

**IN THE MATTER OF AN OPPOSITION by
Canali S.p.A. to Application No. 854026
for the Trade-mark CANAL JEAN CO.
& DESIGN filed by Canal Jean Co. Inc.**

On August 20, 1997, Canal Jean Co. Inc. (the «Applicant») filed an application to register the trade-mark CANAL JEAN CO. NEW YORK & Design as illustrated hereinafter (the «Mark») in association with Men's, women's, and children's wearing apparel, namely, pants, jeans, jackets, blouses, shirts, sweaters, outer jackets, coats, T-shirts, sweatshirts, sweatsuits; footwear, namely, shoes, boots, and slippers; and footwear (athletic), namely, sneakers, tennis shoes and deck shoes (the “Wares”), based on proposed use.



The application was subsequently advertised on April 15, 1998 for opposition purposes in the *Trade-marks Journal*.

On June 1, 1998, Canali S.p.A. (the «Opponent») filed a Statement of Opposition. The Applicant served and filed on July 17, 1998, a Counterstatement in which it denied each and every ground of opposition raised by the Opponent in its Statement of Opposition.

The grounds of opposition can be summarised as follows:

- a) The application does not comply with Section 30 of the Trade-marks Act («Act») in that:
 - (i) The Applicant had already used the Mark in whole or in part in Canada;

- (ii) The Applicant never had the intention to use the Mark in Canada or abandoned it in whole or in part;
 - (iii) The Applicant falsely declared that it was entitled to use the Mark in Canada in view of the facts hereinafter set forth;
- b) The Mark was not registrable in view of the provisions of Section 12 (1)(d) of the Act as it is confusing with the Opponent's registered trade-marks:
- (i) CANALI, registration number TMA 415562 for clothing, perfumery and cosmetics, leather and imitation of leather;
 - (ii) CANALI, registration TMA 432937 for eyeglasses frame, eyeglasses, jewellery;
 - (iii) CANALI MILANO & Design, registration TMA 359518 for suits, jackets, coats and trousers.

(Collectively referred to as the "Opponent's Registered Trade-marks")

- c) The Applicant is not the person entitled to the registration of the Mark in view of the provisions of section 16 of the Act as:
- (i) At the date of filing, the Mark was confusing with the trade-marks CANALI for clothing and CANALI MILANO for clothing previously used or made known in Canada by the Opponent or its predecessor-in-title;
 - (ii) At the date of filing, the Mark was confusing with the trade-mark CANALI PROPOSTA in respect of which an application for registration, number TMO 851058, for clothing had been previously filed in Canada by the Opponent;
 - (iii) At the date of filing, the Mark was confusing with the trade names CANALI for clothing and the manufacturing and distribution thereof and CANALI S.P.A. for clothing and their manufacturing and distribution, previously used in Canada by the Opponent;

- (iv) The application does not comply with the provisions of section 30 of the Act, the Mark was used or abandoned as the case may be and is not registrable;
- d) The Mark is not distinctive, within the meaning of section 2 of the Act, of the Applicant's Wares because:
 - (i) It is not adapted to distinguish the wares in association with which the Mark is used or proposed to be used by the Applicant from those of the Opponent;
 - (ii) Subsequent to its transfer, there remained use rights to two or more entities which were exercised by them concurrently the whole contrary to the provisions of section 48(2) of the Act;
 - (iii) The Applicant allowed third parties to use the Mark in Canada, and in fact those third parties used it, outside the scope of protection of licensed use provided in Section 50 of the Act.

The Opponent's evidence consists of certificates of authenticity of registration numbers 432937 and 359518 and for application number 851058 and the affidavit of Mr. Giorgio Canali together with exhibits GC-1 to GC-3. The Applicant filed the affidavit of Ms. Karen E. Thompson. An affidavit of Ms. Ira Russak was also filed but her failure to attend her cross-examination forced the Board to return such affidavit to the Applicant.

Mr. Canali was cross-examined and only the Applicant filed written submissions. A hearing took place and both parties made verbal representations.

Mr. Canali described himself as the Opponent's supervisor of sales for the United States of America ("USA") and Canada. The Opponent is a fashion designer of clothing and related accessories, which are sold under the trade-mark and trade name CANALI. He is alleging that clothing bearing the trade-mark and trade name CANALI were sold in Canada since 1982. He alleges that, because of extensive sales and promotion, CANALI is a well-known trade-mark throughout the world and in Canada.

He did provide the sales figures of clothing bearing the trade-mark CANALI in Canada and they vary from \$820,000 in 1987 to an excess of \$9 million in 1998. Worldwide advertising figures for the promotion of clothing bearing the trade-mark CANALI were provided for the same period but with no breakdown for Canada. Catalogues illustrating clothing available and sold in Canada under the trade-mark CANALI from 1992 to 1996 were filed as exhibit GC-1. Exhibit GC-2 are representative labels bearing the trade-mark CANALI affixed on clothing sold in Canada by the Opponent. Samples of advertisements published in magazines to promote the trade-mark CANALI were filed as exhibit GC-3 to his affidavit. There is however no evidence that these magazines ever circulated in Canada and if so to what extent.

During his cross-examination, Mr. Canali admitted the following facts:

- a) Certificate of registration 432937 for the trade-mark CANALI doesn't cover any articles of clothing;
- b) There exists no registration for the word CANALI alone in association with clothing;
- c) Clothing manufactured by the Opponent are sold in Canada in upper end retail stores such as Holt Renfrew and Harry Rosen.

Ms. Thompson is a trade-mark searcher at the Applicant's agent firm. She conducted a search using a CD ROM from CD Namesearch Corp, which comprises the Canadian Trade-marks Database, indexed up to January 24, 2000. The search performed consisted in locating Canadian trade-mark applications or registrations which contain the words "CANAL", "KANAL", "CANNAL" or "KANNAL". She located 15 registered trade-marks or applied for in association with clothing.

The legal burden is upon the Applicant to show that its application complies with the provisions of Section 30 of the Act, but there is however an initial evidential burden on the Opponent to establish the facts relied upon by it in support of such grounds of opposition. Once this initial burden is met, the burden shifts to the Applicant who must prove that the particular grounds of opposition should not prevent the registration of the Mark applied for. [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 Opponent has adduced no evidence to support grounds of opposition a), c)(ii) and (iv) and d)(ii) and (iii) described above. As such they are all dismissed for failure to meet the initial burden imposed on the Opponent.

There hasn't been any proper evidence of prior use, as defined in Section 4 of the Act, of the trade-marks CANALI MILANO in association with clothing in Canada. There is no allegation from Mr. Canali's affidavit that such trade-mark was used in Canada. The labels filed as exhibits GC-2 all bore the trade-mark CANALI. There is a reference in the first catalogue filed as Exhibit GC-1 to the trade-mark CANALI MILANO but a trade-mark appearing in a catalogue doesn't constitute, by itself, use of such trade-mark in association with wares. [See *Clairol International Corp. v. Thomas Supply & Equipment Co. Ltd. (1968)*, 55 C.P.R. 176]. Mr. Canali does refer in his cross-examination to sales in Canada of clothing bearing the trade-mark CANALI MILANO but there hasn't been any documentary evidence to substantiate such statement. The term "use" is a legal term defined in Section 4 of the Act. Proper evidence must be adduced by the party to enable the Registrar to conclude that the trade-mark has been used in Canada.[See for example *Bombardier Ltd.v. British Petroleum Co. Ltd., (1973)*, 10 C.P.R. (2d) 21, *Conde Nast Publications Inc. v. Union des Editions Modernes (1979)*, 46 C.P.R.(2d) 183 and *Hughes Aircraft Co. v. Fairchild Camera & Instrument Corp. (1990)*, 33 C.P.R. (3d) 500]. Furthermore, there is no evidence in the record to establish that the trade-mark CANALI MILANO was known in Canada, within the meaning of Section 5 of the Act, at the date of filing of the application for the registration of the Mark. As such I dismiss grounds of opposition c) (i), insofar as CANALI MILANO is concerned.

Confusion is a key issue to the remaining grounds of opposition, namely registrability (Section 12(1)(d)), entitlement (Section 16), insofar as the trade-mark and trade name CANALI are concerned and distinctiveness of the Mark.

The material time for considering the issue of non-entitlement based on Subsection 16(3) of the Act is the filing date of the application (August 20, 1997) [Section 16 of the Act]. The material date for assessing the issue of distinctiveness is generally accepted to be the date of filing of the opposition (June 1st, 1998) while registrability under 12(1)(d) must be assessed as of the date of my decision.[See *Andres Wines Ltd. and E&J Gallo Winery (1975)*, 25 C.P.R. (2d) 126 at 130

(F.C.A.) and *Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. (1991)*, 37 C.P.R. (3d) 413 at 424 (F.C.A)] In the present case, the different material dates won't have any effect on the disposition of the matter.

In order to determine whether the Mark is confusing with any of the Opponent's Registered Trade-marks or trade names, Section 6(5) of the Act directs the Registrar to have regards to all of the surrounding circumstances, including:

- i) The inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;
- ii) The length of time the trade-marks or trade-names have been in use;
- iii) The nature of the wares, services, or business;
- iv) The nature of the trade; and
- v) The degree of resemblance between the trade-marks or trade-names in appearance, or sound or any ideas suggested by them.

The burden of proof lies on the Applicant who must convince the Registrar, on a balance of probabilities, that there is no likelihood of confusion between the Mark and any of the Opponent's Registered Trade-marks or trade names at the abovementioned relevant dates [*see Sunshine Biscuits Inc. c. Corporate Foods Ltd. (1982)*, 61 C.P.R. (2d) 53 and *Christian Dior, S.A. v. Dion Neckwear Ltd [2002]* 3 C.F.405].

It has been established that the criteria listed in section 6(5) of the Act 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 C.P.R.(3d) 483 (F.C.T.D.) and *Gainers Inc. v. Marchildon (1996)*, 66 C.P.R.(3d) 308 (F.C.T.D.)].

In considering the similarity of trade marks it has been held repeatedly that it is not the proper approach to set the marks side by side and to critically analyze them for points of similarities and differences, but rather to determine the matter in a general way as a question of first impression.

Mr. Justice Cattanach describe the test of confusion in the following words in *Canadian Schenley Distilleries Ltd. v. Canada's Manitoba Distillery Ltd. (1975), 25 C.P.R. (2d) 1:*

«To determine whether two trade marks are confusing one with the other it is the persons who are likely to buy the wares who are to be considered, that is those persons who normally comprise the market, the ultimate consumer. That does not mean a rash, careless or unobservant purchaser on the one hand, nor on the other does it mean a person of higher education, one possessed of expert qualifications. It is the probability of the average person endowed with average intelligence acting with ordinary caution being deceived that is the criterion and to measure that probability of confusion the Registrar of Trade Marks or the Judge must assess the normal attitudes and reactions of such persons. not for the purpose of determining similarities and differences but rather to assess the attitude of the average reasonable purchaser of the wares as a matter of first impression.»

The Federal Court of Appeal has summarized the test of confusion in *Christian Dior S.A., supra*, in the following terms:

“A review of some of the leading cases also establishes some practical guidelines. For example, the Court is to put itself in the position of an average person who is familiar with the earlier mark but has an imperfect recollection of it; the question is whether the ordinary consumer will, on seeing the later mark, infer as a matter of first impression that the wares with which the second mark is used are in some way associated with the wares of the earlier. With respect to the degree of resemblance in appearance, sound or ideas under subparagraph 6(5)(e), the trade-marks at issue must be considered in their totality. As well, since it is the combination of elements that constitutes a trade-mark and gives distinctiveness to it, it is not correct to lay the trade-marks side by side and compare and observe similarities or differences among the elements or components of the marks when applying the test for confusion. In addition, trade-marks must not be considered in isolation but in association with the wares or services with which they are used. When dealing with famous or well-known marks, it may be more difficult to demonstrate that there is no likelihood of confusion, especially if the nature of the wares are similar. Lastly, the enumerated factors in subsection 6(5) need not be attributed equal weight. Each particular case of confusion might justify greater emphasis being given to one criterion than to others.”

I shall therefore apply these principles to the evidence summarized hereinabove.

i inherent distinctiveness

The Opponent's trade-mark CANALI is a surname and as such is an inherently weak mark. [See *Yves Saint Laurent International b.v. v. Semperit Trading Ltd.*, 21 c.p.r. (3d) 535 and *Hugo Boss ag v. Grafton-Fraser Inc.*, 49 C.P.R. (3d) 243]. The Opponent's mark CANALI has been used fairly extensively in Canada in association with "upscale" men's clothing, that is, suits selling at retail from \$1,400 to \$2,000. The Opponent's sales of men's garments under the mark CANALI were in excess of \$23 million, in total, for the period 1991-96 inclusive. Thus, I am able to infer that the opponent's mark CANALI was known to an appreciable extent in Canada by the material date of August 20, 1997. As for the trade-mark CANALI MILANO, it was found to have very little inherent distinctiveness given the fact that it is formed of a surname and the word "Milano" which is suggestive of the city of Milan in Italy. [See *Canali et al. v. Johnson*, (1991) 34 C.P.R. (3d) 364] According to Mr. Canali the sales of clothing bearing the trade-marks CANALI MILANO are minimal in Canada. [See transcript of cross-examination of Mr. Canali at page 37] In any event, there hasn't been any evidence of use of this trade-mark in Canada by the Opponent.

The Applicant's Mark consists of the words CANAL, JEAN, CO and NEW YORK and a checkerboard background. CANAL is a word in the French and English language but doesn't have any direct meaning with respect to the clothing industry. Therefore the Mark does have some degree of inherent distinctiveness.

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

This factor clearly favours the Opponent as the Applicant's application was filed on proposed use while the evidence in the record establishes use in Canada of the Opponent's trade-mark CANALI in association with clothing since 1982. There is no evidence of use of the Mark by the Applicant in association with the Wares as of the relevant dates identified above.

iii & iv nature of the wares, services or business

The wares covered by certificate of registration 432937 for the trade-mark CANALI are: key holders not in precious metal; eyeglasses frames, eyeglasses, lenses for eyeglasses, spectacle frames, sunglasses, spectacle cases and cases for contact-lenses, wrist-watches, jewels, precious stones, customs jewellery. The Wares are different than those covered by such certificate of registration.

The wares covered by certificate of registration 415562 for the trade-mark CANALI are: perfumery and cosmetics, for men and women, namely: perfume, eau de toilette, essences, mascara, eye shadow, powder, foundation cream, lipstick, detergent cream, shampoo, hair conditioner, talcum powder, nail varnish, toothpaste; leather and imitation of leather and articles made from these materials, namely: bags, handbags, travelling bags, suitcases, briefcases, purses, document holders, billfolds hides, trunks, parasols, umbrellas, walking sticks. There is no overlap between the Wares and those covered by such registration.

Finally certificate of registration 359518 for the trade-mark CANALI MILANO & Design was issued in association with suits, jackets, coats and trousers. There is definitively some overlap with some of the Wares. The Applicant is however trying to counter-balance the effect of such factor by arguing that the channels of trade would be different, as the items of clothing covered by such registration would be sold in upper scale fashion retail stores as admitted by Mr. Canali. I can't subscribe to this argument as the Opponent could well decide one day to sell its clothing items at more accessible retail prices in retail stores visited by the average Canadian consumer. The description of the wares in the certificate of registration doesn't restrain the Opponent from offering for sale and selling its clothing into such retail stores. Finally the Applicant did not restrict its application to any specific channels of trade. It is the Applicant's statement of wares/services and the Opponent's statement of wares/services in its registrations that govern the present analysis. [See *Mr. Submarine Ltd. v. Amandista Investments Ltd. (1987)*, 19 C.P.R. (3d) 3 at 10-11 (F.C.A.); *Henkel Kommanditgesellschaft v. Super Dragon (1986)*, 12 C.P.R. (3d) 110 at 112 (F.C.A.); *Miss Universe Inc. v. Dale Bohna (1994)*, 58 C.P.R. (3d) 381 at 390-392 (F.C.A.)]

v degree of resemblance

The Mark must not be dissected into its component or be carefully analysed but rather be considered in its entirety and as a matter of first impression. [See *Der Stabilisierungsfonds Fur Wein v. Jordan & Ste-Michelle Cellars Ltd. (1986)*, 9 C.P.R. (3d) 535, *Comité Interprofessionnel du Vin de Champagne v. Source Perrier (1986)*, 13 C.P.R. (3d) 229 and *Deutscher Weinfonds v. Ridout Wines Ltd. (1992)*, 45 C.P.R. (3d) 545].

One should not focus on a single similarity when there are other distinctive elements. On this issue I refer to Mr. Justice Décarý in *Christian Dior, S.A. v. Dion Neckwear Ltd [2002] 3 C.F.405* who stated:

“While I appreciate that the first portion of a trade-mark is the most relevant for purposes of distinction (see *Pernod Ricard v. Molson Breweries (1992)*, 56 F.T.R. 53, 44 C.P.R. (3d) 359 (T.D.) per Denault J. at 60), marks are nevertheless to be considered in their totality and the effect or idea of the whole is to be compared even when words in the marks are disclaimed. (See *Standard Coil Products (Canada) Ltd. v. Standard Radio Corp. (1971)*, 1 C.P.R. (2d) 155 (F.C.T.D.), affirmed (1976), 26 C.P.R. (2d) 288n (F.C.A.); *Sealy Sleep Products Ltd. v. Simpson's-Sears Ltd. (1960)*, 33 C.P.R. 129 (Ex. Ct.), approved by the Supreme Court of Canada in *Ultravite Laboratories Ltd. v. Whitehall Laboratories Ltd. (1965)*, 44 C.P.R. 189.) In the absence of any explanation by the Registrar, I am left with the strong belief that he focused solely on the DION element of the DION COLLECTION & Design mark and not on the totality of the mark. DION is not the trade-mark which has been submitted. The similarity in appearance, if any, is at best insignificant.”

Applying these principles, the Mark, when viewed as a whole, doesn't look or sound like the Opponent's Trade-marks CANALI and CANALI MILANO or the trade names Canali and Canali S.P.A. Moreover, there is no similarity between the idea suggested by the Mark which is the combination of the words “CANAL”, “JEAN”, “CO” and reference to the city of NEW YORK and the addition of a checkerboard design. The surname Canali, a component of the Opponent's Registered Trade-marks and trade names, when associated with clothing, suggest the name of a clothing designer. As for the Opponent's trade-mark CANALI MILANO, the addition of the word MILANO suggests that the designer's clothing originates from Milan, Italy.

Conclusion

I conclude, that on a balance of probabilities, the average consumer with an imperfect recollection would not be confusing the Opponent's Trade-marks CANALI or CANALI MILANO and trade names Canali or Canali S.P.A. with the Mark. Therefore I also dismiss grounds of opposition b) and c (i) and (iii) described above. As for ground of opposition d) (i) the Applicant has discharged its burden to show that the Mark is adapted to distinguish the Wares from the wares of others, including those of the Opponent, as there is no likelihood of confusion between the Mark and the Opponent's Registered Trade-marks and trade names. Such ground of opposition is also dismissed.

Accordingly, having been delegated authority by the Registrar of Trade-marks by virtue of subsection 63(3) of the Act, I reject the Opponent's opposition to the registration of the Mark pursuant to subsection 38(8) of the Act.

DATED, IN MONTREAL, QUEBEC, THIS 15 OF JANUARY 2004.

Jean Carrière,
Member,

Trade-marks Opposition Board