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LE REGISTRAIRE DES MARQUES DE COMMERCE

THE REGISTRAR OF TRADE-MARKS

Citation: 2018 TMOB 123

Date of Decision: 2018-10-30

IN THE MATTER OF AN OPPOSITION

Outotec (Sweden) AB

Opponent

and

**NORAM Engineering and Constructors
Ltd.**

Applicant

1,595,318 for NORAM SX

Application

INTRODUCTION

[1] SX steel was developed in the 1970s by Sandvik who incorporated Edmeston AB (Edmeston) to market this type of steel under the trade-mark SX and equipment and systems designed and fabricated using SX steel under the trade-mark EDMESTON SX. Outotec (Sweden) AB (the Opponent or Outotec) purchased all of the shares of Edmeston and sells SX steel under the trade-marks SX and EDMESTON SX. Sandvik continues to sell SX steel under the trade-mark SANDVIK SX. Noram Engineering and Constructors Ltd. (the Applicant) has applied to register the trade-mark NORAM SX (the Mark).

[2] The Opponent has opposed this application on the basis that (i) the Applicant is not the person entitled to registration of the trade-mark NORAM SX, (ii) the Applicant could not have been satisfied it was entitled to use the trade-mark NORAM SX in Canada and (iii) the trade-mark NORAM SX is not distinctive of the Applicant.

[3] For the reasons that follow, the Applicant has met its legal onus of proving that it is the person entitled to the registration of the trade-mark NORAM SX, it was satisfied of its entitlement to use this trade-mark in Canada and it is distinctive of the Applicant. The opposition is therefore rejected.

BACKGROUND

[4] On September 21, 2012, the Applicant filed an application to register the Mark on the basis of its proposed use in Canada in association with the Goods:

- (1) Stainless steel alloys provided in the form of sheets and plates; stainless steel piping and tubing for use in acid production and handling; stainless steel welding wire; stainless steel components for use in acid production and handling, namely, tanks, heat exchangers, absorption towers, drying towers, stripping towers, condensers, manifolds, distributors, strainers and parts and fittings for the foregoing wares.

[5] The application was advertised for opposition purposes in the *Trade-marks Journal* of November 6, 2013.

[6] On April 7, 2014, the Opponent filed a statement of opposition opposing the application on three grounds: that the Applicant is not the person entitled to registration of the Mark as it is confusing with the Opponent's trade-marks EDMESTON SX and SX previously used by it and its predecessor(s)-in-title; that the Mark is not distinctive of the Goods of the Applicant; and the application does not comply with section 30(i) of the *Trade-marks Act*, RSC 1985, c T-13 (the Act) as the Applicant could not have been satisfied that it was entitled to use the Mark in Canada as it was aware of the prior use of the trade-marks EDMESTON SX and SX in Canada by the Opponent and its predecessors-in-title.

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

[8] The Opponent filed as its evidence the affidavit of Anders Öhlin (affirmed October 7, 2014). The Applicant filed as its evidence the affidavits of Richard Thomas Kreuser (sworn September 14, 2015), Anders Schwarz (sworn September 16, 2015), David Anthony Boyd (sworn September 18, 2015), and Jeannine Summers (sworn September 18, 2015). Each of the affiants was cross-examined and transcripts, exhibits and answers to undertakings have been filed.

[9] Both parties filed a written argument and attended a hearing.

LEGAL ONUS AND EVIDENTIAL BURDEN

[10] Before considering the grounds of opposition, it is necessary 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.

[11] With respect to (i) above, there is, in accordance with the usual rules of evidence, an evidential burden on the opponent to prove the facts inherent in its allegations pleaded in the statement of opposition [*John Labatt Limited v The Molson Companies Limited*, 30 CPR (3d) 293 at 298 (FCTD)]. The presence of an evidential burden on the 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 the applicant to show that the application does not contravene the provisions of the Act as alleged by an opponent in the statement of opposition (for those allegations for which an opponent has met its evidential burden). The presence of a legal onus on an 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.

THE OPPONENT'S POSITION

[12] The Opponent's position is summarized in the following paragraphs of its written arguments:

61 The trade-mark SX has become well-known in the sulphuric acid industry and is associated with Outotec, and its corporate owners, and

before it took ownership, with its predecessors. As discussed above, the SX mark was first used by Sandvik, who originally developed the steel; Edmeston, who was incorporated by Sandvik to sell the steel internationally, and later Outotec, who bought Edmeston and its holdings, including the intellectual property rights, and has continued to sell steel under the SX mark.

62 The Applicant has adopted the entirety of the Opponent's SX trade-mark, and added its house mark, NORAM. Notwithstanding the addition of NORAM, the respective trade-marks remain very similar in appearance.

THE APPLICANT'S POSITION

[13] The Applicant's position is summarized in the following paragraphs of its written arguments:

14 To begin with, the term SX has at all material times been understood in the industry as a descriptive term, and not as a trade-mark. Any prior displays of SX by Edmeston (or the Opponent) were merely descriptive and were not trade-mark use.

15 However, even if the Opposition Board were to find that the term SX was a trade-mark (which is not admitted but denied), the evidence does not establish prior use of that alleged trade-mark in Canada, and even if there was any prior use by Edmeston (or Edmeston Holding) in Canada, the Opponent has not established that it is the successor-in-title in respect of the alleged trade-marks asserted...

16 Further, even if the Opposition Board finds otherwise, this opposition should still be rejected because the Applicant's trade-mark is not, and was not at any time, confusing with either of the alleged marks asserted by the Opponent.

17 There are clear and important differences between the Applicant's mark and the alleged marks. The presence of the word "NORAM", which is the dominant and striking element of the Applicant's mark, serves to distinguish the Applicant's mark. Also, the prior, and ongoing, use of Sandvik's mark SANDVIK SX is a very relevant factor in this case; the alleged mark SX can only be considered a trade-mark of Edmeston (or the Opponent) if it was (and is) distinguishable from SANDVIK SX, and if it was (and is) so distinguishable then NORAM SX must be distinguishable from SX. Further, the alleged trade-mark SX is very weak and is entitled to only a very narrow scope of protection, if any, there are more than sufficient differences in the

Applicant's mark to preclude any likelihood of confusion. ...

18

There is no evidence of any use of the alleged mark EDMESTON SX in Canada and, in any event, EDMESTON SX is ever more dissimilar to the Applicant's mark than SX.

SUMMARY OF EVIDENCE

Affidavit of Anders Öhlin

[14] Mr. Öhlin is the Vice President of the Opponent, Head of Edmeston Product Center (para 1).

SX Steel and the Edmeston SX System

[15] In the 1970s, Sandvik developed a type of stainless steel with excellent corrosion resistance to sulphuric acid (para 9). In 1984, Sandvik incorporated Edmeston AB to market this type of steel under the trade-mark SX and the product became known as SX steel (paras 5, 9). In 1985, Edmeston AB also began marketing equipment and systems designed and fabricated using SX steel under the trade-mark EDMESTON SX (para 10). Despite the incorporation of Edmeston AB, the trade-mark SANDVIK SX was also used in reference to SX steel. For example, the undated *Handbook of Sulphuric Acid Manufacturing* explains (Exhibit B):

Sandvik SX

Sandvik SX is a high silicon containing ... stainless steel. It was developed by Sandvik exclusively for use in concentrated sulphuric acid. Edmeston AB is a wholly owned subsidiary of Sandvik and introduced SX to the industry in 1985. Edmeston continues to market SX world wide through its licensees, agents and representatives.

The Share Acquisition Agreement

[16] In April 2010 through a share acquisition agreement between Edmeston Holding AB and the Opponent, Edmeston Holding AB was acquired by the Opponent (para 6, Exhibit A). Clause 5.3.11 of the Share Acquisition Agreement provides:

The registered intellectual property ... owned or licensed by Edmeston is set out in Schedule 12...

The material non-registered intellectual property ... owned or licensed by Edmeston is set out in Schedule 12 ...

Schedule 12 references the registered trade-marks Edmeston and INKA but does not reference the trade-mark SX. The fact that the share agreement sets out the material non-registered intellectual property owned or licensed by Edmeston but does not include reference to SX is at odds with the position that Edmeston regarded its use of SX as a trade-mark. If Edmeston had regarded the use of SX as a trade-mark, I would expect to find this trade-mark referenced in Schedule 12. Further, the share acquisition agreement also uses SX in a descriptive manner and/or as part of a trade-mark of Sandvik. Schedule 12 reference: a“ supply agreement of Seamless Pipe and Tube and Welding product as MIG, TIG and electrodes in Sandvik SX material” and that “Sandvik is obligated to produce a minimum amount of [30] tons of SX material for Edmeston in case of termination of the contract.”

Use of the Trade-marks SX and EDMESTON SX

[17] Mr. Öhlin’s evidence is that the SX and EDMESTON SX trade-marks have been used in brochures and presentations (Exhibits C, I), is marked on metal parts (Exhibit D) and that the SX trade-mark appears on invoices, purchase orders and in quotations (Exhibits E, H, J). At paragraph 17 of his affidavit, Mr. Öhlin provides sales figures from 2004-2011 for “sales in Canada” by the Opponent and its predecessors-in-title of goods bearing the SX trade-mark which total almost €4 million. On cross-examination, Mr. Öhlin admits that he didn’t have personal knowledge of whether the products had SX marked on them or whether the products were sent to Canada as opposed to other countries (Qs 519-520) so it is not possible to quantify the extent of sales of products delivered to Canada.

SANDVIK SX Trade-mark

[18] Mr. Öhlin confirms that products sold by Edmeston and the Opponent have been marked with the trade-mark SANDVIK SX (Öhlin examination, Qs 455-458). Mr. Öhlin’s evidence includes many references to the trade-mark SANDVIK SX including in quotations, agreements, brochures and presentation materials as set out below:

- Quotations prepared for the Applicant (see, for example, in Exhibit J the quotation dated 2005-11-22 which includes under the heading Scope of Supply “**Item 1:** Tank, basic mechanical design & Sandvik SX material” and the quotation dated 03-06-04 for “Tower mechanical design and Sandvik SX material quotation”).
- A draft license agreement between the Opponent and Applicant which includes the following recital (Exhibit J):

In order to manufacture or have manufactured the Equipment in Sandvik SX, Noram needs certain know-how belonging to Edmeston. This know-how, although specific for Sandvik SX ...

...

Noram shall market and sell the Equipment made of the Material under its own name and may in relation there-to refer to Edmeston or Sandvik SX only to verify the origin of Sandvik SX in those cases where this Material actually has been used in the Equipment. Under no circumstances may Noram use any trade-mark or similar trade-mark or similar sign of recognition belonging to Edmeston or any company with the same group of companies as Edmeston i.e., where Sandvik AB is the parent company.

- In brochures including The Edmeston SX System for the sulphuric acid industry which states “The heart of the Edmeston SX System is an austentic stainless steel – the Sandvik SX Sulphuric Acid Steel...” (Exhibit C).
- In quotations prepared for other Canadian companies (see, for example, Exhibit H Doc. No. 301-020 for the Material “Sandvik SX Alloy according to Edmeston specification 30H-035”; and the quotation dated 2004-12-20 for Sandvik SX Bolts and Nuts).
- In presentations given by Outotec (see, for example, Exhibit I, page 6 of the slides, which includes a picture of metal pipes with the trade-mark SANDVIK SX).

[19] Despite introducing evidence of use of the trade-mark SANDVIK SX, the Opponent did not rely on this trade-mark in its statement of opposition. The Applicant’s position is that the Opponent’s alleged trade-mark SX can only be considered a trade-mark of Edmeston (or the

Opponent) if it was (and is) distinguishable from SANDVIK SX (Applicant's written arguments, para 167). During cross-examination the agent for the Applicant asked several questions about the ownership, licensing and use of the trade-mark SANDVIK SX. Although the Opponent did not rely on the trade-mark SANDVIK SX in its grounds of opposition, I consider questions about the ownership and licensing of this trade-mark relevant as the Opponent asserts that it owns the SX trade-mark.

[20] During his cross-examination, Mr. Öhlin admitted that he did not recall and did not know of any licenses being granted to other companies to use the SX trade-mark (Qs 56-57). As such, section 50(1) of the Act cannot apply with respect to the use of SX by SANDVIK such that the use of SX as part of the SANDVIK SX trade-mark would enure to the Opponent. Further, there is no evidence of public notice such that section 50(2) of the Act could apply. At one point, Mr. Öhlin refused to answer any questions regarding whether Outotec owned the SANDVIK SX trade-mark (Q198) but later indicated that Sandvik did not own this trade-mark (Qs 546-549).

Affidavit of David Anthony Boyd

[21] Mr. Boyd is the President and Chief Operating Officer of the Applicant.

The Applicant

[22] The Applicant is a BC corporation with its headquarters in Vancouver (para 7) and has a subsidiary NORAM International AB which is a Swedish company focused on supporting clients in Europe and abroad (para 9). The Applicant carries on business developing, engineering and commercializing technologies for the process and resource industries (para 8). The Applicant's work in the sulphuric acid industry includes designing and supplying equipment required in contact sulphuric acid plants in the fertilizer, mining and refinery sectors (para 12). The Applicant's involvement with a sulphuric acid plant project starts with engineering studies where NORAM reviews an existing plant to identify plant bottlenecks, to recommend improvements and then to specify and supply new equipment (para 13). This work is typically very lengthy and a project may take months or even years (para 13). The Applicant has been making and selling sulphuric acid plant equipment constructed from SX since the mid-2000 (para 20).

Dealings with the Opponent and Its Predecessor-in-Title

[23] Prior to 2011, the Applicant purchased parts and equipment made from SX from a Swedish company named Edmeston (para 21). Many of the parts which Edmeston supplied to NORAM were marked with the trade-mark SANDVIK SX (para 22). I have not had regard to Mr. Boyd's evidence that the only trade-mark marked on steel purchased from Edemston before 2011 was SANDVIK SX (see the Opponent's objection at para 84 of its written arguments). Starting in 2011, the Applicant stopped purchasing Edmeston parts and equipment made of SX because Edmeston was sold to the Opponent, which is part of a much larger corporate organization which is a direct competitor of NORAM in the sulphuric acid industry (para 26).

Use of the SANDVIK SX Trade-mark

[24] The Applicant has purchased directly from Sandvik parts made from SX steel including tubes, small diameter pipes and round bar marked with the trade-mark SANDVIK SX (para 28, Exhibits H, I). On an invoice from Sandvik for products sold to Noram International AB the trade-mark SANDVIK SX appears (Exhibit J). The trade-mark SANDVIK SX has also been referenced in third party publications circulated in Canada (Boyd affidavit, para 42, Exhibit DD).

Use of NORAM SX

[25] The evidence of Mr. Boyd is that the NORAM Group (which refers to either the Applicant or NORAM International AB) started advertising and promoting the NORAM SX trade-mark in or about October 2012 and the first sale of goods with the Mark occurred in May 2013 (paras 9, 35). The Applicant has licensed the use of NORAM SX to NORAM International AB and controls the quality of the Goods and services provided by NORAM International AB in association with the Mark (para 32). As of September 2015, the NORAM Group had sales of more than \$1.5 Million (Cdn) of Goods bearing the Mark delivered in Canada and another \$1.5 Million sent abroad (paras 36-37). The Mark is displayed on proposal/price quotations before doing work on a particular sulphuric acid plant (Exhibit S), on brochures distributed at trade shows (para 33(e)), on equipment (para 33(a), Exhibits O-R2) and on invoices (Exhibit T).

Affidavit of Anders Schwarz

[26] Anders Schwarz is an Equipment Sales Engineer and Project Manager employed by NORAM International AB (para 3). He previously worked as a Project Manager with Edmeston from June 2001-September 2011 and the Opponent from September 2011-January 2012 (paras 7-8). In all positions, his job duties included the sales and marketing of goods and services related to sulphuric acid plants (para 6-8). I have not had regard to Mr. Schwarz's evidence that there was an understanding in the industry that SX was a descriptive term including in Canada (paras 22, 27) and the dealings between Sandvik and Edmeston as he was lacking personal knowledge, had not read any agreements between Edmeston, Outotec or other companies including agreements concerning patents or trade-marks (Qs 31,38, 48, 141) and could not remember speaking to Canadians about the meaning of SX (Q146).

[27] In cross-examination, Mr. Schwarz's evidence is that he had signed quotations for Canadian companies, including NORAM and SNC-Lavalin Inc., which showed SX® and distributed promotional items with SX® (Schwarz cross-examination Qs 75, 104-105; Exhibits 1-5).

Affidavit of Richard Thomas Kreuser

[28] Mr. Kreuser incorporated a company named RTK Technologies, Inc. (RTK) in 1995 (para 7). RTK was engaged as a sales representative for Edmeston AB and then Outotec until 2012 to promote and sell Edmeston's products for the sulphuric industry in the United States (para 9). From 2012, RTK has been engaged to act as a sales representative for the Applicant (para 10). I have not had regard to Mr. Kreuser's evidence that the term SX has not been used as a trade-mark or understood as a trade-mark (paras 15-20) since he did not speak to the largest companies in the sulphuric industry in Canada to confirm whether SX would have been considered a trade-mark or proprietary to Edmeston or Outotec (Kreuser cross-examination, Q33). I do, however, give weight to Mr. Kreuser's evidence that SX has been referred to in both a descriptive manner and as a trade-mark as this is what is shown in various exhibits.

- Mr. Kreuser confirms when he was employed by Edmeston, he would have used marketing materials where the term SX alone was identified as a trade-mark with a ®

symbol adjacent to it (Kreuser cross-examination, Q101; Exhibits to the examination, Exhibits 1, 2).

- Mr. Kreuser points out that SX was used descriptively to refer to the steel alloy invented by Sandvik. He attaches as an example the “15 Year Experience Brochure” which Edmeston produced around 2000 and was subsequently used as a sales aid by RTK (para 19; Exhibit C). Part of the brochure is set out below:

...

The SX steel has changed that picture. Thanks to its superior corrosion resistance throughout the normal concentration and temperature ranges found in sulphuric acid plants SX is virtually maintenance-free.

Since its introduction in 1985, SX has gained wide acceptance in sulphuric acid plants all over the world and today, more than 3000 tons of SX equipment are successfully installed in all critical applications ... The SX steel and Edmeston SX system have proven to be reliable and overall cost effective ...

SANDVIK SX SULPHURIC ACID STEEL

The Sandvik SX sulphuric acid steel (UNS 32615) is a high silicon containing austenitic stainless steel. It was developed by Sandvik some 20 years ago, exclusively for the use in concentrated sulphuric acid... Furthermore, the SX steel is easy to work, weld and install, and does not require anodic protection ...

Affidavit of Jeannine Summers

[29] Ms. Summers is a paralegal with the agents for the Applicant who performed searches of the CIPO Trade-marks Database, the USPTO Trade-marks Database, the OHIM Database and obtained printouts of a Swedish Registration. I do not find Ms. Summers’ evidence relevant and/or admissible for the following reasons:

- State of the Register evidence of 11 Canadian applications and registrations two of which are expunged (Exhibits 1-11) is not sufficient for me to draw an inference that consumers are able to distinguish between trade-marks including the component SX [*McDowell v. Laverana GmbH & Co. KG*, 2017 FC 327 at paras 42-46].
- Copy of application No. 1,654,284 for EDMESTON SX and its file history (Exhibits 12-13) - the fact that this application was filed on the basis of proposed use by Outotec OYJ

does not result in the inference that the Opponent, Outotec (Sweden) AB, had not used the trade-mark in advance of its filing date November 29, 2013.

- State of the Register evidence from the USPTO (Exhibits 14-37) and EUIPO (38-61) - without evidence regarding the law or marketplace in foreign jurisdictions, evidence regarding the state of foreign trade-mark registers is not relevant [*Torres v Cantine Giorgio Lungarotti S.r.l.*, 2012 TMOB 153 at para 81].
- Printouts of Swedish trade-mark registration No. 216414 for SANDVIK SX and the accompanying translations (Exhibits 62-64) – I do not find that this evidence is admissible. This is consistent with section 68(1) of the Federal Court Rules, SOR/ 98-106, which states that, “...all materials required under the rules to be filed in a proceeding shall be in English or French or be accompanied by a translation in English or French and an affidavit attesting to the accuracy of the translation” [*Sociedad Agricola Santa Teresa Ltda v Vina Leyda Limitada* (2007), 62 CPR (4th) 128 (TMOB)].

GROUNDS OF OPPOSITION

[30] Below, I consider each of the grounds of opposition beginning with the section 30(i) ground of opposition.

Section 30(i) Ground of Opposition

[31] The Opponent alleges that the application does not comply with section 30(i) of the Act because the Applicant could not have been satisfied when it filed the application that it was entitled to use the Mark in Canada as it was aware of the prior use of the trade-marks EDMESTON SX and SX by the Opponent and its predecessors-in-title.

[32] The material date for considering this ground of opposition is September 21, 2012, the date of filing the application [*Georgia-Pacific Corp v Scott Paper Ltd* (1984), 3 CPR (3d) 469 at 475].

[33] 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 applied-for 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 SA de CV v Marcon* (2008), 70 CPR (4th) 355 (TMOB) at 366]. The Registrar explains in *FremantleMedia North America Inc v Wright Alternative Advertising Inc* (2009), 77 CPR (4th) 311 at 317:

Section 30(i) of the Act requires the applicant to indicate as part of its application that the applicant is satisfied that it is entitled to use the trade-mark in Canada in association with the listed wares and/or services. In *Canadian Trade-marks Act – Annotated Robic Leger*, rev. ed. (Scarborough, Ont.: Carswell) (looseleaf), H.G. Richard discusses s. 30(i) (formerly s. 29(i)) as follows at 30-47, 30-48:

The final consideration before proceeding to the actual search of the indexes and examination of the mark itself, is whether or not the applicant is satisfied "that he is entitled to use the mark in Canada in association with the wares or services described in the application". This can be looked at as a type of contract between the applicant and the public, establishing that all information and supporting evidence, including revisions or additions of same, have been submitted **in good faith**, and that the application as it stands, is approved by the applicant... (emphasis added)

[34] Where an applicant has provided the statement required by section 30(i), this ground of opposition should only succeed in exceptional cases. The Registrar has previously found exceptional cases where (i) 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]; and (ii) where there is a *prima facie* case of non-compliance with a federal statute such as the *Copyright Act* RSC 1985, c C-42 or *Food and Drugs Act*, RSC 1985, c F-27 [*Interactiv Design Pty Ltd v Grafton-Fraser Inc* (1998), 87 CPR (3d) 537 (TMOB) at 542-543].

Has the Opponent Met its Evidential Burden?

[35] The Opponent submits at paragraph 76 of its written argument:

... the Applicant could not have been satisfied of its entitlement to use the [Mark] at the time the application was filed. The Applicant knew at that time that the SX term was a trade-mark, and that it was not its own trade-mark.

[36] At the outset, I acknowledge that awareness of another party's trade-mark does not necessarily preclude an applicant from making the statement required by section 30(i) of the Act [*Woot, Inc v WootRestaruants Inc Les Restaurants Woot Inc*, 2012 TMOB 197]. What

distinguishes this case, in my view, is the pre-existing relationship between the Applicant and Opponent which I find relevant to the issue of good faith [*McCabe v Yamamoto & Co. (America)* (1989), 23 CPR (3d) 498 (FCTD) at 503; *International Clothiers Inc v R'Bibo* (2005) CanLII 78152 (TMOB); *Lin Trading Co Ltd v CBM Kabushiki Kaisha Ltd* (1987), 14 CPR (3d) 32 (FCTD) – which all stand for the proposition a distributor or licensee cannot register their principal's trade-mark].

- Prior to 2011, the Applicant was a purchaser of SX products from Edmeston. In 2011, the Applicant stopped purchasing parts and equipment made from SX and instead acquired SX from other suppliers (Boyd affidavit, paras 21-22, 26; Öhlin affidavit paras 24, Exhibits E and J).
- During Mr. Schwarz's employment with the Opponent he was aware that it distributed promotional items such as baseball caps and jackets to employees which featured the trade-mark SX with a ® symbol (Schwarz cross-examination, Q75; Exhibit 1-3).
- Mr. Kreuser confirmed that when he was employed by Edmeston, he would have used marketing materials where the term SX alone was identified as a trade-mark with a ® (Kreuser cross-examination, Q 101, Exhibits 1-2).
- Mr. Schwarz has seen and himself signed quotations for Canadian companies that included the trade-mark SX with a ® symbol (Schwarz cross-examination, Qs 104-107, Exhibits 4,5).

Has the Applicant Met Its Legal Onus?

[37] 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.

[38] The application includes the statement that the Applicant is entitled to use the trade-mark. Mr. Boyd's evidence at paragraph 47 of his affidavit is that:

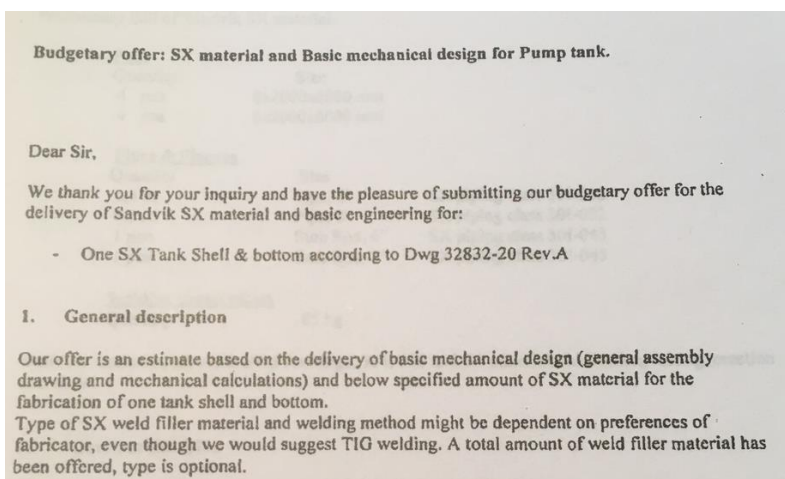
When NORAM filed [the application], NORAM was satisfied that it was entitled to use the trade-mark NORAM SX in Canada in association with the [Goods], and NORAM has since that time been satisfied, and is satisfied at this time, that it is

entitled to use the trade-mark NORAM SX in Canada in association with the [Goods].

[39] Although this 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, LLP v. Chorney* (2007), 63 CPR (4th) 261 at para 35; *Biker Rights Organization (Ontario) Inc v Sarnia-Lambton Bikers Rights Organization Incorporated*, 2012 TMOB 189 at para 12].

[40] I conclude that it was reasonable for the Applicant to be so satisfied even though it previously had a relationship with Edmeston. First, the Mark is not confusing with either of the trade-marks EDMESTON SX or SX for which the Opponent has alleged prior use for the reasons that follow with respect to the section 16(3)(a) ground of opposition. Second, the Applicant's position that in the sulphuric acid industry, including in Canada, is that it is entitled to use the Mark in Canada as the term SX has a descriptive meaning and is used by more than one trader is a reasonable one. I find this for the following reasons:

- In addition to being used as a trade-mark, SX has also has been used descriptively by Edmeston. For example, see the excerpt of the quotation dated November 22, 2005 (Öhlin affidavit, Exhibit J):



- The Applicant has purchased from Sandvik parts including tubes, small diameter pipes and round bar marked with the trade-mark SANDVIK SX (Boyd affidavit, Exhibits H, I). Further, the trade-mark SANDVIK SX has been referenced in third party publications circulated in Canada (Boyd affidavit, Exhibit DD). The Applicant's position set out at para 167 of its written argument and excerpted below is a reasonable one as the Opponent does not own the trade-mark Sandvik SX and there is no evidence that the SX trade-mark is licensed by the Opponent to Sandvik:

... the alleged mark SX can only be considered a trade-mark of Edmeston (or the Opponent) if it was (and is) distinguishable from SANDVIK SX, and if it was (and is) so distinguishable then NORAM SX must be distinguishable from SX.

[41] Accordingly, I reject the section 30(i) ground of opposition.

Section 16(3)(a) Ground of Opposition

[42] The Opponent alleges that the Applicant is not the person entitled to register the Mark because it is confusing with the Opponent's trade-marks EDMESTON SX and SX in association with stainless steel alloys in the form of sheets, rods, flanges, and plates, stainless steel piping and tubing for use in acid production and handling, stainless steel welding wire, stainless steel for use in acid production and handling namely absorption towers, acid distributors, pump tanks, acid coolers, pumps, and the custom design and fabrication of stainless steel equipment and systems for use in acid production and handling plants.

[43] In order to meet its evidential burden under this ground of opposition, the Opponent must demonstrate that it or its predecessor-in-title had used one or more of its pleaded trade-marks prior to September 21, 2012 and that it had not abandoned its trade-mark(s) prior to the date of advertisement of the subject application (November 6, 2013) [see sections 16(3)(a), 16(5) and 17(1) of the Act].

[44] The Applicant submitted that the ambiguities and deficiencies in Mr. Öhlin's evidence meant that it had not met its evidential burden on the basis that chain of title to the relied upon

trade-marks was not established, that SX was used descriptively, and that there is no evidence that the products shown in Exhibit D had been delivered to Canada or the materials at Exhibits C and I had been circulated in Canada (Applicant's written argument, paras 154-155).

[45] I find the Opponent meets its evidential burden with respect to the section 16(3)(a) ground for the following reasons:

- (a) I accept Mr. Öhlin's evidence that the Opponent owned the trade-marks SX and EDMESTON SX at the material date. Further, I do not find a potential transfer of rights from the Opponent to Outotec Finland (Öhlin cross-examinations Qs 99-105) to be problematic. Section 17(1) of the Act states in part that no application for the registration of a trade-mark shall be refused due to any previous use or making known of a confusing trade-mark by a person other than the applicant or his predecessor-in-title, except at the instance of that person or his successor-in-title.
- (b) If an opponent's evidence of use meets the requirements of section 4 and occurs at the material time, an opponent will have met its burden under this ground of opposition even if there is just one single sale or event [*7666705 Canada Inc v 9301-7671 Québec Inc*, 2015 TMOB 150]. There is no requirement that the level of use meet a de minimis standard so long as the sales relied upon are in the normal course of trade [*JC Penney Co Inc v Gaberdine Clothing Co Inc*, 2001 FCT 1333 at paras 143-144]. In this case, there is no dispute as to whether the Opponent's sales of its goods are in the normal course of trade. I consider Mr. Öhlin's evidence of Purchase Order Nos. S2005-001 and S1988-001 (Exhibi J) showing delivery of goods described as SX Pipe, SX Plate, and SX welding rods in Canada combined with his evidence that the pictures at Exhibit D are representative of the marking of the EDMESTON SX and SX trade-marks on the Opponent's goods and his statements on cross-examination that such goods could have been shipped to Canada (Q443) to be sufficient to meet the Opponent's burden with respect to its goods. Further, I find that the Opponent's evidence of advertising its services including the distribution of

quotes in Canada, for example the Quotation for Pipes and Fittings dated November 19, 2009, and its brochures are sufficient to meet its burden with respect to its services with respect to the trade-marks SX and EDMESTON SX (Exhibits C, H).

[46] As I am satisfied that the Opponent has met its evidential burden under this ground of opposition, I must now determine whether the Applicant has met its onus of proving no reasonable likelihood of confusion on a balance of probabilities.

Test to Determine Confusion

[47] The test to determine the issue of confusion is set out in section 6(2) of the Act where it is stipulated that the use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would likely lead to the inference that the goods and services associated with those trade-marks are manufactured, sold or leased by the same person, whether or not the goods and services are of the same general class. In making such an assessment, I must take into consideration all the relevant surrounding circumstances, including those listed in section 6(5): the inherent distinctiveness of the trade-marks and the extent to which they have become known; the length of time the trade-marks have been in use; the nature of the goods and services or business; the nature of the trade; and the degree of resemblance between the trade-marks in appearance, or sound or in the ideas suggested by them. The criteria in section 6(5) are not exhaustive and different weight will be given to each one in a context specific assessment [*Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22, [2006] 1 SCR 772 at para 54]. I also refer to *Masterpiece Inc v Alavida Lifestyles Inc* (2011), 92 CPR (4th) 361 (SCC) at para 49, where the Supreme Court of Canada states that section 6(5)(e), the resemblance between the marks, will often have the greatest effect on the confusion analysis.

Inherent Distinctiveness

[48] SX has a very low degree of inherent distinctiveness, if any. Most importantly, trade-marks consisting of a simple combination of letters or initials are generally considered to be weak marks with a low degree inherent distinctiveness [*GSW Ltd v Great West Steel Industries Ltd* (1975), 22 CPR (2d) 154 (FCTD) at 163-164; *Alfred Grass Gesellschaft mbH*

Metallwarenfabrik v Grant Industries Inc. (1991), 47 FTR 231 (FCTD)]. Further, during his cross-examination Mr. Öhlin confirms that SX may be understood to mean solvent extraction in the smelting industry (Qs 653-655). Finally, in addition to being used as a trade-mark SX has been used in a descriptive manner to describe steel with the designation UNS S32615 (see, for example, Öhlin affidavit Exhibit J, Quote dated U 32832 “Budgetary offer: SX material and Basic mechanical design for Pump tank”). I do not find the fact that some companies use trade-marks which do not include SX, such as Chemetic’s brand SARAMET in association with steel with the designation UNS S32615 (Boyd cross-examination, Q51), to increase the inherent distinctiveness of SX.

[49] The parties agree that the trade-marks EDMESTON SX and NORAM SX have a similar amount of inherent distinctiveness but disagree on how inherently distinctive the trade-marks are (Opponent’s written arguments, paras 52-54; Applicant’s written arguments, paras 188-189). I find that these trade-marks both have a fair degree of inherent distinctiveness. Whether a trade-mark is distinctive is a question of fact that is determined by reference to the message that it conveys to the ordinary consumer of the goods or services in question when the trade-mark is considered in its entirety as a matter of first impression [*Philip Morris Products SA v Imperial Tobacco Canada Limited*, 2014 FC 1237 at para 67, citing *Apotex Inc v Canada (Registrar of Trade-marks)*, 2010 FCA 213]. While EDMESTON may have surname significance, there is no evidence to suggest that it is a common surname in Canada. NORAM is a coined word and there is no evidence to support a finding that as a matter of first impression consumers will consider that this is a contraction of the words North American.

Extent Known and Length of Time in Use

[50] This factor favours the Opponent as the application is based on proposed use. While Mr. Öhlin’s evidence does not allow me to quantify the sales of product delivered to Canada marked with the trade-marks SX or EDMESTON SX (Qs 513-520) with any precision or the extent of distribution of promotional materials marked with SX or EDMESTON SX in Canada (Qs 554,558), I find that when Mr. Öhlin’s evidence is viewed as a whole, including the quotations referencing the trade-mark SX in Exhibit H, the trade-marks SX and EDMESTON SX have acquired some distinctiveness or reputation in Canada.

Nature of Goods, Services and Businesses

[51] This factor favours the Opponent. The evidence is clear that the parties are competitors and the nature of the trade they engage is highly similar, if not identical. At paras 201-202 of its written arguments, the Applicant submits the fact that its customers are large and sophisticated companies and there is a lengthy and detailed purchase process is a relevant factor which reduces the likelihood of confusion. However, the test for confusion is one of first impression and any subsequent steps taken by sophisticated consumers in an attempt to remedy a potential instance of confusion when they are exercising time and due diligence in the purchasing decision are irrelevant [by analogy see paragraphs 68-74 of *Masterpiece, supra*].

Degree of Resemblance

[52] With respect to the degree of resemblance between the trade-marks at issue, I find that the Applicant's trade-mark NORAM SX bears a fair degree of similarity in appearance and sound to the Opponent's trade-marks SX and at least some similarity in appearance to the Opponent's trade-mark EDMESTON SX. Moreover, the Applicant has adopted the Opponent's trade-mark SX in its entirety as an element of the Mark. However, the trade-marks suggest different ideas to consumers: SX – suggests steel of the type invented by Sandvik designated under UNS S32615, EDMESTON SX suggests the idea of SX steel from the Opponent or one its predecessors-in-title, and the Mark suggests SX steel sourced from a company named NORAM.

Confusion with the SX Trade-mark - Incorporating the Whole of Another Party's Trade-mark

[53] At paragraph 63 of its written argument, the Opponent submits that the addition of non-distinctive elements to the beginning of trade-marks will not negate the likelihood of confusion when another party adopts the other party's mark in its entirety (citing *Paul Masson & Co. Ltd. v Dumont Vins & Spiriteux Inc* (1994), 53 CPR (3d) 95 (TMOB) at para 8). I consider the *Paul Masson* case distinguishable as the Registrar in that case was considering confusion between the applied-for trade-mark BLANC CLASSIQUE and the opponent's trade-mark CLASSIQUE both for wine. I do not consider that the component NORAM lacks inherent distinctiveness similar to BLANC for wines.

Confusion with SX – Jurisprudence on Weak Trade-marks

[54] While the degree of resemblance factor set out in section 6(5)(e) of the Act is often likely to have the greatest effect in deciding the issue of confusion, and favours the Opponent to some extent with respect to the trade-mark SX, I consider that the jurisprudence on weak marks has a mitigating effect on the Opponent's advantage. As noted in *GSW, supra*, trade-marks based on combinations of letters or initials are weak trade-marks and are generally only entitled to a narrow ambit of protection. While it is possible for the degree of distinctiveness attributable to a weak mark to be enhanced through extensive use [*Sarah Coventry Inc v Abrahamian* (1984), 1 CPR (3d) 238 at para 6 (FCTD)], I do not find that the use of the trade-mark SX has been extensive in Canada. In particular, the sales information provided by Mr. Öhlin includes transactions where the products were never delivered in Canada but delivered to other countries (Q520). Further, Mr. Öhlin did not know which products included in the sales had SX marked on them (Q513). I therefore find that the Opponent's trade-mark SX is only entitled to a narrow ambit of protection.

Use of the SANDVIK SX Trade-mark

[55] I consider the use of SX in the SANDVIK SX trade-mark which does not enure to the Opponent and is not owned by the Opponent to be a relevant surrounding circumstance which favours the Applicant. In particular, the evidence with respect to the trade-mark SANDVIK SX is that:

- (a) Sandvik parts made from SX steel including tubes, small diameter pipes and round bar marked with the trade-mark SANDVIK SX have been purchased directly from Sandvik by the Applicant or Noram International AB since 2011 (Boyd affidavit, para 28a-b, Exhibits H, I).
- (b) Products sold by Edmeston and the Opponent have been marked with the trade-mark SANDVIK SX (Öhlin examination, Qs 455-458). Sandvik was a supplier of steel products and material to Edmeston and some of the products were marked with the trade-mark SANDVIK SX (Qs142-143; Qs 157-162).

- (c) The SANDVIK SX trade-marks appears in quotations prepared for the Applicant and other Canadian companies (see, for example, Öhlin affidavit, Exhibit J the quotation dated 2005-11-22 which includes under the heading Scope of Supply “**Item 1:** Tank, basic mechanical design & Sandvik SX material” and the quotation dated 03-06-04 for “Tower mechanical design and Sandvik SX material quotation”; Öhlin affidavit, Exhibit H Doc. No. 301-020 for the Material “Sandvik SX Alloy according to Edmeston specification 30H-035”; and the quotation dated 2004-12-20 for Sandvik SX Bolts and Nuts)
- (d) The SANDVIK SX trade-mark appears in brochures including The Edmeston SX System for the sulphuric acid industry which states “The heart of the Edmeston SX System is an austentic stainless steel – the Sandvik SX Sulphuric Acid Steel@...” (Öhlin affidavit, Exhibit C).
- (e) The trade-mark SANDVIK SX has also been referenced in third party publications circulated in Canada (Boyd affidavit, para 42, Exhibit DD).

[56] I find that the use of the SANDVIK SX trade-mark which is not owned by the Opponent and does not enure to the Opponent weakens the distinctiveness of the SX trade-mark.

Conclusion

[57] In applying the test for confusion between the Mark and the trade-marks EDMESTON SX and SX, I have considered confusion a matter of first impression and imperfect recollection. The onus is on the Applicant to show no reasonable likelihood of confusion on a balance of probabilities. I find that the Applicant has satisfied this onus, in view of all of the surrounding circumstances, including the differences between the trade-marks themselves, the inherent weakness of the trade-mark SX, and the use of the SANDVIK SX trade-mark (in the absence of evidence of a trade-mark license with the Opponent) which weakens the distinctiveness of the SX trade-mark. This ground of opposition is rejected.

Section 2 Ground of Opposition

[58] The Opponent alleges that the Mark is not distinctive because the Mark does not distinguish and is not adapted to distinguish the Goods from the goods and services of the Opponent because of the Opponent and its predecessor(s)-in-title's prior use of the trade-marks EDMESTON SX and SX.

[59] The material date for this ground of opposition is April 7, 2014, the date of filing of the opposition [*Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* 2004 FC 1185, (2004), 34 CPR (4th) 317 at 324].

[60] With respect to the distinctiveness ground of opposition, an evaluation of the surrounding circumstances favours the Applicant to a greater extent than the section 16(3)(a) ground of opposition as the Applicant started advertising and promoting the NORAM SX trade-mark in or about October 2012 and the first sale of goods in association occurred in May 2013 (Boyd affidavit, paras 9, 35, Exhibits O-W) . As such, the Applicant has met its legal onus. Accordingly, this ground of opposition is rejected.

DISPOSITION

[61] 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.

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

**TRADE-MARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD**

HEARING DATE: 2018-06-12

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