

O P I C



C I P O

LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS

Citation: 2021 TMOB 149

Date of Decision: 2021-01-12

IN THE MATTER OF AN OPPOSITION

Rick Spagnuolo and Joseph Syposz

Opponents

and

Re/Max Hallmark Realty Ltd.

Applicant

1,730,189 for HALLMARK

Application

INTRODUCTION

[1] Rick Spagnuolo and Joseph Syposz (the Opponents) oppose registration of the trademark HALLMARK that is the subject of application No. 1,730,189 that was filed by Re/Max Hallmark Realty Ltd. (the Applicant).

[2] Filed on May 28, 2015, the application is based on use of the Mark in Canada since March 1980 in association with the following services:

Real estate services; real estate agent services; real estate agencies; real estate brokerage; real estate management; real estate consulting services, namely investment, development, and marketing; educational services, namely, conducting classes, seminars, conferences, and workshops in the field of real estate sales training; and arranging and conducting real estate conferences.

[3] The application was advertised in the *Trademarks Journal* of July 5, 2017.

[4] The Opponents opposed the application on September 6, 2016, by filing a statement of opposition under section 38 of the Act.

[5] The Opponent alleges that (i) the application does not conform to the requirements of sections 30(b), (g) and (i) of the *Trademarks Act*, RSC 1985, c T-13 (the Act); (ii) the Mark is not registrable under section 12(1)(b) of the Act; (iii) the Mark is not registrable under section 12(e) of the Act, the adoption of which is prohibited by section 10 of the Act; and (iv) the Mark is not distinctive under section 2 of the Act.

[6] As a preliminary matter, I note that the Act was amended on June 17, 2019. All references in this decision are to the Act as amended, with the exception of references to the grounds of opposition which refer to the Act as it read before it was amended (see section 70 of the Act which provides that section 38(2) of the Act as it read prior to June 17, 2019 applies to applications advertised prior to that date).

[7] For the reasons that follow, I reject the opposition.

THE RECORD

[8] The Opponent filed its statement of opposition on September 6, 2016. The Applicant filed and served its counter statement on November 14, 2016 denying all of the grounds of opposition.

[9] In support of its opposition, the Opponent filed the affidavit of Joseph Syposz, sworn March 9, 2017, together with Exhibits A through E. Mr. Syposz was not cross-examined on his affidavit.

[10] In support of its application, the Applicant filed the affidavit of Ken McLachlan, sworn July 10, 2017, together with Exhibits A through Q. He was cross-examined on his affidavit on November 9, 2017. The transcript, with Exhibit 1, forms part of the record. Exhibit 1 is a copy of a redacted franchise agreement between the Applicant and RE/MAX Ontario-Atlantic Canada Inc.

[11] The Opponent advised the Registrar that it would not be filing reply evidence.

[12] Both parties filed written representations and attended an oral hearing.

THE PARTIES' RESPECTIVE BURDEN OR ONUS

[13] The Applicant bears the legal onus of establishing, on a balance of probabilities, that the application complies with the requirements of the Act. This means that if a determinate conclusion cannot be reached in favour of the Applicant after a consideration of all of the evidence, then the issue must be decided against the Applicant. However, there is an initial evidential burden on the Opponent to adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exist [see *John Labatt Limited v The Molson Companies Limited* (1990), 30 CPR (3d) 293 (FCTD) at 298].

[14] With respect to the grounds of opposition, it is the following material dates that apply:

- S.38(2)(a)/s.30 – the date of filing of the application, namely, **May 28, 2015**. [see *John Labatt Ltd v Molson Companies Ltd*, 1990 CanLII 11059 (FC), 30 CPR (3d) 293 at 296 re: section 30(b); *Georgia-Pacific Corp v Scott Paper Ltd* (1984), 3 CPR (3d) 469 (TMOB) at 475 re: section 30(g); and *Tower Conference Management Co. v Canadian Exhibition Management Inc.*, (1990) 28 CPR (3d) 428 at 432 (TMOB) re: section 30(i)];
- S.38(2)(b)/s.12(1)(b) - the filing date of the application, namely, **May 28, 2015** [see *Fiesta Barbeques Ltd v General Housewares Corp*, 2003 FC 1021, 28 CPR (4th) 60];
- S.38(2)(b)/s.12(1)(e) - the date of my decision [see *Canadian Council of Professional Engineers v Groupeg nie Inc* (2009), 78 CPR (4th) 126 (TMOB) and *Canadian Olympic Assn v Olympus Optical Co* (1991), 38 CPR (3d) 1 (FCA)]; and

- S. 38(2)(d)/s.2 – the date of filing of the statement of opposition, namely, **September 6, 2016** [see *Metro-Goldwyn-Mayer Inc v Stargate Connections Inc*, 2004 FC 1185, 34 CPR (4th) 317].

ANALYSIS

Section 30(b) Ground

[15] The Opponent pleads that:

The subject trademark application of the Applicant does not comply with the requirements of section 30(b) in that the Applicant has not provided the true date of first use of the subject trademark in Canada in association with the services in the subject application. The Applicant did not commence use of the subject trademark in Canada in association with the specified services since March 1980 as stated in its application or at all.

[16] While the legal burden is upon an applicant to show that its application complies with section 30 of the Act, there is an initial evidential burden on an opponent to establish the facts relied upon by it in support of its section 30 ground [see *Joseph E Seagram & Sons Ltd v Seagram Real Estate Ltd* (1984), 3 CPR (3d) 325 at 329 (TMOB); and *John Labatt Ltd v Molson Companies Ltd*, 1990 CanLII 11059 (FC), 30 CPR (3d) 293]. With respect to section 30(b) of the Act in particular, an opponent’s initial burden has been characterized as light due to an opponent’s limited access to information regarding use relative to the applicant. While an opponent can meet its initial burden by reference to its own evidence, its burden can in some cases be met with reference to the applicant’s evidence [*Corporativo de Marcas GJB, SA De CV v Bacardi & Company Ltd* 2014 FC 323; *Molson Canada v Anheuser-Busch Inc* 2003 FC 1287, 29 CPR (4th) 315], and an opponent can rely upon cross-examination of an applicant’s affiant to meet the evidential burden upon it [see *Coca-Cola Ltd v Compagnie Francaise de Commerce International Cofci, SA* (1991), 35 CPR (3d) 406 (TMOB)]. However, it has been held that in order to do so, the opponent must show that the evidence is “clearly inconsistent” with the claims set forth in its application [see *Ivy Lea Shirt Co v 1227624 Ontario Ltd* (1999), 2 CPR (4th) 562 at 565-6 (TMOB), *aff’d* 2001 FCT 252, 11 CPR (4th) 489 (FCTD)].

[17] In a more recent decision, however, the Federal Court has described this “clearly inconsistent” burden as being slightly higher than the lesser burden imposed on an opponent who may rely on its own evidence under this ground [per *Marcas, supra*]. The Federal Court has indicated that an opponent may successfully rely upon an applicant’s evidence to meet its initial burden if the opponent shows that the applicant’s evidence puts into issue the claims set forth in the applicant’s application. That is, the key issue is whether non-use has been established on a balance of probabilities. On this issue, all of the pertinent evidence of record is to be assessed according to the normal criteria, that is, taking into consideration “its provenance (including its quality and reliability), the absence of evidence that might reasonably be expected to exist, and whether it has been tested on cross-examination and if so, how it fared. Multiple diverse considerations inform the assessment of evidence” [*Marcas, supra*, at para 37].

[18] If an opponent succeeds in discharging its initial evidential burden, the applicant must then, in response, substantiate its claim of use during the material time. However, while an opponent is entitled to rely on the applicant’s evidence to meet its evidential burden, the applicant is under no obligation to evidence its claimed date of first use if this date is not first put into issue by an opponent meeting its evidential burden [see *Kingsley v Ironclad Games Corporation*, 2016 TMOB 19, at para 63].

[19] In the present case, the Opponent, relying on its own evidence and the Applicant’s evidence, submits that the Applicant has not shown use of the term “HALLMARK” by itself. Further to this, the Opponent submits that the affiant admits in cross-examination that the term “HALLMARK” is not used by itself, but always with RE/MAX.

[20] The Opponent submits that nothing in the appearance of RE/MAX HALLMARK REALTY LTD., as shown in the Applicant’s evidence, would cause a consumer to think that:

- “hallmark” was a trademark, and not merely a reference to excellence,
- “hallmark” was a separate mark from “RE/MAX HALLMARK REALTY LTD.”, or

- “hallmark” referred to a different source of services than RE/MAX HALLMARK REALTY LTD.

[21] The Opponent submits that the single instance of “hallmark” shown apart from the RE/MAX marks included use as a surname on a temporary sign in 1980 (Exhibit H of the McLachlan affidavit); such use being insufficient to establish use. The Opponent submits that the unexplained absence of examples of use over the alleged period of 38 years demonstrates that HALLMARK has not been used as a trademark in Canada by itself.

[22] In addition, the Opponent submits that any use shown has only been as part of the phrase “RE/MAX Hallmark Realty Ltd.”, and that such use since at least September 2, 2011 has been as a licensee wherein its use is deemed by section 50 of the Act, to be use by the licensor (per a franchise agreement with RE/MAX Ontario-Atlantic Canada Inc., under Exhibit 1 to the cross-examination of Mr. McLachlan).

[23] In addition, the Opponent’s evidence with respect to this ground can be summarized as follows:

- Mr. Syposz is the Broker of Record of Century 21 Hallmark Realty Inc. and has been since December 12, 2014;
- Mr. Syposz states that he is unaware of any use of the word HALLMARK as a trademark by the Applicant in Canada at any time, and is advised of the same by his joint opponent, Rick Spagnuolo;
- Mr. Syposz examined current and internet archival records (Wayback Machine) of the Applicant’s website: *torontohomesandcondos.com*, as well as internet and saw no use of the word HALLMARK as a trademark. He explains that the internet archive search results revealed that the Applicant’s website had been saved 128 times between November 1999 and December 2016, and after examining each of the 128 “snapshots”, he saw no use of the word HALLMARK as a trademark. Instead, he explains that the only trademarks he saw were composite trademarks such as RE/MAX TORONTO HALLMARK REALTY & Design (dated December 5, 1999,

per Exhibit A) – or RE/MAX HALLMARK REALTY & Design (dated November 30, 2003, per Exhibit B) – or RE/MAX HALLMARK REALTY LTD. & Design, exemplified in Exhibits C, D, and E, dated June 14, 2007, January 4, 2014, and August 3, 2016 respectively.

[24] With respect to the Applicant’s evidence, the Opponent notes the following:

- The Applicant operates [...] under the business name RE/MAX HALLMARK [McLachlan affidavit, paragraph 5];
- The Applicant’s evidence shows use of a unitary logo or unexceptional corporate name, RE/MAX HALLMARK REALTY LTD., wherein the word HALLMARK is not set apart such that it would not be perceived as a separate mark or would merely be perceived as a reference to excellence. For example, in the Exhibit E website screenshots, the Mark appears in what is intended to be one logo (RE/MAX Hallmark Realty Ltd. and RE/MAX Hallmark Group). Underneath the logo, “Raising the Bar” is displayed, which reinforces that “Hallmark” is being used a reference to a standard of excellence. Additionally, menu headings at the top right-hand side of website screen shots, which include “Hallmark”, all link to tabs that are descriptive terms – blog, contact, etc. If one clicks HALLMARK, it may simply include attestations that the Applicant’s services are excellent as the word implies; and
- In 40 years, there is only evidence of one instance of a sign that displays HAPPY BIRTHDAY HARRY HALLMARK, HALLMARK REALTY (at Exhibit H of the McLachlan affidavit). The photo is barely legible and, in any event, refers to someone named “Hallmark” without any evidence of the provision of real estate or related services.

[25] While much of the Applicant’s evidence arguably shows use of a corporate name, or use of the term “Hallmark” within a composite mark, there are examples of use of the term HALLMARK by itself (signage at Exhibit I to the McLachlan affidavit), or with additional matter, wherein its stands out through the use of a different font style and size (Exhibit K website screenshot), such that it would be perceived, as a matter of first impression, as a

trademark *per se* [see *Nightingale Interloc Ltd v Prodesign Ltd* (1984), 2 CPR (3d) 535 at 538 (TMOB)].

[26] With respect to the Opponent's submission that use of "hallmark" in conjunction with RE/MAX is use under license that enures to the benefit of the licensor and not the Applicant, as will be discussed below under the section 30(i) ground, the franchise agreement pertains to use and ownership of the term RE/MAX, and not of the term HALLMARK.

[27] Lastly, for the reasons that will be discussed below in the grounds of opposition based on sections 12(1)(b) and (e), and section 2 of the Act, I do not find that the Mark is clearly descriptive and without distinctiveness such that it cannot function as a trademark. Thus, I do not find that the Opponent has met its burden to call into question the accuracy of the Applicant's claimed date of first use.

[28] Having regard to the aforementioned, the ground of opposition based on section 30(b) of the Act is dismissed.

Section 30(g) Ground

[29] The Opponent pleads that the application does not conform to section 30(g) of the Act, in that the Applicant has not provided the address of its principal place of business, but rather a different address. In support, the Opponent notes that the Applicant's website lists eleven office locations, none of which correspond to the address given in the application.

[30] The Applicant submits that, in its counter statement, the Applicant listed the address of its administrative office in the Application which address is also the Applicant's registered business address as filed with the Ontario Ministry of Government and Consumer Services (see Exhibit A of the McLachlan affidavit). The Applicant submits that this is its principal place of business.

[31] The Applicant submits, and I agree, that the Opponent did not provide any evidence to support its claim that the Applicant did not provide the address of the Applicant's principal place of business.

[32] Consequently, the ground of opposition based on section 30(g) of the Act is summarily dismissed, as the Opponent has failed to meet its initial burden.

Section 30(i) Ground

[33] The Opponent pleads that the application does not conform to section 30(i) of the Act in that, having regard to the foregoing (being the grounds of opposition based on sections 30(b) and (g) of the Act), “the Applicant was not, and could not have been satisfied that it was entitled to use the trademark in association with the subject services, formed no opinion or was mistaken.”

[34] Section 30(i) of the Act merely requires that an applicant include a statement in its application that it is satisfied that it is entitled to registration of its trademark. Where this statement has been provided, a section 30(i) ground should only succeed in exceptional cases, such as where 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)].

[35] In the present case, the Opponent submits that the registration of the Mark is contrary to the franchise agreement between the Applicant and RE/MAX Ontario-Atlantic Canada Inc. (ROA). The Opponent submits that the franchise agreement requires the Applicant to give public notice of the licensor’s ownership of RE/MAX, but fails to do so; thus, the Applicant is not complying with the franchise agreement.

[36] However, the Applicant submits, and I agree, that the franchise agreement pertains to use and ownership of the term RE/MAX, and not of the term HALLMARK. Furthermore, the fact that the Applicant is required to obtain approval from the franchisor regarding any additional matter to be used in conjunction with the term RE/MAX, does not mean that the franchisor is also the owner of the trademark “Hallmark”, or any other such additional matter. Although certain portions of the franchise agreement have been redacted, when queried, counsel for the Applicant indicated that all portions dealing with trademark usage had been provided; thus, there is no evidence to support that ROA is the owner of the Mark.

[37] In summary, the Applicant submits that the Opponent did not submit any evidence nor present any arguments that the Applicant has failed to substantively comply with section 30(i) as above, and this is not an exceptional circumstance; once again, I agree.

[38] The section 30(i) ground of opposition is therefore dismissed for the Opponent's failure to meet its initial evidential burden.

Section 12(1)(b) Ground

[39] In its statement of opposition, the Opponent alleges that the Mark is not registrable pursuant to section 12(1)(b) of the Act as the Mark is clearly descriptive of the quality of the services specified in the application as a laudatory term meaning "excellence".

[40] The test under section 12(1)(b) of the Act considers whether the trade-mark as a whole is clearly descriptive or deceptively misdescriptive of the character or quality of the goods or services in association with which it is used or proposed to be used. "Character" means a feature, trait or characteristic of the goods or services and "clearly" means "easy to understand, self-evident or plain" [see *Drackett Co of Canada Ltd v American Home Products Corp* (1968), 55 CPR 29 at 34].

[41] The Opponent relies upon the following definitions of the term "hallmark" as provided in the affidavit of Mr. Syposz:

Hallmark:

Noun – any distinctive feature esp. excellence (the *Canadian Oxford Dictionary* – Oxford University Press Canada 2001)

Noun – a mark or sign of authenticity or excellence (*English Collins Dictionary* – 5th edition first published in 2000, Harper Collins Publishers)

Noun – a mark indicating quality or excellence (*The American Heritage Dictionary of the English Language*, Fifth Edition, 2016 Houghton Mifflin Harcourt)

[42] Further to this, the Opponent submits that the descriptive character of the word is admitted to by Mr. McLachlan. In this regard, the Opponent points to Mr. McLachlan's statement on cross-examination, when asked whether he knows what "hallmark" means: "it

means to me a mark of excellence, a mark of work, a work of quality in the real estate business.”

[43] While the word “hallmark” has a laudatory connotation, I agree with the Applicant that it is not *clearly descriptive* of the Applicant’s real estate and related services. Rather, as above, it is a noun that refers to a distinctive feature, mark or sign indicating quality or excellence, but not a descriptor or adjective that *clearly describes* that the Applicant’s services are excellent.

[44] Accordingly, this ground of opposition is rejected.

Section 12(1)(e)/section 10 Ground

[45] The Opponent pleads that the Mark is not registrable under this ground as the Mark:

[...] a term which prior to any adoption by the Applicant was well understood through extensive, ordinary and *bona fide* verbal and written use in Canada to designate the quality of goods and services for all goods and services including the subject services specified in the application, namely they are excellent.

[46] Section 10 of the Act states:

Where any mark has by ordinary and bona fide commercial usage become recognized in Canada as designating the kind, quality, quantity, destination, value, place of origin or date of production of any wares or services, no person shall adopt it as a trade-mark in association with such wares or services or others of the same general class or use it in a way likely to mislead, nor shall any person so adopt or so use any mark so nearly resembling that mark as to be likely to be mistaken therefore.

[47] The statutory prohibition set out in section 10 requires that the mark in question has been commonly used in Canada as designating an aspect of the goods or services which are the subject of the mark and it has become so recognized [see *ITV Technologies Inc v WIC Television Ltd*, 2003 FC 1056 at paragraph 88]. While the Federal Court of Appeal has found that the material date with respect to a ground of opposition based on sections 12(1)(e) is the date of decision [*Canadian Olympic Assn v Olympus Optical, supra*], it has been argued that the material date when section 10 is relied upon should be the date of first use claimed [see, for example, *Producteurs Laitiers du Canada v Republic of Cyprus (Ministry of Commerce, Industry & Tourism)* 2011 FCA 201 at paras 10-16].

[48] The Applicant submits that “the word ‘hallmark’ cannot be understood as designating the kind, quality, quantity, destination, value, place of origin or date of production of any goods or services as the word is a noun meaning ‘distinct feature’.” Further to this, the Applicant submits that the Opponent has not provided any evidence to this effect.

[49] The Opponent once again points to Mr. McLachlan’s statement on cross-examination, when asked whether he knows what “hallmark” means: “it means to me a mark of excellence, a mark of work, a work of quality in the real estate business.”

[50] However, as held above in the section 12(1)(b) ground of opposition, while the word “hallmark” has a laudatory connotation, it is not *clearly descriptive* of real estate and related services. Furthermore, whether at the date of first use claimed, namely, March 1980, or at the date my decision, I agree with the Applicant that the Opponent’s evidence is insufficient to meet its burden of showing the Mark has become recognized in Canada through ordinary and *bona fide* commercial usage as designating real estate services as excellent. Indeed, there is no evidence that the term “hallmark” has been adopted by any other trader in the real estate industry other than the Opponent.

[51] The ground of opposition based on section 12(1)(e) and 10 is therefore rejected.

Section 2 Ground

[52] The Opponent alleges that the Mark is not distinctive of the Applicant’s services and is not adapted so to distinguish them.

[53] The Opponent submits that the Mark is not a trademark as defined by section 2 of the Act, and as such, cannot be distinctive. In this regard, the Opponent submits that the word “hallmark” is laudatory and can apply to any good or service; it lacks an arbitrary character in relation to the applicant’s services. Further to this, the Opponent submits that the Mark has not achieved actual distinctiveness; no attempt was made to rely on section 12(2) as is required to meet the actual distinction test.

[54] However, for the reasons outlined above with respect to the 12(1)(b) and 12(1)(e) grounds of opposition, I do not find the Mark to be clearly descriptive, and there is no

evidence before me that “hallmark” has been commonly used in Canada as designating an aspect of the goods or services which are the subject of the mark and it has become so recognized . Consequently, I find that the Opponent has failed to meet its burden under this prong of its non-distinctiveness ground.

[55] In addition to the above however, the Opponent submits that the Mark lacks distinctiveness as it is used for the purpose of distinguishing the franchisor’s services and not the Applicant’s, because it appears only or principally in the licensed mark RE/MAX HALLMARK REALTY LTD. Once again, for reasons discussed above, in particular in the grounds of opposition based on sections 30(b) and 30(i) of the Act, the franchise agreement pertains to use and ownership of the term RE/MAX, and not of the term HALLMARK; furthermore, there are instances wherein the Mark appears on its own in the Applicant’s evidence, or with additional matter, wherein it stands out such that it would be perceived, as a matter of first impression, as a trademark *per se*.

[56] Finally, the Opponent submits that, on cross-examination, Mr. McLachlan made an admission that three other entities were unlawfully using the Mark (paragraph 32 of the cross-examination transcript). As a result, the Opponent argues that the Mark lacks distinctiveness, referring to section 48(2) of the Act. However, I am prepared to infer that any such use, was licensed use pursuant to section 50 of the Act, as Mr. McLachlan attests that the Applicant provides administrative services for these entities and leadership and ownership (see paragraphs 33 to 35 of the cross-examination transcript) [see *Empresa Cubana Del Tabaco Trading v Shapiro Cohen*, 2011 FC 102, 91 CPR (4th) 248 at paragraph 84; see *Petro-Canada v 2946661 Canada Inc* (1999), 83 CPR (3d) 129 (FCTD); and *Lindy v Canada (Registrar of Trade Marks)* 1999 CarswellNat 652 (FCA)].

[57] Having regard to the aforementioned, I find the Opponent has failed to satisfy its initial burden with respect to each of its alleged prongs under this ground, and consequently, the ground of opposition based on section 2 of the Act is dismissed.

DISPOSITION

[58] Pursuant to the authority delegated to me under section 63(3) of the Act, I reject the opposition pursuant to section 38(12) of the Act.

Kathryn Barnett
Member
Trademarks Opposition Board
Canadian Intellectual Property Office

**TRADEMARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD**

HEARING DATE 2020-07-14

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