, 4 C.P.R.(3d) 272 (T.M.O.B.)]. There is, however, an evidential burden on the opponent to prove the allegations of fact in support of its ground of non-distinctiveness [see *Clarco Communications Ltd. v. Sassy Publishers Inc.*, 54 C.P.R.(3d) 418, at p. 431 (F.C.T.D.)]. In *Humpty Dumpty Foods Limited v. George Weston Ltd.*, 24 C.P.R. (3d) 454, the learned trial judge concluded that allegations of confusion between an applicant's trade-mark and an opponent's trade-mark do not relate to the issue of distinctiveness but rather to the applicant's entitlement to registration. However, I consider this aspect of the *Humpty Dumpty* decision to be clearly incorrect [see *Castle & Cooke, Inc. v. Popsicle Industries Inc.*, 30 C.P.R. (3d) 158, at p.161] and have accordingly considered the opponent's evidence relating to the alleged non-distinctiveness of the applicant's trade-mark.

In his affidavit, Mr. Cox, President of the opponent, describes his company's use of the trade-mark DEMERITS IN-COURT commencing in September of 1992 when it first represented two clients in Provincial Court in Alberta. According to Mr. Cox, the DEMERITS IN-COURT business was incorporated under the Alberta Business Corporation Act as Demerits In-Court Inc. on October 7, 1992 and was continued under the Canada Business Corporation Act on April 19, 1993. Mr. Cox states that between September 1992 and December 31, 1992, Barry Findlay and himself represented clients in 31 cases using the marks DEMERITS and DEMERITS IN-COURT and in October of 1992, advertisements for their services appeared in the *Edmonton Downtown* and *The St. Albert Gazette* publications, copies of which is attached as an exhibit to the affidavit. The affiant has also annexed copies of advertisements which appeared in *The St. Albert Gazette* publication between November 4, 1992 and March 27, 1993, as well as in the Co-op Taxi newsletter *Moving On* in the fall of 1992 and in the Co-op Taxi newsletter *On the Move* in April of 1993.

Although this evidence is far from overwhelming, it does demonstrate that the opponent has provided services similar to the applicant's paralegal services covered in the present application during a period of three and a half years prior to the date of opposition. Consequently, I have

concluded that the Cox affidavit is sufficient to discharge the opponent's evidential burden in respect of the non-distinctiveness ground. The applicant, on the other hand, has not filed any evidence to meet its legal burden of showing that its trade-mark was distinctive as of the material date. As a result, I find that the opponent's non-distinctiveness ground of opposition is successful and have therefore not considered the remaining ground of opposition.

In view of the above, and 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 *Trade-marks Act*.

DATED AT HULL, QUEBEC, THIS 14th DAY OF AUGUST, 1998.

G.W. Partington
Chairperson
Trade-marks Opposition Board