



# Canadian Intellectual Property Office

## THE REGISTRAR OF TRADEMARKS

**Citation:** 2023 TMOB 067

**Date of Decision:** 2023-04-11

## IN THE MATTER OF AN OPPOSITION

**Opponent:** Smarte Carte, Inc.

**Applicant:** Sandals Resorts International 2000 Inc.

**Application:** 1778159 for SANDALS SMART CART & Design

### INTRODUCTION

[1] Smarte Carte, Inc. (the Opponent) opposes registration of the trademark SANDALS SMART CART & Design (the Mark), shown below, which is the subject of application No. 1778159 by Sandals Resorts International 2000 Inc. (the Applicant).



[2] The Mark is applied for in association with numerous services related to the travel and tourism field. The services are reproduced in Schedule A below.

[3] The opposition is based primarily on the contention that the Mark is confusing with the Opponent's trademark SMARTE CARTE, previously used and/or registered in

association with the sale and rental of baggage carts, shopping carts, and other amenities, available at various locations such as airports, hotels, resorts and shopping centres.

### **THE RECORD**

[4] The application for the Mark was filed on April 19, 2016, based on a claim of proposed use in Canada and with a claimed priority filing date of April 12, 2016 based on an application in the United Kingdom in association with the same kind of services. The application was advertised for opposition purposes on December 11, 2019.

[5] On January 28, 2020, the Opponent opposed the application by filing a statement of opposition under section 38 of the *Trademarks Act*, RSC 1985, c T-13 (the Act). The Opponent filed an amended statement of opposition on August 14, 2020, which was accepted in October 2020.

[6] In its amended statement of opposition, the Opponent relies on the following grounds of opposition:

- non-registrability of the Mark pursuant to section 12(1)(d) of the Act;
- non-entitlement to registration pursuant to section 16(1)(a) of the Act;
- non-entitlement to registration pursuant to section 16(1)(c) of the Act;
- non-distinctiveness of the Mark pursuant to section 2 of the Act; and
- non-entitlement to use the Mark pursuant to section 38(2)(f) of the Act.

[7] The Applicant submitted a counterstatement on April 3, 2020.

[8] In support of its opposition, the Opponent submitted the affidavit of Steve Wagner, sworn August 13, 2020 (the Wagner Affidavit).

[9] In support of the application, the Applicant submitted the affidavit of Evelyn Dapito, sworn June 16, 2021 (the Dapito Affidavit). Neither affiant was cross-examined.

[10] Both parties filed written representations and were represented at a hearing.

## **OVERVIEW OF THE OPPONENT'S EVIDENCE**

[11] The Opponent is the owner of the trademark SMARTE CARTE, registered in October, 1982 under registration No. TMA273263. The Opponent's trademark is registered for use in association with the goods "Baggage carts and baby strollers; automatic vending islands containing baggage arts and baby strollers" (the Opponent's Registered Goods), and the services "Renting hand baggage carts in transportation terminals" and "Renting hand baggage carts and shopping carts in shopping centers" (the Opponent's Registered Services).

### ***The Wagner Affidavit***

[12] Mr. Wagner is the senior vice-president of business development of the Opponent [para 1].

[13] In his affidavit, Mr. Wagner summarizes the history of the Opponent's business, and describes its current business operations worldwide and in Canada. He states that the Opponent sells the Opponent's Registered Goods as well as lockers and massage chairs (collectively, the Opponent's Goods) to businesses that operate locations where such equipment would be used, such as airports, shopping malls, resorts and fitness centres. He states that the Opponent also offers the Opponent's Registered Services, as well as the renting of lockers and massage chairs (collectively, the Opponent's Services), by operating concession programs at such locations. Specifically, the Opponent provides baggage carts, strollers, lockers and massage chairs for rent, with the Opponent maintaining ownership of the provided equipment, and the owners of the locations receiving a commission based on rental revenues collected by the Opponent [para 4].

[14] Mr. Wagner also provides details of the Opponent's use of its trademark in Canada, including:

- images showing the trademark SMARTE CARTE displayed on the Opponent's baggage carts, strollers, lockers and massage chairs [Exhibits A to C];
- sales and rental revenue for the years 2015 to 2019 [paras 14 and 15];

- sample invoices for sales occurring during the years 2015 to 2019 [Exhibit D];
- examples of advertising displaying the trademark [Exhibits A, B and F]; and
- a list of locations where the Opponent’s baggage carts, strollers, lockers and massage chairs can be found in Canada [Exhibit E].

## **OVERVIEW OF THE APPLICANT’S EVIDENCE**

### ***The Dapito Affidavit***

[15] Ms. Dapito is a law clerk employed by the Applicant’s agent of record [para 1]. She attests that she was asked to conduct two particular searches of CIPO’s trademark database [para 3].

[16] Accordingly, Ms. Dapito provides a table containing a list of “all active” trademark applications and registrations in Canada that include the terms SMART and CART “across all classes of goods and services” [para 4, Exhibit A]. I note that the Exhibit A table includes 14 such listings, including the subject application and the Opponent’s aforementioned registration.

[17] Ms. Dapito also provides a table containing a list of “all” of the Applicant’s trademark applications and registrations in Canada [para 5, Exhibit B]. The Exhibit B table includes 55 such listings, some of which include the element SANDALS.

### ***Facts Not in Evidence Relating to the Applicant’s Business***

[18] In its written representations, the Applicant alleges several facts relating to the Applicant and the nature of its business and services, including the following:

- the Applicant is “one of the most well-known and award winning hospitality names in the world”, and operates 24 resort properties in seven countries, the first of which opened in 1981 [para 33];
- the Applicant’s services are typically sold at a high price point, with the average cost of a one-week stay being between \$5,000 and \$10,000 [para 37];
- the Applicant has been featured in publications and interviews in pop culture, and has won many awards in the hotel industry [para 77];

- the Applicant's services are considered luxury vacations, and are purchased directly from the Applicant or a partner travel agency [para 115]; and
- the Mark co-exists with the Opponent's trademark on the trademark registers of the United Kingdom and the United States [para 124].

[19] Throughout its representations, the Applicant invites the Registrar to take judicial notice of such alleged facts. The Applicant also asks that the Registrar take judicial notice of various documents, such as web pages of the Applicant and partner travel agencies [para 115], which the Applicant claims demonstrate the truth of some of the facts asserted.

[20] The Opponent, of course, objects to these facts being accepted by way of judicial notice or inferred otherwise. At the hearing, the Opponent argued that judicial notice should only be taken in respect of facts that are:

- so notorious as not to be the subject of dispute among reasonable persons; or
- capable of immediate and accurate demonstration by resorting to readily accessible sources of indisputable accuracy, such as texts, dictionaries, almanacs and other reference works, citing *Editions Albert René, SARL v TMR Theatrical Productions Ltd* (2004), 38 CPR (4th) 267 (TMOB).

[21] The Opponent asserts that the facts for which the Applicant requests judicial notice do not meet these criteria. The Opponent also notes that the Applicant had the opportunity submit evidence of all of these alleged facts, but chose to not do so.

[22] The Applicant provided no reasons as to why judicial notice of the alleged facts should be taken, either in its written representations or at the hearing. In any event, I agree with the Opponent that it would be inappropriate to take judicial notice of any such facts asserted by the Applicant in its representations. The facts are neither notoriously known, nor are capable of immediate demonstration by reference to a source of indisputable accuracy; the Applicant's own website, for example, is not such a source. Furthermore, it is not appropriate for the Registrar to seek out specific information or documents to assist a party in meeting its burden or onus [see *JTI-*

*Macdonald TM Corp v Kabushiki Kaisha Studio Ghibli*, 2020 TMOB 123 at para 54; and *Arterra Wines Canada Inc v Sundial Growers Inc*, 2021 TMOB 67 at para 70]. If the Applicant intended to rely on these facts in support of its application, it was incumbent on it to file evidence and allow the Opponent the opportunity to conduct a meaningful cross-examination, if desired. Accordingly, I decline to take judicial notice of such alleged facts relating to the Applicant and the nature of its business and services.

[23] Even if I were to take judicial notice as requested by the Applicant, the relevance of many of the alleged facts is not necessarily clear. For example:

- the services as stated in the application are not necessarily limited to those having a high price point. For example, the statement of services includes “electronic on-line information services ...” which may or may not be offered at a high price point, and may or may not relate to advertising goods and services which themselves have high price points; and
- the mere fact that the Mark may co-exist with the Opponent’s trademark on foreign trademark registers is not relevant to Canadian opposition proceedings [*Vivat Holdings Ltd v Levi Strauss & Co*, 2005 FC 707 at para 65].

### **EVIDENTIAL BURDEN AND LEGAL ONUS**

[24] For each ground of opposition raised, there is an initial evidential burden on the Opponent to adduce sufficient evidence from which it could reasonably be concluded that the facts alleged to support that ground of opposition are true. If this initial burden is met, then the Applicant must satisfy the Registrar, on a balance of probabilities, that the ground of opposition should not prevent registration of the Mark [see *John Labatt Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 (FCTD)].

### **SECTION 12(1)(D) GROUND – CONFUSION WITH A REGISTERED TRADEMARK**

[25] Pursuant to section 38(2)(b) of the Act, the Opponent pleads that the Mark is not registrable in view of section 12(1)(d) of the Act because the Mark is confusing with the Opponent’s registered trademark SMARTE CARTE (registration No. TMA273263).

[26] As the Opponent's registration is extant on the register, it meets its initial burden under this ground. Accordingly, the Applicant must establish on a balance of probabilities that there is no reasonable likelihood of confusion between the Mark and the Opponent's registered trademark SMARTE CARTE. The material date for assessing confusion under this ground is the date of this decision [*Simmons Ltd v A to Z Comfort Beddings Ltd* (1991), 37 CPR (3d) 413 (FCA)].

### ***The Test for Confusion***

[27] The use of a trademark will cause confusion with another trademark if the use of both trademarks in the same area would be likely to lead to the inference that the goods or services associated with those trademarks emanate from the same source [section 6(2) of the Act]. The test to be applied is a matter of first impression in the mind of a casual consumer "somewhat in a hurry", who sees the Mark in association with the applied-for services at a time when they have no more than an imperfect recollection of the Opponent's trademark and does not pause to give the matter any detailed consideration or scrutiny [*Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 at para 20].

[28] Applying the test for confusion is an exercise in finding facts and drawing inferences [*Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 at para 102]. All surrounding circumstances of the case must be considered, including those listed at section 6(5) of the Act, namely:

- the inherent distinctiveness of the trademarks and the extent to which they have become known;
- the length of time the trademarks have been in use;
- the nature of the goods, services or business;
- the nature of the trade; and
- the degree of resemblance between the trademarks in appearance or sound or in the ideas suggested by them.

[29] This list is not exhaustive; all relevant factors are to be considered, although they are not necessarily attributed equal weight [see *Mattel, Inc v 3894207 Canada Inc* 2006 SCC 22 at para 54; *Veuve Clicquot* at para 21].

### ***Degree of Resemblance***

[30] The degree of resemblance between the trademarks often has the greatest effect on the confusion analysis [*Masterpiece* at para 49]. When considering the degree of resemblance, the trademarks must be considered in their entirety as a matter of first impression. They must not be carefully analyzed and dissected into their component parts [*Wool Bureau of Canada Ltd v Registrar of Trade Marks* (1978), 40 CPR (2d) 25 (FCTD)]. That being said, the preferable approach is to consider whether there is an aspect of each trademark that is particularly striking or unique. It is reasonable to conclude that such striking or unique elements are dominant in their respective trademarks [*Masterpiece* at para 64].

[31] With regard to the degree of resemblance, the Applicant argues the following:

- the Mark and the Opponent's trademark SMARTER CARTE are "completely different" in appearance, sound, and ideas suggested [para 50];
- the Mark consists of three words presented in a variety of fonts and shades, along with a distinctive design depicting a shopping cart with a letter S on it [para 51];
- the stylized word SANDALS in the Mark is the "first" and most distinctive aspect of the Mark [paras 51 and 62];
- the words SMART CART in the Mark have "far less prominence" than the stylized word SANDALS and the shopping cart design [para 53];
- the stylized word SANDALS is the house mark of the Applicant, and is sufficient to distinguish the Mark from the Opponent's trademark, citing *U Box It Inc v U-Haul International, Inc*, 2014 TMOB 209 and 2014 TMOB 2010 in support [para 56]; and
- the idea suggested by the Mark as a whole is one related to the purchasing of services related to the Applicant's resort and travel business, whereas the idea



suggested by the Opponent's trademark is that of technologically advanced or self-service shopping carts and luggage carts [paras 63 and 64].

[32] In its representations, the Opponent argues the following:

- the Mark includes the words SMART CART, which are phonetically identical to the entirety of the Opponent's trademark [para 46];
- the addition of the Applicant's house mark to the Opponent's trademark is not sufficient to distinguish, citing *Johnson Inc v Allwest Insurance Service Ltd*, 2015 TMOB 129 in support [para 47]. At the hearing, the Opponent added that it would be a "dangerous proposition" to find that an applicant can simply add its house mark to the phonetic equivalent of someone else's trademark to avoid a finding of confusion; and
- the design features of the Mark are not relevant when considering the resemblance between the trademarks when sounded, citing *Gigi Inc v Bigi Canada Ltée* (1990), 29 CPR (3d) 562 (TMOB) in support [para 48].

[33] I agree with the Opponent that the Mark includes words that are phonetically identical to the entirety of the Opponent's trademark. Furthermore, in my view these phonetically identical words are the most striking aspect of the Mark. In this respect, the words SMART CART are substantially larger than the other elements of the Mark, to such a degree that the ordinary consumer is likely be struck first and foremost by the words SMART CART. This, in my view, causes SMART CART to be the most striking aspect of the Mark, despite the stylized word SANDALS appearing above or "first", and despite SANDALS being somewhat distinctive in the context of the applied-for services. This is consistent with other cases where the Registrar found that the largest element of a trademark was found to be the dominant, most striking element, despite the presence of smaller or more inherently distinctive elements appearing "first" in the trademark. For example:

- in *Hot Stuff Foods, LLC v Maple Leaf Foods Inc*, 2012 TMOB 30, the dominant, most striking element of the trademark at issue was found to be the large stylized words HOT STUFFS, rather than the trademark owner's house mark

SCHNEIDER'S, or the design of a young woman's head wearing a bonnet, both of which appeared above the words HOT STUFFS [at para 52]; and

- in *Doris Hosiery Mills Ltd v Eclectic Edge Inc*, 2013 TMOB 213, the dominant element of the applied-for trademark was found to be the stylized word SECRET, which was larger than the other components of the applied-for trademark [at para 45].

[34] As a whole, the Mark has additional elements (namely the stylized word SANDALS and the shopping cart design) that, overall, reduce the degree of resemblance between the trademarks. The omission of the letter "E" from each of SMART and CART in the Mark also creates a slight difference between the Opponent's trademark and the most striking aspect of the Mark, at least in appearance.

[35] However, it is important to bear in mind that the use of trademarks with some differences between them may still give rise to a likelihood of confusion [*Masterpiece* at para 62]. Ultimately, despite the differences between the trademarks, the Mark includes as its dominant and most striking feature the words SMART CART. These words are phonetically identical to the Opponent's trademark in its entirety, and are nearly identical in appearance. In view of this, I find that there is a fair degree of resemblance between the trademarks in appearance, sound, and ideas suggested.

[36] Accordingly, this factor favours the Opponent.

### ***Inherent Distinctiveness and Extent Known***

[37] In its representations, the Applicant argues that this factor favours a finding of no confusion. It argues that the Mark is inherently distinctive because, when considered as a whole and in association with the applied-for services, the Mark:

- does not describe the services;
- does not have a plurality of meanings; and
- contains sufficient elements, including stylizations, shading and designs, to be considered inherently distinctive [paras 73 and 75].

[38] The Applicant also argues that the Mark has become known to a large extent, because the Mark contains the Applicant's house mark and trade name, SANDALS, and because the Applicant is known to consumers to a large extent [paras 78 and 79].

[39] As for the Opponent's trademark, the Applicant argues that it is not inherently distinctive. It argues that the common meanings of the words "smart" and "cart" (which the Applicant agrees is the phonetic equivalent of the Opponent's trademark) are suggestive of "smart" or technologically-savvy carts used to "cart" around a consumer's luggage or children [paras 83 and 84]. The Applicant also argues that the extent to which the Opponent's trademark has become known is unclear [paras 87 and 88].

[40] In its representations, the Opponent argues that its trademark is inherently distinctive because it does not present any descriptive meaning in relation to the goods and services listed in its registration [para 21]. At the hearing, while acknowledging the technological connotations that the word "smart" can have, the Opponent argued that those connotations do not necessarily apply to simple, mechanical items such as the Opponent's baggage carts and shopping carts.

[41] The Opponent also argues that its trademark has become known in Canada [para 28]. The Opponent refers to its claimed use of the trademark SMARTE CARTE in Canada since 1982 in connection with the Opponent's Registered Goods, and since 1987 in association with the Opponent's Registered Services [Opponent written representations at para 24]. It also refers to its examples of use of the trademark SMARTE CARTE in association with baggage carts, strollers, lockers and massage chairs, and annual revenue earned from 2015 to 2019 through both sales and rental of these items in Canada [paras 25 to 27].

[42] As for the Mark, the Opponent notes that the Applicant has not evidenced any use in association with any of the applied-for services [paras 22 and 23].

[43] I agree with the Applicant that the Mark, when considered as a whole, has sufficient design elements to give it a greater degree of inherent distinctiveness. However, there is no evidence that the Mark has become known in Canada to any

extent. The Mark is applied for on the basis of proposed use, and there is no evidence that the Mark has ever been used in Canada. There is also no evidence of record that the Applicant's house mark SANDALS is known in Canada to any extent. While the Applicant points to its trademark registrations as listed in Exhibit B of the Dapito Affidavit as evidence that SANDALS has been used for more than 30 years, the Federal Court has cautioned against giving even *de minimis* weight to claims of use provided in applications and registrations [see *Tokai of Canada v Kingsford Products Company, LLC*, 2018 FC 951]. If the Applicant intended to rely on the stylized word SANDALS being well known, it was incumbent on the Applicant to file evidence in this regard.

[44] As for the Opponent's trademark, I first note that the parties appear to agree that the trademark would be pronounced as "SMART CART" [see Applicant's written representations at para 72]. In any event, I agree with the Applicant that the Opponent's trademark has a low degree of inherent distinctiveness, especially in relation to the Opponent's carts and cart-related services. While there are no relevant definitions of the word "smart" in evidence, the Registrar may take judicial notice of dictionary terms [*Tradall SA v Devil's Martini Inc*, 2011 TMOB 65]. In so doing, I note that *merriam-webster.com* includes a definition of the word "smart" as "operating by automation" or "using a built-in microprocessor for automatic operation, for processing of data, or for achieving greater versatility". As well, the *Canadian Oxford Dictionary's* definition of "smart", in the context of a device, is "capable of independent and seemingly intelligent action". These definitions are potentially applicable to the Opponent's goods and services. For example, the Wagner Affidavit shows that electronic payment methods such as credit cards are accepted for rental of baggage carts, and that some of the Opponent's baby strollers are available with embedded tablets that have apps and games for children [Wagner Affidavit at Exhibit A].

[45] However, I agree with the Opponent that its trademark has become known in Canada through use in the marketplace. From 2015 to 2019, the Opponent earned annual revenue ranging from \$2.4 million to \$6.5 million through the rental of baggage carts displaying the trademark SMARTE CARTE [Wagner Affidavit at paras 9 and 15, Exhibit A]. Further, the Opponent has earned additional revenue through the sale of its

baggage carts to customers such as the Greater Toronto Airports Authority (which operates Pearson International Airport) and the Winnipeg Airport Authority [Wagner Affidavit at para 14 and Exhibit D].

[46] Overall, I find that this factor favours the Opponent. While the Mark has design elements that make it more inherently distinctive than the Opponent's trademark, there is no evidence that the Mark has become known to any extent through use or promotion. The Opponent, on the other hand, has demonstrated fairly substantial use in the Canadian marketplace. Such use can reasonably be expected to have caused the Opponent's trademark SMARTE CARTE to become known to Canadian consumers, at least to a fair extent.

#### ***Length of Time in Use***

[47] The Mark is applied for on the basis of proposed use, and there is no evidence that the Mark has ever been used in Canada. On the other hand, the evidence shows use of the Opponent's trademark since at least 2015 [Wagner Affidavit at paras 14 and 15, Exhibits A and D].

[48] Accordingly, this factor also favours the Opponent.

#### ***Nature of the Goods, Services or Business / Nature of the Trade***

[49] When considering the nature of the parties' goods and services, it is the statements in the subject application and registration that govern [see *Mr Submarine Ltd v Amandista Investments Ltd*, 1987 CanLII 8953 (FCA)]. In this case, the services in the application are to be compared with the Opponent's goods and services as set out in the SMARTE CARTE registration, which does not include lockers or massage chairs, or the rental thereof.

[50] The Applicant argues that these factors favour a finding of no confusion for several reasons, including the following [paras 100 to 118]:

- the Opponent sells and rents baggage carts and strollers in airports and malls, whereas the applied-for services – which include online services, tour guide services and hotel services – are not related;
- the parties operate under different business models, the Opponent’s business being in the sale and rental of strollers and luggage carts, whereas the nature of the Applicant’s business is luxury vacations and related services, offered through its website;
- the Opponent’s goods and services are available in airports and malls, whereas the Applicant’s services are available online, and at its own SANDALS resorts and hotels;
- the goods and services of the parties do not appear in close proximity to one another; and
- multiple “forms of trade can exist within a broad industry”, such as the travel and tourism industry.

[51] The Applicant also submits that the Opponent is attempting to expand its scope of protection beyond its niche in airports to include all travel and tourism-related fields [paras 1 and 102].

[52] In its representations, the Opponent argues that the parties’ goods and services are of a similar nature in that they both relate to the travel and tourism industry [paras 31 to 35]. The Opponent also argues that the parties’ channels of trade overlap in that the Opponent sells its goods to businesses that operate airports, shopping malls, hotels and resorts, and rents these goods to customers of such places. The Opponent argues that these trade channels are closely related – if not overlapping – and thus favours a finding of confusion [paras 40 to 43].

[53] At the hearing, in response to the Applicant’s assertion that the Opponent is attempting to “improperly” expand its scope of protection, the Opponent argued that the scope of protection of its SMARTE CARTE trademark is not in issue. Rather, the issue is whether the Applicant has met its legal burden to demonstrate that there is not a likelihood of confusion between the Mark and the Opponent’s trademark.

[54] In this case, many of the Applicant's arguments are not persuasive because it is, at best, unclear whether the points of differentiation argued by the Applicant are necessarily relevant to the applied-for services. In most instances, the only articulated trade channel limitation is that an applied-for service relates to the field of "travel and tourism". In some instances, there is no trade channel limitation at all. Furthermore, the applied-for services are not necessarily limited to those offered in hotels by luxury vacation businesses.

[55] Given the broad terms in which the applied-for services are defined, and the absence of any evidence of the nature of these services, the services could be construed as relating to the Opponent's Registered Services or as being in the same channels of trade. One example is the applied-for service, "car hire booking and reservation services" – while this could refer to a service provided at a luxury hotel, it could equally refer to a service provided at an airport. In the latter case, the Mark would be encountered by travellers in airports, the same area in which the Opponent's trademark appears [per the Wagner Affidavit at paras 4 and 6, Exhibit A]. Furthermore, the booking and reservation services could potentially be used by travellers in airports concurrently with the Opponent's luggage carts. The Registrar has previously recognized that potential concurrent uses for goods and services can create a likelihood that the user will infer that the goods and services emanate from a common source [see, for example, *Kamsut, Inc v Jaymei Enterprises Inc*, 2010 TMOB 196 at paras 55 and 66].

[56] While the Applicant asserts that the Opponent is seeking to improperly extend the ambit of protection of its trademark, it is the Applicant who has defined the applied-for services broadly, for use in the field of "travel and tourism". These broadly-defined services are potentially related to the Opponent's Registered Goods and Services, and will potentially be available in the same areas.

[57] Again, it is the Applicant who has the onus to demonstrate that there is no reasonable likelihood of confusion. In seeking to rely on these factors, it is the Applicant who must show that the parties' goods, services and channels of trade are dissimilar,

and would not support a finding of confusion. In the absence of actual evidence regarding the nature of the Applicant's services or channels of trade, the Applicant has failed to do so in this case. At a minimum, I agree with the Opponent that there is the potential for overlap in the nature of the parties' goods, services, businesses and channels of trade.

[58] In view of the foregoing, I find that these factors favour the Opponent.

***Additional Surrounding Circumstance - State of the Register***

[59] In its representations, the Applicant argues that the terms "smart" and "cart" are used regularly, in a variety of industries [para 58], relying on the applications and registrations identified in the Dapito Affidavit to support its claim [see Exhibit A].

[60] The Opponent responds by noting that, of the 12 third-party applications or registrations identified by Ms. Dapito:

- some are for trademarks where "cart" comes before "smart", making the trademarks more different than the trademarks at issue in this case; and
- none are for goods or services related to the travel or tourism industry, such as those of the Opponent and Applicant [para 51].

[61] Evidence of the state of the register is only relevant to the extent that it supports inferences as to the state of the Canadian marketplace [*Del Monte Corporation v Welch Foods Inc* (1992), 44 CPR (3d) 205 (FCTD)]. Inferences concerning the state of the marketplace may be drawn from state of the register evidence only if a large number of relevant *registrations* are located [*Kellogg Salada Canada Inc v Maximum Nutrition Ltd* (1992), 43 CPR (3d) 349 (FCA)].

[62] In this case, the Applicant points to only ten third-party registrations. No evidence has been provided to show the extent to which these trademarks have actually been used in the Canadian marketplace, if at all. In my view, the number of registrations provided is not sufficient to permit any meaningful inferences to be drawn as to the



commonality of “SMART” and “CART” in the Canadian marketplace, and in the travel and tourism industry in particular.

[63] Accordingly, this is not a surrounding circumstance that favours the Applicant.

### ***Conclusion Regarding Confusion***

[64] Having considered all of the surrounding circumstances, I find that the Applicant has not met its legal onus to demonstrate, on a balance of probabilities, that there is no reasonable likelihood of confusion between the parties’ trademarks. At best for the Applicant, I find that the likelihood of confusion as to the source of the parties’ goods and services to be evenly balanced. I reach this conclusion in view of the fair degree of resemblance between the trademarks, the fact that the Opponent’s trademark has become known in Canada to some extent, and the potential for the parties’ goods, services, and trades to be related. In this respect, I note again the absence of evidence relating to the nature of the Applicant’s services and trade, notwithstanding its request that judicial notice of such be taken.

[65] In view of the foregoing, the ground of opposition based on section 12(1)(d) of the Act is successful.

### **SECTION 16(1)(A) GROUND – NON-ENTITLEMENT TO REGISTER**

[66] Pursuant to sections 38(2)(c) and 16(1)(a) of the Act, the Opponent pleads that the Applicant is not the person entitled to registration of the Mark because, as of the priority filing date of the application, the Mark was confusing with the Opponent’s trademark SMARTE CARTE, which had been previously used in Canada by the Opponent in association the Opponent’s Goods and Services, and was not abandoned on the day on which the application was advertised for opposition purposes.

[67] In order to meet its initial burden under this ground, the Opponent must show that:

- its trademark SMARTE CARTE was used prior to the Applicant’s priority filing date (April 12, 2016); and

- its trademark was not abandoned at the date of advertisement of the application (December 11, 2019).

[68] Accordingly, the relevant evidence on which the Opponent can rely is the evidence of use that pre-dates the Applicant's priority filing date.

[69] The Wagner Affidavit establishes that the Opponent displayed the trademark SMARTE CARTE on its rental baggage carts, strollers, lockers and massage chairs that are both sold to operators of airports, shopping malls, resorts and fitness centres, and rented directly to consumers in such facilities [Wagner Affidavit at paras 4 and 9, Exhibits A to C]. The Wagner Affidavit also establishes that, at a minimum:

- the Opponent earned revenue from sales of SMARTE CARTE baggage carts, strollers, lockers and massage chairs in 2015 and 2016 [at para 14]; and
- the Opponent earned revenue from the rental of SMARTE CARTE baggage carts, strollers, lockers and massage chairs in 2015 and 2016 [at para 15].

[70] The evidence is not entirely clear as to where the goods and services referred to above were sold, prior to the material date for this ground. For example, there is no evidence to indicate whether any of the Opponent's rental services were available in transportation terminals, such as airports or shopping centres (both of which are part of the Opponent's Registered Services). However, the evidence does show that SMARTE CARTE baggage carts were sold to Great Wolf Lodge, a hotel and water park in Niagara Falls, Ontario, in January of 2016 [Wagner Affidavit at Exhibit D].

[71] The evidence referred to above is sufficient to meet the Opponent's initial burden in respect of the Opponent's Goods. As for any services, the Opponent has met its initial burden in respect of the rental of baggage carts, strollers, lockers and massage chairs, though not in respect of rentals in transportations terminals or in shopping centres in particular.

[72] Accordingly, since the Opponent has met its initial evidential burden in respect of most of the Opponent's Goods and Services, the Applicant bears the onus of demonstrating, on a balance of probabilities, that the Mark was not confusing with the

Opponent's trademark SMARTE CARTE. For this ground of opposition, the material date is the priority filing date of the Application (April 12, 2016).

[73] Much of the confusion analysis in respect of the section 12(1)(d) ground of opposition is applicable in respect of this ground. The degree of resemblance between the trademarks does not change in view of the earlier material date. As well, notwithstanding the earlier material date, the extent to which the Opponent's trademark had become known and the length of time in use necessarily remain greater than that of the Mark under this ground.

[74] The main difference as between this ground and the section 12(1)(d) ground lies in the nature of the goods and services, and the nature of the trade in which they were sold. As of the material date under this ground, in addition to baggage carts and shopping carts, the Opponent had sold and rented lockers and massage chairs (which are not included in the Opponent's Registered Goods and Services). Although it is not clear whether such goods were available in airports as of the material date, the Opponent's goods were available at least in hotels and resorts as of April 12, 2016.

[75] Despite these differences, I reach the same conclusion under this ground as under the section 12(1)(d) ground. The Applicant is claiming a wide range of services that could potentially be related to the Opponent's Goods and the rental thereof, and could potentially be offered in overlapping channels of trade. This is particularly true in respect of the hotel and related services in the application, which could potentially be offered alongside the Opponent's carts in hotels and resorts. Accordingly, having considered all of the surrounding circumstances, I find that the Applicant has not met its legal onus to demonstrate, on a balance of probabilities, that there was no reasonable likelihood of confusion as of the material date. At best for the Applicant, I find that the likelihood of confusion as to the source of the parties' goods and services to be evenly balanced. I reach this conclusion in view of the fair degree of resemblance between the parties' trademarks, the fact that the Opponent's trademark had become known in Canada, and the potential for the parties' goods, services, and trades to be related.

[76] Accordingly, this ground of opposition is successful.

**SECTION 16(1)(C) GROUND – NON-ENTITLEMENT TO REGISTRATION RE TRADE NAME**

[77] The Opponent also pleads that the Applicant is not the person entitled to registration of the Mark in association with the applied-for services because, as of the filing date of the application and at all times thereafter, the Mark was confusing with the Opponent's trade name SMARTE CARTE, which had been previously used in Canada by the Opponent in association with the Opponent's Goods and Services, and was not abandoned on the day on which the Application was advertised.

[78] As the Opponent has succeeded on two grounds of opposition based on confusion, it is not necessary to consider this confusion-based ground as well.

**SECTION 2 GROUND - NON-DISTINCTIVENESS**

[79] Pursuant to section 38(2)(d) of the Act, the Opponent pleads that the Mark is not distinctive, in view of the definition of that term in section 2 of the Act. In particular, the Opponent pleads that the Mark is confusing with the Opponent's trademark, and therefore does not actually distinguish, nor is it adapted to distinguish, the applied-for services from the Opponent's goods and services.

[80] The material date for this ground is the filing date of the opposition, namely January 28, 2020 [*Metro-Goldwyn-Mayer Inc v Stargate Connections Inc*, 2004 FC 1185].

[81] Section 2 of the Act defines "distinctive" in relation to trademarks as follows:

"distinctive" in relation to a trademark, describes a trademark that actually distinguishes the goods or services in association with which it is used by its owner from the goods or services of others or that is adapted so to distinguish them.

[82] A trademark "actually distinguishes" by acquiring distinctiveness through use, resulting in distinctiveness in fact. On the other hand, a trademark that is "adapted so to distinguish" is one that does not depend upon use for its distinctiveness because it is inherently distinctive [see *AstraZeneca AB v Novopharm Ltd*, 2003 FCA 57 at para 16].

[83] In a case such as this, the opponent's initial burden is to evidence that, as of the material date, its trademark: i) was known to some extent in Canada in association with the relevant goods; and ii) had a reputation in Canada that was "substantial, significant or sufficient" so as to negate the distinctiveness of the applied-for trademark [see *Bojangles' International, LLC v Bojangles Café Ltd*, 2006 FC 657 at paras 33 and 34; and *Canadian Dental Association v Ontario Dental Assistants Association*, 2013 FC 266 at para 42, aff'd 2013 FCA 279]. In *Auld Phillips Ltd v Suzanne's Inc*, 2005 FCA 429, the Federal Court of Appeal stated that "obviously, it will be a rare occurrence when one party is in a position to cause a mark to lose its distinctiveness, but nothing in principle prevents this result" [at para 7].

[84] I first note that it is not necessarily clear that this ground is sufficiently pleaded in the statement of opposition, as the Opponent merely alleges non-distinctiveness of the Mark due to confusion with its own trademark. In any event, the Opponent has not met its initial burden under this ground.

[85] In this respect, I accept that the Opponent's evidence shows that, as of the material date, its SMARTE CARTE trademark had become known in Canada at least to some extent. However, as addressed above, the Mark has at least some degree of inherent distinctiveness. As such, to meet its burden, the Opponent must have furnished evidence of negation of that inherent distinctiveness resulting from the reputation of the Opponent's trademark, for example, by leading evidence of actual confusion [see, for example, *CNC Industries Ltd v C&C Industries, Inc, DBA C&C*, 2022 TMOB 174 at para 78]. There is no such evidence of negation before me.

[86] Accordingly, at a minimum, as the Opponent has not met its initial evidential burden, this ground of opposition is rejected.

### **SECTION 38(2)(F) GROUND – NON-ENTITLEMENT TO USE**

[87] Pursuant to section 38(2)(f) of the Act, the Opponent pleads that, as of the filing date of the application in Canada, the Applicant was not entitled to use the Mark in Canada in association with the services specified in the Application, because the Mark was confusing with the Opponent's trademark SMARTE CARTE and the Opponent's

trade name SMARTE CARTE, which have been previously used in Canada by the Opponent in association with various goods and services, and have not been abandoned.

[88] Section 38(2)(f) of the Act provides as follows:

38(2) A statement of opposition may be based on any of the following grounds: ...

(f) that, at the filing date of the application in Canada, ... the applicant was not entitled to use the trademark in Canada in association with those goods or services.

[89] This ground addresses an applicant's entitlement to *use* its trademark (i.e., per relevant federal legislation or other legal obligations) as opposed to an applicant's entitlement to *register* its trademark (relative to another's trademark, pursuant to section 16 of the Act). In my view, pleading that an applied-for trademark was confusing with a previously-used trademark is not a fact that can support a section 38(2)(f) ground of opposition [see *DCK Concessions Limited v Zhang*, 2022 TMOB 200 at para 39 for a similar finding].

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

### **DISPOSITION**

[91] In view of all of the foregoing, pursuant to section 38(12) of the Act and the authority delegated to me under section 63(3) of the Act, I refuse the application.

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Andrew Bene  
Member  
Trademarks Opposition Board  
Canadian Intellectual Property Office

## **SCHEDULE A**

### ***Statement of Services of the Application***

#### **Class 35**

(1) Computer database management services; data automation and collection services in the field of travel and tourism using proprietary software to evaluate, analyze and collect personal information relating to individuals in the field of travel and tourism; providing office and business management services and information compilation, storage and retrieval services in the travel field for others; electronic database for the collection and processing of personal information relating to individuals in the field of travel and tourism, downloadable electronic images and electronic email and digital text messages; electronic on-line information services, namely the provision of advertisements for others and business information in respect of travel, tourism and entertainment in the nature of live musical concerts, theatre productions and sports events, through a computer database by telephone link; advertising and promotion for others by email and electronic social media channels for hotels, hoteliers and the travel industry; on-line direct electronic marketing services and advertising services for hotels and the travel industry, for others; providing information retrieval services in the travel field for others, namely computerized business information and data search in computer files.

#### **Class 38**

(2) Telecommunication services in the nature of transmission of electronic on-line information regarding prices, availability, properties, reservations and bookings in the field of travel and tourism, hotel reservation services using an information retrieval database; communication services, namely the provision of an electronic bulletin board for the communication and distribution of information in the field of travel and tourism, images and electronic email and text messages; electronic communications, namely emails and electronic social media posts in the field of travel and tourism and on-line electronic bulletin board services for transmission of messages among computer users in the field of travel and tourism; providing on-line electronic bulletin boards and forums for transmission of messages and multimedia content in the field of travel and tourism among computer users in the field of travel.

#### **Class 39**

(3) Car hire booking and reservation services; travel guide services; booking and reservations services for transportation and travel; computerised travel agency services; airline seat inventory information services; providing travel reservations and ticketing services for others; computerised travel directory services for the travel industry; provision of travel and transport information on an interactive display; provision of travel and flight information including flight delays, cancellations and flight or gate changes; communication services, namely the provision of an on-line website for the communication and distribution of information in the field of travel and tourism, downloadable electronic images and electronic email and digital text messages; communication via email, text messages, online broadcasts of electronic messages, of

travel and flight information including flight delays, cancellations and flight or gate changes.

**Class 41**

(4) Entertainment reservation and booking of tickets for shows, meals, theatre, concerts, festivals, sporting events; training in the field of computerised booking and reservation systems; arranging seminars and courses in the field of tourism using computerised reservation and booking systems and databases.

**Class 42**

(5) The leasing and rental of a computer database; rental of computer and computer software products for purposes of database; computer services, namely, acting as an application service provider in the field of travel information to host computer application software for creating searchable databases of information in the field of travel and tourism; computer services, namely, acting as an application service provider in the field of travel information to host computer application software for searching and retrieving information from databases and computer networks; computer services, namely, creating indexes of information, sites and reference guides available regarding travel information on computer networks; computer time sharing and computerised information retrieval services in the field of travel and tourism; leasing of computer equipment.

**Class 43**

(6) Hotels, resort hotels, motels and guest house services; providing temporary hotel accommodations services; hotel reservation services; provision of conference and meeting facilities; restaurant, bar and cafe services; catering services; cafeteria services; catering services including the supply of celebratory cakes.



# Appearances and Agents of Record

**HEARING DATE:** 2023-01-31

## **APPEARANCES**

**For the Opponent:** Christopher T. Dejardin

**For the Applicant:** Kayleigh Zimmerman

## **AGENTS OF RECORD**

**For the Opponent:** Cassan Maclean IP Agency Inc.

**For the Applicant:** McMillan LLP