



Canadian Intellectual Property Office

THE REGISTRAR OF TRADEMARKS

Citation: 2023 TMOB 101

Date of Decision: 2023-06-14

IN THE MATTER OF AN OPPOSITION

Opponent: Duliv Die Cutting Products Ltd.

Applicant: Shanghai Dapan Printing Technology Corporation

Application: 1906690 for DULIV

INTRODUCTION

[1] Duliv Die Cutting Products Ltd. (the Opponent) opposes registration of the trademark DULIV (the Mark), which is the subject of application No. 1906690 by Shanghai Dapan Printing Technology Corporation (the Applicant).

[2] The Mark is applied for in association with the following goods in Nice class 7:

Agricultural reaper machines; cemented carbide cutting tools; cutting machines for metalworking; die-cutting machines; electric shearing machines; electric washing machines for industrial purposes; glaziers' diamonds being parts of machines; machine tools for the metalworking industry; paper cutting machines; planographic printing machines; shearing machines for metalworking.

[3] The opposition is primarily based on an allegation that the Mark is confusing with the Opponent's DULIV trademark and the Opponent's trade name, previously used in

Canada in association with related goods. As discussed below, the opposition also involves allegations of bad faith arising from the parties' prior relationship.

[4] All references are to the *Trademarks Act*, RSC 1985, c T-13 as amended June 17, 2019 (the Act). However, jurisprudence applying the Act as it read prior to June 17, 2019 (the Old Act) will in some instances still inform the analysis of the grounds of opposition in this case, as discussed below.

THE RECORD

[5] The application for the Mark was filed on June 27, 2018. As originally filed, the application included a claim of use in Canada since at least as early as January 22, 2018 in association with the applied-for goods.

[6] The application was advertised for opposition purposes on February 12, 2020.

[7] On July 8, 2020, the Opponent opposed the application by filing a statement of opposition under section 38 of the Act.

[8] The grounds of opposition are based on bad faith under section 38(2)(a.1); non-entitlement to registration under sections 38(2)(c) and 16(1); non-distinctiveness under sections 38(2)(d) and 2; and that the Applicant was not using and did not propose to use the Mark under section 38(2)(e) of the Act.

[9] The Applicant filed a counter statement on August 25, 2020.

[10] In support of its opposition, the Opponent submitted the following affidavits:

- affidavit of Bin Li, sworn December 18, 2020 in Whitby, Ontario (the Li Affidavit); and
- as reply evidence, a second affidavit of Bin Li, sworn August 19, 2021 in Whitby, Ontario (the Li Reply Affidavit).

[11] In support of its application, the Applicant filed the affidavit of Xiaofeng Yan, sworn July 15, 2021 in Shanghai, China (the Yan Affidavit).

[12] Neither affiant was cross-examined. Both parties submitted written representations, but only the Opponent was represented at an oral hearing.

OVERVIEW OF THE OPPONENT’S EVIDENCE

Li Affidavit

[13] Ms. Li is the Director and owner of the Opponent [para 1]. By way of background, Ms. Li attests that, before she immigrated to Canada, she had experience working in the logistics and shipping industry in China, and she “noticed a business opportunity in the die cutting industry as there were few distributors and manufacturers in this field” [para 4]. She states that she established and incorporated the Opponent in May 2006 [para 4, Exhibit A], with its principle place of business being in Whitby, Ontario [para 1].

[14] Ms. Li explains that, since its establishment, the Opponent primarily sells “die cutting and die maker materials, namely steel blades, steel rule and creasing rule for the packaging industry” (the Opponent’s Goods) [para 6]. The Opponent’s customers are primarily “steel rule die makers and steel rule die cutting companies” located in Canada and the United States [para 7]. Ms. Li states that all of the Opponent’s products are made in China, and the distributor of such products is Orient International Holding Imp & Exp Co., which sources its products from a number of different manufacturers, including the Applicant [para 24].

[15] With respect to sales of the Opponent’s Goods in association with the DULIV trademark, Ms. Li states that, as of the date of her affidavit, the Opponent has earned revenues of over \$1.3 million in Canada. Attached as Exhibit B to the Li Affidavit is a table showing annual sales revenues in association with the DULIV brand in Canada and the U.S. [para 9].

[16] With respect to display of the Opponent’s DULIV trademark, attached as Exhibit C to the Li Affidavit are representative photographs that Ms. Li confirms are DULIV-branded products and packaging bearing the DULIV trademark [para 10].

[17] Ms. Li also attests that the Opponent's DULIV trademark appears on invoices and purchase orders issued to customers by the Opponent [paras 11 to 14]. Attached as Exhibits D and E to the Li Affidavit are several representative invoices and packing lists dating between 2006 and 2020, which Ms. Li confirms were issued by the Opponent to its customers [para 12]. I note that DULIV appears prominently at the top of the invoices, as part of but also in a larger font than the rest of the Opponent's trade name.

[18] With respect to advertising and promotion, Ms. Li explains that due to the "relatively niche market for steel rules and blades", the Opponent generally does not engage in mass advertising campaigns, with most customers obtained from "word of mouth from existing customers", and through the Opponent's "long-standing reputation in the industry" [para 15]. However, Ms. Li states that the Opponent is a member of the International Association of Diecutting and Diemaking [para 14, Exhibit F], and that the Opponent has in the past "occasionally attended industry expos and conventions", referencing what appears to be a 2008 Virginia-based exposition as an example [para 16, Exhibit G].

[19] Ms. Li specifically attests to the Opponent's "Quality Control over Duliv products" in her affidavit [paras 17 to 23]. In this respect, she attests that, while the Opponent purchases products in large quantities, it "also ensures that the blades that it supplies are suitable for the Canadian market" [paras 18 and 19]. In particular, she explains the difference in hardness between "typical blades" used by Chinese die makers and those used by Canadian die makers, confirming that the Opponent orders specific blades "that are suitable for its customers in Canada" [paras 19 and 20].

[20] As such, Ms. Li specifically states that the Opponent "has at all times maintained control over the quality of DULIV branded products supplied to its customers", and that when a customer has an issue with a DULIV-branded product, the Opponent "will typically remedy the issue by either replacing the product for the customer, or by issuing a refund or a discount on the customer's next purchase" [para 21]. She further explains that, after a complaint, the Opponent "will also work with its supplier to improve future

orders, by altering specific parameters, or by improving the overall quality of the product” [para 22].

[21] Ms. Li states that such quality issues “are generally rare” and that most issues “are minor and resolved through telephone discussions with the customers”, describing the printouts at Exhibit H as showing “several instances where issues were encountered by customers and discussed by email or text message” [para 23].

[22] Ms. Li also attests in detail with respect to the Opponent’s relationship with the Applicant [paras 24 to 31]. In this respect, Ms. Li states the following:

- Starting in November 2017, she began encountering “major issues” with products supplied by the Applicant, and raised the issues with them [para 25].
- She was not able to resolve the quality issues with the Applicant and, as “their products continued to not meet my customer’s quality expectations”, she continued to receive customer complaints [para 26, Exhibit H].
- Sometime around July 2018, she decided to switch manufacturers for future orders [para 26], explaining that the Opponent “currently uses other manufacturers who continue to supply [the Opponent] with DULIV branded products” [para 26].

[23] Ms. Li opines that the Applicant “was not pleased” with her decision; that its application for the Mark was not filed in good faith; and that the Applicant is attempting to appropriate the Opponent’s DULIV trademark and the Opponent’s customers in response to her decision “to move away from them as a manufacturer” [para 27].

[24] Ms. Li attests that, anticipating the Applicant’s actions and the need to protect the Opponent’s DULIV trademark, she filed an application for DULIV in the Opponent’s name on July 3, 2018 (application No. 1907275) [para 28, Exhibit J]. Ms. Li notes that, unfortunately for the Opponent, this was only a few days after the Applicant filed the subject application.

[25] Ms. Li also states that she believes that the Applicant could not have used the Mark as of the claimed date of first use (January 22, 2018) because, at that time, “the Applicant was still operating as Duliv’s manufacturer, and any DULIV branded products sold in Canada would have been sold through [the Opponent], which is not a licensee or predecessor in title to the Applicant” [para 29]. Ms. Li further states that, based on her knowledge and experience in dealing with the Applicant, it is her belief that “the Applicant has not used, and does not plan on using the DULIV mark” in association with any of the applied-for goods, as the Applicant is “primarily a manufacturer of steel blades and rules”, does not manufacture these types of products, and does not have “the capability to sell these products in Canada” [para 31].

[26] Ms. Li also attests to her opinion regarding the likelihood of confusion and alleged instances of actual confusion [paras 32 to 36]. In this respect, she states that, “On several occasions, the Applicant has solicited my customers using a confusingly similar DULIV mark, which has led to confusion among my customers who have inquired as to whether the Applicant was related to [the Opponent], which it is not” [para 33]. Attached as Exhibit I to the Li Affidavit are printouts of two emails that Ms. Li identifies as copies of correspondence she received from customers relating to solicitation by the Applicant, sent in March 2019 and March 2020, respectively [para 34]. Ms. Li notes that, in such communications, the Applicant introduces itself as “Shanghai Dapan Printing Technology Corporation”, but that it also references itself as “Shanghai *Duliv* Steel Rules factory” (emphasis added) [para 34].

[27] Ms. Li attests that such communications are disruptive to her business, and opines that the Applicant’s intent is to cause confusion in the marketplace and attempt to take away the Opponent’s customers by “using a confusingly similar DULIV trademark”. In this respect, Ms. Li notes that, in one of the exhibited emails, in response to the Applicant’s email, a customer specifically asked Ms. Li, “...is this part of your company?” [para 35, Exhibit I].

[28] Ms. Li attests that the Opponent “has operated and grown continuously since 2006”, and confirms that the Opponent has never abandoned its use of the DULIV

trademark or the trade name “Duliv Die Cutting Products Ltd.” [para 9]. She opines that, if the Mark is registered by the Applicant, “there will be significant confusion in the marketplace which will have a significant impact” on the Opponent’s business, and the Opponent “may be forced to give up a trade mark that it has continuously used and made known since 2006” [para 36].

Li Reply Affidavit

[29] In her reply evidence, responsive to the Yan Affidavit described below, Ms. Li further explains the relationship between herself, the Opponent and the Applicant. In particular, she attests to the following:

- She was never employed by the Applicant [para 4].
- There has never been any signed agreement or license between the parties, opining that one was not required given the “supplier relationship” between them [para 5].
- There is no corporate relationship between the parties, confirming that the Applicant is only paid by the Opponent for the products it orders [para 6].
- Invoices for the Opponent’s Canadian customers are generated by the Opponent with no involvement of the Applicant [para 7].
- Pricing of the Opponent’s DULIV-branded products in Canada are all set by the Opponent, without the knowledge or authorization of the Applicant [para 8].
- She is responsible for controlling the quality of the goods sold under the DULIV brand in Canada, and all Canadian customer contacts are through Ms. Li [para 9].
- During the supplier relationship between the parties, the Applicant was not referenced on any DULIV-branded products sold in Canada [para 12].

- During the supplier relationship, “the Applicant had minimal direct contact with Canadian customers”, and that the Applicant began contacting existing customers only after the supplier relationship ended [paras 13 and 14].

[30] Ms. Li acknowledges that she used an email address provided by the Applicant (echo.li@duliv.com) in some communications with customers, but explains that such was “only for practical and convenience purposes owing to the Applicant’s prior experience and infrastructure in this area”, and that she also used her personal email when communicating with customers [para 10].

[31] Ms. Li also acknowledges that the Applicant’s website, *duliv.com*, operated while the Applicant was acting as a supplier to the Opponent; however she states that, “the website was fairly basic, not Canada-specific and was generally not used by [the Opponent] to market or sell DULIV branded products” [para 11].

OVERVIEW OF THE APPLICANT’S EVIDENCE

Yan Affidavit

[32] In his affidavit, Mr. Yan attests that he is the Chief Executive Officer of the Applicant [para 1]. He provides the corporate history of the Applicant [para 2], stating that the Applicant is the largest manufacturer of steel rules in China, specializing in both flat cutting and rotary cutting rules [para 3]. References to the Applicant below include references to its predecessor-in-title, which changed its name in 2009 [para 16].

[33] With respect to the Mark generally, Mr. Yan attests to the following:

- The Applicant has been using the Mark since February 2003 [paras 4 and 15].
- The phonetic origin and his inspiration for coining the term DULIV, being a combination of the Chinese words “duo li” (meaning “numerous profit”) and the letter V representing the company’s blade products [para 4].

- The Applicant registered the domain name *duliv.com* in December 2003, and an English version of the website featuring the Mark is accessible from Canada [paras 5, 6, 17 and 18, Exhibits C and D].
- The Applicant has been using “@duliv.com” as the ending of its employee’s email addresses since 2003 [para 5].
- The Applicant owns the Chinese registration for a stylized version of the Mark, registered since April 2009 [para 7, Exhibit E].
- The Applicant owns U.S. registration No. 5,679,681 for the word mark DULIV, registered in association with goods that are substantially the same as the applied-for goods in this case [para 8, Exhibit F].
- The Mark has been used on product packaging since 2003 and on invoices to customers since 2005 [paras 15 and 16, Exhibits N to P].
- The Applicant distributes advertising material and participates in trade shows worldwide to promote DULIV products [paras 19 and 20, Exhibits Q and R].

[34] With respect to the parties’ relationship, Mr. Yan attests to the following:

- He and Ms. Li have known each other since the 1990s [para 9].
- In 2005, the Applicant was aiming to expand into the Canadian market; upon learning of Ms. Li’s plans to emigrate to Canada, he contacted Ms. Li about becoming the Applicant’s distributor in Canada [para 10].
- Ms. Li agreed to become the Applicant’s distributor, and the parties had “an oral sole distribution agreement in Canada” [para 10].
- Ms. Li was “invited to work in [the Applicant company] in 2005” so she could better understand the Applicant’s products and marketing strategy, and “stayed in [the Applicant company] for about one to two months” [para 10].

- Ms. Li incorporated the Opponent company in 2006 and advertised the Opponent as the sales office and warehouse of the Applicant in Canada [para 10].
- In 2007, Ms. Li sought the Applicant's approval for the content of an exhibition banner and, in 2008, requested that certain contact information be added to the Applicant's website [para 10].
- The Applicant authorized Ms. Li to use the email address, echo.li@duliv.com, which Ms. Li used to communicate orders internally within the Applicant company and externally with Canadian customers [paras 11 and 21].
- Ms. Li was authorized to display the Applicant's website, *duliv.com*, on advertisements when promoting the Applicant's products in Canada, and authorized to indicate that the Opponent was the Canadian office of the Applicant's predecessor [paras 12 and 21, Exhibits J and K].
- The Opponent placed 59 orders from the Applicant between 2006 and 2017, totaling five million Chinese Yuan [para 13, Exhibit L].
- The Opponent was authorized by the Applicant to use DULIV on its invoices issued to Canadian clients [para 14]; the DULIV logo on such invoices is identical to the Applicant's registered design mark in China [para 14, Exhibits E and M].

EVIDENTIAL BURDEN AND LEGAL ONUS

[35] In accordance with the usual rules of evidence, there is an evidential burden on the Opponent to prove the facts inherent in its allegations pleaded in the statement of opposition [*John Labatt Ltd v Molson Companies Ltd*, 1990 CarswellNat 1053 (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.

[36] For those allegations for which the Opponent has met its evidential burden, the legal onus is on the Applicant to show that the application does not contravene the

provisions of the Act as alleged in the statement of opposition. The presence of a legal onus on the Applicant means that, if a determinate conclusion cannot be reached once all the evidence has been considered, then the issue must be decided against it.

BAD FAITH – SECTION 38(2)(A.1)

[37] The Opponent pleads that the Mark is not registrable in view of section 38(2)(a.1) of the Act, as the application was filed in bad faith owing to the Applicant's prior knowledge of the Opponent's DULIV trademark and trade name (Duliv Die Cutting Products Ltd.) as of the filing date of the application. In particular, the Opponent pleads that the Applicant filed the application for the purpose of disrupting the Opponent's business, creating confusion in the marketplace and diverting business away from the Opponent.

[38] The Opponent further pleads that, as of the filing date, the Applicant made a fraudulent statement contrary to section 30(b) of the Old Act, in that the Applicant could not have used – and had not used in Canada by itself, through a licensee or through a named predecessor in title – the Mark in association with the applied-for goods as of the claimed date of first use in the application.

[39] The material date for this ground is the filing date of the application.

[40] Bad faith is generally characterized as a breach of a legal or moral obligation. Under section 30(i) of the Old Act, jurisprudence developed such that “bad faith” could form the basis of a valid pleading under that provision [see *Sapodilla Co Ltd v Bristol-Myers Co*, 1974 CarswellNat 476 (TMOB)]. However, it was well established that an allegation that an applicant was aware of an opponent's trademark or trade name did not by itself support a ground of opposition under section 30(i) [see *Woot Inc v WootRestaurants Inc Les Restaurants Woot Inc*, 2012 TMOB 197]. If an opponent only pleaded awareness of prior use or prior application of a confusing trademark, a ground of opposition alleging bad faith would be struck on the basis that such pleading did not result in an arguable case [see, for example, *Navsun Holdings Ltd v Sadhu Singh Hamdard Trust*, 2015 TMOB 214; *Chicago Climate Exchange, Inc v Bourse de Montréal Inc*, 2014 TMOB 78; and *Sobeys West Inc v Schwan's IP, LLC*, 2015 TMOB 197, where

it was found that section 30(i) grounds of opposition based on an allegation of awareness of a confusingly similar trademark cannot form the basis of a section 30(i) ground of opposition in the absence of other bad faith or exceptional circumstances being alleged].

Purpose of the application

[41] With respect to the Opponent's allegation that the application has been filed "for the purpose of disrupting the Opponent's business, creating confusion in the marketplace and diverting business away from the Opponent", I note that parties with competing interests and availing themselves of procedures set out in the Act and the Regulations does not generally amount to abuse or bad faith.

[42] Indeed, the Opponent's own account of the parties' relationship as being one of mere supplier/customer is such that, once that relationship ended by 2018, it cannot be said that the Applicant owed some sort of legal or moral obligation to the Opponent. The Opponent has not pleaded or evidenced any duty or standard that the Applicant has fallen short of or failed to meet in relation to the Opponent or other relevant persons. By way of example only, the Opponent has not pleaded or evidenced material facts regarding the Applicant's behaviour that unfairly prevented the Opponent from otherwise applying for its own trademark at an earlier date.

[43] In this respect, although the Opponent's pending application was filed after the subject application, nothing in the evidence indicates that this was due to the Applicant somehow preventing the Opponent from applying earlier. Instead, as discussed below with respect to the section 16(1) grounds, in this case, I accept that the Opponent has actually been able to demonstrate prior use of its DULIV trademark and its trade name.

[44] I note at this point that nothing in this decision should be construed as a finding for or against the Opponent's own pending application; that application is not at issue in this proceeding.

[45] In my view, as pleaded, the Opponent's allegation would essentially be applicable in every opposition proceeding involving allegedly confusing trademarks.

While an intention to harm another's business may be relevant to an assessment of bad faith [see *Blossman Gas, Inc v Alliance Autopropane Inc*, 2022 FC 1794], characterizing bad faith as being merely for the purpose of "diverting business away" or the like would likely create an unintended and overly broad definition of "bad faith" in the context of the Canadian trademarks regime. It is not the role of the Registrar to judge an applicant's business practices generally, and it would be arguable in every case of alleged confusion that an applicant's intent was to divert business away from an opponent. In my view, such a broad and vague characterization of "bad faith" is inappropriate in the context of section 38(2)(a.1) of the Act. While each case will turn on its own particular facts, in cases involving competing interests in a trademark such as this, a bad faith ground is better understood as being applicable where an applicant's actions or behaviour have unfairly prevented or induced the opponent from using or applying for its trademark earlier. This is simply not the case here.

[46] In any event, for purposes of this ground, Mr. Yan explains the Applicant's understanding of the relationship between the parties [Yan Affidavit at pars 9 to 14]. Though the Li Reply Affidavit purports to refute that understanding, Mr. Yan was not cross-examined on his statements. As noted by the Applicant in its written representations, the subject application follows similar registrations in China and the U.S.; from the Applicant's perspective, at least, the application was not filed in bad faith but rather because it became "even more important to file the Application in Canada for the protection of the Applicant's trademark rights, after the termination of the distribution relationship in 2017" [para 64].

[47] In view of the foregoing, even if I were to accept that the Opponent had met its initial evidential burden to put the question of bad faith in this respect into issue, I would be satisfied that the Applicant has met its legal burden to demonstrate that the trademark was not filed in bad faith.

Fraudulent statement

[48] With respect to the Opponent's pleading that the application's claimed date of first use was fraudulent, I first note that, as the application was advertised after June 17, 2019, its advertisement did not include that claimed date of first use.

[49] As such, it is not clear how a claimed date of first use in a case such as this can be characterized as "fraudulent". In this respect, I note that a claimed date of first use in an application advertised after June 17, 2019 such as this does not bar an opponent from pleading a ground based on sections 38(2)(b)/12(1)(d) or 38(2)(c)/16 of the Act. Furthermore, should the subject application proceed to registration, it cannot be said to have been registered on the basis of such statement. Essentially, as the claimed date of first use has been rendered moot, it should not form the basis of a ground of opposition in the circumstances of this case.

[50] In any event, in its written representations, the Opponent submits that, despite claiming a date of first use of January 22, 2018, the Applicant has provided no evidence that it sells or has sold the applied-for goods as of any date. The Applicant further asserts that the evidence suggests that these are not the type of products that the Applicant sells [para 30].

[51] However, noting that the Opponent chose not to cross-examine Mr. Yan, I do not consider such speculation sufficient to meet the Opponent's burden under this ground. Even if the claimed date of first use was in error one way or the other (as the Applicant appears to acknowledge in its written representations at paragraphs 67 and 68), I agree with the Applicant that this was, at worst, a technical issue, there being insufficient evidence to support a finding that the statement in the application was fraudulent.

[52] In view of all of the foregoing, the bad faith ground of opposition is rejected.

NON-ENTITLEMENT TO REGISTRATION – SECTION 16(1)

[53] The Opponent pleads that the Mark is not registrable in view of sections 38(2)(c) and 16(1)(a) of the Act because the Applicant is not the person entitled to registration of the Mark because, as of the filing date and claimed first use date, the Mark was

confusing with the Opponent's previously used and made known DULIV trademark. In this respect, the Opponent pleads that it is the owner of the trademark DULIV, used and made known in Canada since May 9, 2006 in association with "steel rule /blade/crease/perforating used for packaging, shoes, clothing and printing industries" (an application for which was filed on July 3, 2018 under application No. 1907275).

[54] The Opponent also pleads that the Applicant is not the person entitled to registration of the Mark in view of sections 38(2)(c) and 16(1)(c) of the Act because as of the filing date and claimed first use date, the Mark was confusing with the Opponent's trade name. In this respect, the Opponent pleads that it is the owner of the trade name Duliv Die Cutting Products Ltd., operating as a federally incorporated Canadian company since May 9, 2006.

Use of the DULIV trademark and the Opponent's trade name

[55] In its written representations, the Applicant submits that any evidenced use of DULIV by the Opponent actually enures to the Applicant [paras 32 to 43]. In addition to the assertions regarding the nature of the parties' relationship as set out in the Yan Affidavit [at paras 9 to 14 and 21], the Applicant does make some compelling points in its written representations, questioning the Opponent's version of the parties' relationship and its alleged independent use of the DULIV trademark. For example, the Applicant notes that the registered trademark symbol appears on the packaging for the DULIV steel rule packaging shown in the Li Affidavit at Exhibit C. The Applicant notes that the Opponent owns no such registration; rather, it is the Applicant that is the registered owner of the DULIV design mark, at least in China where such goods were manufactured by the Applicant [Applicant's written representations at paras 38, 44 and 45]. The Applicant also submits, *inter alia*, that Ms. Li's evidence regarding quality control and customer communication by the Opponent is actually "a very typical practice of a sole distributor" [para 51].

[56] For its part, the Opponent submits that the evidence does not support the Applicant's attempt to characterize the Opponent as a distributor of the Applicant in selling DULIV-branded products, or that the use of DULIV by the Opponent was

authorized by the Applicant. In this respect, the Opponent submits the following [Opponent's written representations at paras 19 to 21]:

- The Opponent is an independent business, unrelated to and under no control of the Applicant.
- The Opponent was able to switch suppliers and continue selling products under the DULIV brand.
- There was no agency or distributorship agreement between the parties, despite the Applicant's allegations, for which there is no documentary evidence.
- Ms. Li expressly denied the existence of a distribution agreement between the parties [Li Reply Affidavit at para 5], and was not cross-examined.
- Although the Yan Affidavit alleges instances where Ms. Li emailed the Applicant to seek certain approvals, such emails were not exhibited [referencing the Yan Affidavit at paras 10 and 12].
- The Opponent controlled all aspects of product quality and customer relations, and it was the Opponent that "took steps to protect goodwill in the DULIV brand by switching suppliers".

[57] The Opponent further relies on *Distribution Jora Compost Canada Inc v Tom R McKague*, 2021 TMOB 165, for the proposition that, even where a distributor agreement existed, an opponent distributor can claim and rely upon its evidenced use of a subject trademark and trade name where the evidence shows that it acted independently to, *inter alia*, address quality issues with the goods manufactured by the applicant [Opponent's written representations at paras 22 to 26]. As such, the Opponent submits that the evidenced use of the DULIV trademark and its trade name shown in the Li Affidavit is attributable to the Opponent and that, therefore, it meets its initial burden under these grounds.

[58] Although the Applicant disputes this interpretation and notes “fundamental differences” between that case and the present case [at paras 58 to 61], ultimately, this proceeding is not to determine ownership of the DULIV trademark as between the parties, but merely to determine whether the subject trademark is registrable by the Applicant.

[59] In this case, at best for the Applicant, there does not appear to have been a meeting of minds with respect to the nature of the parties’ relationship. In this respect, I do not consider one affiant to necessarily be more credible than the other, and I note that the Applicant may have benefitted from cross-examining Ms. Li on her affidavits to overcome the “she said, he said” nature of the evidence in this case.

[60] With this in mind, regarding use of the Mark in Canada by the Applicant, the Yan Affidavit is limited to asserting that, by various means, the Applicant authorized the Opponent to use the Mark between 2006 and 2017 [Yan Affidavit at para 21]; however, the Applicant has not evidenced any use in association with the *applied-for goods*. In its written representations, the Applicant submits that the applied-for goods are “highly similar to, if not covers, the goods in the Opponent’s application for the mark DULIV” [para 93]. However, neither Mr. Yan nor the Applicant correlate any of the applied-for goods with the Opponent’s Goods. As such, even if I were to accept the Applicant’s position that display of the DULIV trademark with the registered trademark symbol on the evidenced steel rule packaging constitutes use of the Mark by the Applicant as the manufacturer of such products, this does not assist the Applicant for purposes of this ground. Such steel rules are not the applied-for goods.

[61] As such, to meet its initial burden under these grounds, the Opponent must evidence use of its trademark or trade name, respectively, at any time prior to the filing date of the application. In this regard, at a minimum, I accept that the Opponent can rely on its evidenced use of the DULIV trademark and its trade name since 2006 on invoices and purchase orders to meet its burden [per the Li Affidavit at paras 11 to 13, Exhibits D and E].

[62] As the Opponent has met its initial burden, the Applicant must establish, on a balance of probabilities, that there was no reasonable likelihood of confusion between the Mark and the Opponent's trademark or trade name as of the filing date of the application.

Test to determine confusion

[63] The test to determine the issue of confusion is set out in section 6(2) of the Act which provides that the use of a trademark causes 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 are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class or appear in the same class of the Nice Classification.

[64] 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 goods 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 [see *Veuve Clicquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 at para 20].

[65] In making such an assessment, all the relevant surrounding circumstances must be taken into consideration, including those listed in section 6(5) of the Act: 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 or business; the nature of the trade; and the degree of resemblance between the trademarks, including in appearance, or sound or in the ideas suggested by them.

[66] The criteria or factors in section 6(5) of the Act 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 at para 54]. In *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27, the Supreme Court of Canada stated that section 6(5)(e), the resemblance between the trademarks, will often have the greatest effect on the confusion analysis [at para 49] and that, while the first word in the trademark may be the most important in

some cases, the preferable approach is to consider whether there is an aspect of the trademark that is particularly “striking or unique” [at para 64].

[67] In this case, it is not necessary to discuss the surrounding circumstances in detail. The parties’ trademarks are identical and, although the parties’ goods are not identical, based on the evidence as a whole, it is clear that the goods are of a similar nature and that there is overlap in the parties’ businesses and trades.

[68] Similarly, the Opponent has evidenced prior use of its trade name, which has a high degree of resemblance with the Mark, given the first and distinctive element of the trade name being “Duliv”.

[69] 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 or as between the Mark and the Opponent’s trade name.

[70] In view of all of the foregoing, the grounds based on section 16(1) of the Act are successful.

NON-DISTINCTIVENESS – SECTION 2

[71] The Opponent pleads that the Mark is not registrable in view of section 38(2)(d) of the Act, as the trademark is not, and at all material times has not been and could not be, distinctive of the goods of the Applicant, because the applied-for trademark is confusing with the Opponent’s previously used and made known trademark and trade name. In particular, the Opponent pleads the Opponent has extensively and continuously used and made known its DULIV trademark and trade name long before the filing date of the application and the Applicant’s claimed date of first use of January 22, 2018. In this respect, the Opponent pleads that these uses have been on a widespread basis and in association with a broad range of die cutting and die maker materials, including “steel rule /blade/crease/perforating used for packaging, shoes, clothing, printing industries”, as set out in its application No. 1907275 for the trademark DULIV.

[72] The material date for this ground is the filing date of the opposition, July 8, 2020 [*Metro-Goldwyn-Mayer Inc v Stargate Connections Inc*, 2004 FC 1185].

[73] Section 2 of the Act defines “distinctive” 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.

[74] 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].

[75] In this case, the initial burden is on the Opponent to prove that, as of the material date, its trademark or trade name 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 Mark [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, albeit in the context of an expungement proceeding under section 57 of the Act, 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].

[76] With respect to the first part of the Opponent’s burden, although Ms. Li acknowledges that reputation in the Opponent’s trademark is largely through word-of-mouth [Li Affidavit at para 15], in view of the evidence of sales and customer interaction [e.g., at para 8], I accept that the Opponent’s trademark and trade name were known to some extent in Canada in association with the Opponent’s Goods. With respect to the second part, I accept that the instances of actual confusion prior to the material date [Li Affidavit at paras 33 to 35] demonstrates that the reputation of the Opponent’s trademark and trade name were sufficient so as to negate the distinctiveness of the

applied-for Mark, putting the distinctiveness of the Mark into issue. Although the Applicant submits in its written representations that, in the circumstances, it was “quite normal for the customers to raise questions to the Opponent asking about the current relationship” between the parties [para 57], I accept that this evidence is nonetheless sufficient for purposes of meeting the Opponent’s initial burden under this ground.

[77] Accordingly, the legal onus is on the Applicant to establish that, as of the material date, the Mark was distinctive within the meaning of section 2 of the Act.

[78] Again, at a minimum, the Applicant has not evidenced reputation or use of the Mark in Canada in association with the *applied-for goods*. As such, to the extent this ground in part ultimately turns on the issue of confusion, I would come to the same conclusion as above with respect to the section 16(1) grounds, notwithstanding the later material date under this ground.

[79] In view of the foregoing, the section 2 ground of opposition is successful.

NOT USING AND DID NOT PROPOSE TO USE – SECTION 38(2)(E)

[80] The Opponent pleads that the Mark is not registrable in view of section 38(2)(e) because, as of the filing date, the Applicant was not using the Mark in association with the applied-for goods, and the Applicant did not propose to use the Mark in Canada in association with the applied-for goods.

[81] The material date for this ground is the filing date of the application.

[82] First, I note that the pleading is insufficient. While it is generally sufficient to simply plead that an applicant was not using the applied-for trademark to satisfy the first aspect of section 38(2)(e) (and I note that the Opponent elsewhere pleads that the claimed date of first use was fraudulent), the Opponent has not pleaded material facts as to how or why the Applicant could not or did not propose to use the Mark in Canada, to satisfy the second aspect of this ground.

[83] I note that evidence may be taken into consideration when assessing the sufficiency of pleadings to determine whether an applicant knows the case to be met

and, under some circumstances, evidence may cure deficient pleadings [*Novopharm Ltd v Astrazeneca AB*, 2002 FCA 387]. However, in this case, the Opponent's evidence (and its representations) focus on Ms. Li's speculative allegation that the Applicant has no intent to use the Mark. In this respect, the Opponent submits that the evidence demonstrates that the Applicant is a maker of cutting or steel rules, with no indication that it makes or sells any of the applied-for machinery goods. As such, the Applicant submits that there "is no evidence or indication that they make or sell any of the machinery claimed in the present Application, at least not as of the date of first use claimed in the Application" [Opponent's written representations at paras 53 and 54].

[84] In my view, with the aforementioned amendments to the Act, this kind of speculation regarding an applicant's *intent* is not within the scope of section 38(2)(e) of the Act. Where an applicant applies for a trademark but purportedly has no intention of using that trademark (e.g., trademark "squatting"), this is more appropriately pled as a bad faith ground. In this case, the Opponent's bad faith ground has been disposed of above.

[85] For purposes of this ground, such focus on and speculation regarding the intent of the Applicant is insufficient to cure the pleading or to meet the Opponent's burden.

[86] In any event, noting that the Applicant has reached out to Canadian customers and that it already owns corresponding registrations in China and the U.S. for similar goods, I do not consider the evidence as a whole to be inconsistent with an "intent" by the Applicant to use the Mark in Canada at some point in the future.

[87] In view of the foregoing, the ground based on section 38(2)(e) of the Act is rejected.

DISPOSITION

[88] Pursuant to the authority delegated to me under section 63(3) of the Act, I refuse the application pursuant to section 38(12) of the Act.

Andrew Bene
Member
Trademarks Opposition Board
Canadian Intellectual Property Office

Appearances and Agents of Record

HEARING DATE: 2023-02-14

APPEARANCES

For the Opponent: Jerry Chen

For the Applicant: No one appearing

AGENTS OF RECORD

For the Opponent: Jerry Chen

For the Applicant: Witmart Inc.