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

Citation: 2017 TMOB 30
Date of Decision: 2017-03-17

AFD China Intellectual Property Law Office	**Opponent**
and	
AFD CHINA INTELLECTUAL PROPERTY LAW (USA) OFFICE, INC.	**Applicant**
1,541,370 for AFD	**Application**

[1] In 2002, the AnXinFonDa intellectual property law firm in China was founded by Xia Zheng. In late 2004, AnXinFonDa decided to expand its marketing activities in North America. To do so, it and Lynn Wang entered into a business arrangement whereby Ms. Wang would use AnXinFonDa as a filing agent to represent her North American clients before the Chinese State Intellectual Property Office. Following discussions between Ms. Zheng and Ms. Wang, it was decided that AnXinFonDa should be shortened to AFD for the North American audience. In 2004, AnXinFonDa was abbreviated to AFD and renamed AFD China Intellectual Property Law Office (AFD China or the Opponent). Ms. Wang subsequently incorporated AFD China Intellectual Property Law (USA) Office, Inc. (the Applicant). Subsequently, the relationship between the Opponent and the Applicant disintegrated and, in 2007, the Opponent notified Ms. Wang that it was terminating the Co-Operation Agreement between the parties.

[2] The present application for the trade-mark AFD (the Mark) was filed on August 26, 2011 by the Applicant. The Opponent has opposed it on a number of different grounds including (i)

the Applicant has not used the Mark in Canada; (ii) the Applicant could not be satisfied of its entitlement to use the Mark in Canada; (iii) the Applicant is not the person entitled to registration of the Mark since at the date of filing it was confusing with the Opponent's use of the AFD trade-mark in Canada; and (iv) the Mark is not distinctive of the Applicant.

[3] For the reasons that follow, I find that this application should be refused as the Applicant has failed to show that the Mark is distinctive of it. I further find that this application should be refused as the Applicant has failed to show that it was satisfied of its entitlement to use the Mark in Canada as of the filing date.

Background

[4] On August 26, 2011, the Applicant filed an application for the Mark based on its (i) use of the Mark in Canada in association with legal services since January 30, 2005 and (ii) use and registration of the Mark in the United States. The application was advertised for opposition purposes in the *Trade-marks Journal* of July 4, 2012.

[5] On August 30, 2012, the Opponent opposed the application. The grounds of opposition are summarized below.

(a) The application does not comply with section 30(b) of the *Trade-marks Act*, RSC 1985, c T-13 (the Act) because the Applicant has not used the Mark in Canada in association with the Services.

(b) The application does not conform to the requirements of section 30(i) of the Act because the Applicant could not have been satisfied of its entitlement to use the Mark in Canada in association with the Services by virtue of its knowledge of (i) the prior use and making known of the Mark by the Opponent and (ii) its role as the Opponent's agent in North America and that any use of the Mark was made on Opponent's behalf.

(c) The Applicant is not the person entitled to registration of the Mark pursuant to section 16(1)(a) of the Act because at the date of filing of the application, the

Mark was confusing with the Opponent's trade-mark AFD which had been used and made known in Canada.

(d) The Mark is not distinctive pursuant to section 2 of the Act because it is not capable of distinguishing and does not actually distinguish the Services from the services of the Opponent given (i) the likelihood of confusion between the Mark and the Opponent's trade-mark AFD and (ii) the association of the Mark with the Opponent.

While the Opponent did request leave to amend its statement of opposition to add as a ground of opposition a challenge to the Applicant's use and registration abroad claim, leave was not granted and this basis remains unchallenged.

[6] The Applicant filed and served a counter statement in which it denies the Opponent's allegations.

[7] The Opponent filed as its evidence the affidavit of Stephen Yang and the affidavit of Graham Honsa who attaches a copy of the file history of the application . The Applicant filed as its evidence the affidavit of Lynn Wang. Both Mr. Yang and Ms. Wang were cross-examined on their affidavits and the transcripts, exhibits, and answers to undertakings were filed. As evidence in reply, the Opponent filed a second affidavit of Stephen Yang (Yang Reply Affidavit). Both parties filed a written argument and appeared at a hearing.

Material Dates and Onus

[8] The material dates that apply to the grounds of opposition are as follows:

- sections 38(2)(a)/30 - the filing date of the application [*Georgia-Pacific Corp v Scott Paper Ltd* (1984), 3 CPR (3d) 469 (TMOB) at 475];

- sections 38(2)(c)/16(1) - the date of first use claimed in the application [section 16(1) of the Act]; and

- sections 38(2)(d)/2 - the date of filing of the opposition [*Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* (2004), 34 CPR (4th) 317 at 324 (FC)].

[9] Before considering the grounds of opposition, it is appropriate to review some of the technical requirements with regard to (i) the evidential burden on an opponent to support the allegations in the statement of opposition and (ii) the legal onus on an applicant to prove its case.

[10] With respect to (i) above, there is an evidential burden on an opponent to prove the facts in its allegations pleaded in the statement of opposition: *John Labatt Limited v The Molson Companies Limited* (1990), 30 CPR (3d) 293 (FCTD) at 298. The presence of an evidential burden on an opponent with respect to a particular issue means that in order for the issue to be considered at all, there must be sufficient evidence from which it could reasonably be concluded that the facts alleged to support that issue exist. With respect to (ii) above, the legal onus is on an applicant to show that the application does not contravene the provisions of the Act as alleged by an opponent (for those allegations for which the opponent has met its evidential burden). The presence of a legal onus on the applicant means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against an applicant.

Evidence

[11] For the purposes of readability only, I discuss the evidence of the Applicant prior to turning to the evidence of the Opponent.

Applicant's Evidence – Affidavit of Ms. Wang

[12] Ms. Wang's evidence is that she and the Chinese IP law firm AnXinFonDa entered into a business arrangement that would allow Ms. Yang to use AnXinFonDa as a filing agent to provide filing services in China for Ms. Yang's North American clients (para 6). Ms. Wang attaches a copy of a Co-Operation Agreement signed November 29, 2005 which provides that the Applicant and the Opponent are independent companies and that during the initial Co-Operation phase the Applicant is obligated "to truthfully tell the contacted clients about the respective situations of Party A and Party B and their co-operation relationship…" (Exhibit G).

[13] During these discussions, Ms. Zheng, the founder of AnXinFonda, and Ms. Wang arrived at the name AFD (para 7; Exhibit A). Ms. Wang incorporated the Applicant (para 10, Exhibit E) and advised her Canadian law firm clients that she was working with a new Chinese IP firm (Exhibit C). For example, Ms. Wang attaches as Exhibit C to her affidavit a letter to Borden Ladner Gervais LLP including the following text:

- "My new firm – AFD China Intellectual Property Law Office, like Ansen [Ms. Wang's previous firm], is based in China, and I will continue to operate from Portland…"
- "As such, I feel very confident that we can continue to meet all of your professional needs. Their website is www.afdip-usa.com."
- "If you would like to continue working with me on these cases, I will send you a form that will need to be signed in order to switch to the new Chinese firm I am joining. Once the signed forms are received, AFD and I will continue filing and prosecuting the case(s)."

[14] Ms. Yang's evidence is that the Applicant paid agents in Asia, including the Opponent, a portion of the fees that the Applicant received from its North America clients (para 13). Finally, Ms. Yang states in her affidavit that there was no discussion or agreement that AnXinFonDa owned or had rights in the Mark, whether in China, North America or anywhere in the word (para 14). Ms. Wang's evidence is also that the Applicant could refer work to other agents (para 13).

Opponent's Evidence – Affidavit of Mr. Yang

[15] Mr. Yang is the Director of Business Development and Customer Support of AFD China Intellectual Property LLC in Maryland (AFD USA) (Yang affidavit, para 1; cross-examination, Qs 37-42) and has been associated with the Opponent since at least July 1, 2007 (para 1). The sole purpose of AFD USA is to help the Opponent do business and provide customer and business development support (Qs43-55). Mr. Yang reports directly to Ms. Zheng, the President of the Opponent (Q98), provides support for the Opponent and functions as its US office (Q83). The Opponent has authorized Mr. Yang to register AFD USA and do business on behalf of the Opponent (Q91) and AFD USA and the Opponent agree on what they should do on each project (Q93).

[16] The Opponent argues that since Mr. Yang is not employed by the Opponent and has only been involved with AFD USA since 2007, he cannot offer first-hand, personal knowledge of the relevant evidence. The Opponent submits that Mr. Yang's affidavit should therefore be afforded reduced weight.

[17] The uncorroborated portions of Mr. Yang's evidence which address material facts that predate Mr. Yang's association with the Opponent will be afforded reduced weight. However, by virtue of his position, it appears likely that Mr. Yang would have had access to the corporate documents of the Opponent. For this reason, there is no need to afford these documents, or the evidence they support, reduced weight.

[18] The Opponent also submits that some of Mr. Yang's evidence consists of legal conclusions and argument (see, for example, para 65). I agree and find that any such paragraphs are inadmissible. Finally, the Opponent argues that due to various inconsistencies in Mr. Yang's evidence, his evidence as a whole should be afforded reduced weight (Applicant's Written Argument, para 10). I do not find that the inconsistencies in Mr. Yang's evidence are of the type or are so numerous that they result in the inference that his evidence as a whole should be given reduced weight.

[19] Mr. Yang's evidence is that in 2002, the AnXinFonDa intellectual property firm was founded by Ms. Zheng and changed its name in 2004 (paras 17-18, 22). By 2009, the Opponent had grown to be the sixth largest firm in China handling PCT filings; by 2011, it was ranked in first place (para 35; Exhibits O-1-O-3). Representatives from AFD have met and developed business relationships with intellectual property law professionals and companies in Canada (paras 37-40; Exhibits Q-S). Such communications involve letterhead and invoices with the trade-mark AFD Design set out below (para 43, Exhibit F,G,L,S).

[20] With respect to Mr. Yang's evidence regarding the relationship between the Opponent and the Applicant, I accept his evidence that the relationship was terminated in 2007 with the sending of the letter attached to his affidavit as Exhibit AA-1. With respect to the agreements between the Opponent and Applicant attached at Exhibits T and U1 to Mr. Yang's affidavit, these appear to be superseded by the Co-Operation Agreement attached to Ms. Wang's affidavit.

Yang Reply Affidavit

[21] With respect to the reply evidence of Mr. Yang, I do not find that the evidence regarding the proceedings in the United States are relevant to the grounds of opposition and will not discuss this evidence further.

Grounds of Opposition

[22] I will first discuss the distinctiveness ground of opposition and then the section 30(i) ground of opposition.

Distinctiveness

[23] The Opponent pleads that the Mark is not distinctive pursuant to section 2 of the Act because it is not capable of distinguishing and does not actually distinguish the Services from the services of the Opponent given (i) the likelihood of confusion between the trade-marks and (ii) the association of the trade-mark with the Opponent.

[24] I do not find that the Opponent has met its evidential burden with respect to the first part of this ground of opposition. The Opponent pleads at paragraph 2 of its statement of opposition that it has used the trade-mark AFD in association with legal services, however, it does not show sufficient use of the trade-mark AFD to satisfy its evidential burden. Rather the Opponent's evidence shows that it was using the trade-mark AFD Design in Canada as of the material date. As I do not find that the use of the trade-mark AFD Design constitutes use of the trade-mark AFD because of the additional matter in the AFD Design trade-mark, the Opponent fails to meet its evidential burden.

[25] With respect to the second part of the distinctiveness ground of opposition, as AFD is a dominant component of the Opponent's trade-mark AFD Design and in view of how the Applicant represented the relationship between the parties, I find that there is an association of the Mark with the Opponent. To meet its evidential burden with respect to this part of the ground of opposition, however, the Opponent must establish, as of August 30, 2012, its trade-mark AFD Design was known to such an extent that the Mark was associated with it. In *Bojangles' International, LLC v Bojangles Café Ltd* 2006 FC 657 at paras 33-34, the Federal Court provided that a mark could negate another mark's distinctiveness if it was known to some extent at least and its reputation in Canada was substantial, significant or sufficient. An attack based on non-distinctiveness is not restricted to the sale of goods or services in Canada. It may also be based on evidence of knowledge or reputation of the Opponent's trade-mark including that spread by means of word of mouth or newspaper or magazine articles [*Motel 6, Inc. v No. 6 Motel Ltd.* (1981), 56 CPR (2d) 44 at 58 (FCTD)].

Opponent Meets Its Evidential Burden

[26] Based on the evidence below, I find that the Opponent has met its initial evidential burden of establishing that as of August 30, 2012 its trade-mark AFD Design is known to such an extent that it could negate the distinctiveness of the Mark:

- The Opponent's trade-mark AFD Design appears on letters from the Opponent instructing the entering of the national phase of PCT applications in Canada sent to various Canadian law firms including such firms as Gowling Lafleur Henderson LLP and Borden Ladner Gervais LLP (Yang affidavit, Exhibit S).

- The Opponent's trade-mark AFD Design appears on its web-site (Yang affidavit, Exhibit J-6).

- The Opponent's trade-name "AFD CHINA INTELLECTUAL PROPERTY LAW OFFICE" appears in Powers of Attorney completed by Canadian companies (Yang affidavit, Exhibits Q and R). While the Powers of Attorney clearly do not exemplify use of the trade-marks AFD or AFD Design, they do show that the Opponent had Canadian

clients as of the relevant date who would have understood that the Opponent was authorized to represent them before the Chinese State Intellectual Property Office.

The Applicant Has Not Met Its Legal Onus

[27] A trade-mark is distinctive when consumers associate it with a single source; if a trade-mark is related to more than one source it cannot be distinctive [*Moore Dry Kiln Co of Canada Ltd v US Natural Resources Inc*, (1976), 30 CPR (2d) 40 (FCA) at 49]. While the Applicant's counter statement pleads that the Mark is distinctive as of the material date, the Applicant's evidence does not support this.

[28] Rather, the Applicant's own use of the AFD brand prior to the breakdown in the business relationship associated the Services being performed at least in part by the Opponent. I disagree with the Applicant's submissions at paras 24-25 of its Written Argument that the Applicant was using the Mark on its own behalf and the Applicant's clients would not know or care what happened "behind the scenes" and the Mark correctly meant the Applicant. In contrast the Applicant's own evidence provides examples where it explicitly associated the services it offered with the Opponent under the AFD brand. For example:

- Ms. Wang's letter advising that she was departing from her former firm (the Ansen Patent Law Office) states she will "join a different Chinese IP firm" and "My new firm – AFD China Intellectual Property Law Office … is based in China, and I will continue to operate from Portland." She then advises that if the client wishes her to continue working on these cases, she will send a form that will need to be signed to switch firms and once they are received "AFD and I will continue filing and prosecuting the case(s)." (Wang affidavit, Exhibit C).

- In a slide show given in Canada she identifies herself as being from the Portland Office of the Opponent (Wang affidavit, Exhibit H).

- In email newsletters, Ms. Wang identifies herself as being from the Opponent and identifies the Opponent's address as the Beijing office and the Applicant's address as the Portland office (Wang Affidavit, Exhibit J).

[29] Finally, Ms. Wang states that the Applicant only operated from 2005 and 2008 (Wang cross-examination, Q 97). As such and in view of the Opponent's use of the AFD Design trade-mark and the Applicant's previous statements to clients about the affiliation between the Mark and the Opponent, the Mark could not have gained or become distinctive of the Applicant between the termination of the Co-Operation Agreement and the material date.

[30] Therefore, I find that the Applicant has failed to meet its legal onus on a balance of probabilities that the Mark was distinctive of the Services at the material date. The distinctiveness ground of opposition therefore succeeds.

Section 30(i) Ground of Opposition

[31] The section 30(i) ground of opposition alleges in part that the Applicant could not have been satisfied of its entitlement to use the Mark in Canada in association with the Services by virtue of its role as the Opponent's agent in North America and that any use of the Mark was made on the Opponent's behalf.

[32] Section 30(i) requires an applicant to indicate as part of its application that it is satisfied that it is entitled to use the trade-mark in Canada in association with the listed goods and services. The statement provided by section 30(i) purports to be evidence of the applicant's good faith in submitting its application [*Cerverceria Modelo, S.A. de C.V. v Marcon* (2008), 70 CPR (4th) 355 (TMOB) at 366]. Where an applicant has provided the statement required by section 30(i), this ground of opposition should only succeed in exceptional cases, such as when there is evidence of bad faith on the part of the applicant [*Sapodilla Co Ltd v Bristol Myers Co* (1974), 15 CPR (2d) 152 (TMOB) at 155].

Opponent Meets Its Evidential Burden

[33] I find that the Opponent meets its evidential burden through its own evidence and that of Ms. Wang. The Co-operation Agreement between the parties sets out that Ms. Wang may register the Applicant and "deliver relevant Chinese intellectual property matters to [the Opponent] to complete the agency jobs, and assist [the Opponent] with client contact" (Wang affidavit, Exhibit G). For the purposes of this opposition, I find that these facts fall within the

ground of opposition as pleaded even though the Co-Operation Agreement does not use the term "agent" in reference to the Applicant.

[34] The Mark was jointly conceived of by the parties, both the Opponent and Applicant included the Mark in their trade-names, and the Applicant represented itself as being affiliated with and acting in concert with the Opponent to help parties obtain intellectual property rights in China (Wang affidavits, Exhibits A, C, H, and J). In view of these facts this is an exceptional case and the Opponent has met its burden. I find the situation in the present case to be analogous with the case law that licensees, distributors and the like should not be allowed to usurp their principal's trade-marks and that such conduct may form the basis of a section 30(i) ground of opposition [see, for example, *Super Seer Corp v 546401 Ontario Ltd* (2000), 6 CPR (4th) 560 (TMOB); *Lifestyles Improvement Centers, LLP v. Chorney* (2007), 63 CPR (4th) 261 (TMOB); *Biker Rights Organization (Ontario) Inc v Sarnia-Lambton Bikers Rights Organization Incorporated*, 2012 TMOB 189 at para 12].

Applicant Fails to Meet its Legal Onus

[35] I must now consider whether the Applicant has met its legal onus of proving on a balance of probabilities that its application complies with section 30(i) of the Act.

[36] Even though Ms. Wang may have felt that the Applicant had the right to use the Mark in Canada and the present application includes the statement that the Applicant was satisfied that it was entitled to use the Mark, this does not preclude the Opponent from succeeding with respect to this ground of opposition. Rather the Registrar will enquire whether it was reasonable for the Applicant to be satisfied that it was so entitled [*Lifestyles Improvement Centers, supra*; *Biker Rights Organization (Ontario), supra*].

[37] I find that Applicant cannot meet its burden of showing that it was reasonable for it to make the statement that it was entitled to use the Mark in Canada. I reach this conclusion because the Applicant had entered into a business relationship with the Opponent and during the course of this business relationship its clients in Canada were advised that the filings in China were being handled by the Opponent under the AFD brand (Wang affidavit, Exhibit C). Finally,

Ms. Wang described herself as having joined the Opponent's firm or, alternatively, being from its Portland office (Wang affidavit, Exhibits H and J).

[38] At the oral hearing, the Applicant submitted that the circumstances were not exceptional and highlighted the following:

- The Applicant believed it was entitled to use the trade-mark given that Ms. Wang had assisted in the creation of the mark.
- The Applicant operated independently and its clients would not assume it was using the Mark under license.
- The Applicant could have chosen to use another law firm in China to perform legal work for its clients.
- Notwithstanding the fact that the Opponent is a sophisticated IP firm nothing in the agreement addressed ownership of the Mark.

[39] I do not find that these circumstances whether considered individually or acting together are sufficient for me to find that the Applicant could reasonably believe it was entitled to use the Mark. Given the previous business relationship between it and the Opponent along with the fact that its clients were made aware that the Opponent operated under the AFD brand and was the entity representing clients before the Chinese State Intellectual Property Office, at the date of filing the application, it was not reasonable for the Applicant to make the statement it was entitled to use the Mark in Canada. Finally, there is nothing about the passage of time between the termination of the relationship between the Applicant and the Opponent in 2007 and the date of filing this application, which suggests that it would be reasonable for the Applicant to make the statement it entitled to use the mark. This ground of opposition therefore succeeds.

Remaining Grounds of Opposition

[40] Having already refused the application under two grounds, I will not discuss the remaining grounds of opposition.

Disposition

[41] Pursuant to the authority delegated to me under section 63(3) of the Act, I refuse the application pursuant to section 38(8) of the Act.

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Natalie de Paulsen
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office

Hearing Date: 2016-11-16

Appearances

Susan D. Beaubien	For the Opponent
Brendan Clancy	For the Applicant

Agents of Record

Macera & Jarzyna LLP	For the Opponent
DLA Piper (Canada) LLP	For the Applicant