



Canadian Intellectual Property Office

THE REGISTRAR OF TRADEMARKS

Citation: 2023 TMOB 114

Date of Decision: 2023-07-05

IN THE MATTER OF AN OPPOSITION

Opponent: Pax Labs, Inc.

Applicant: Phoena Inc.

Application: 1,897,852 for XSCAPE & Design

INTRODUCTION

[1] Phoena Inc. (the Applicant) has applied to register the trademark XSCAPE & Design (the Mark), shown below:



[2] The Mark is applied for in association with a variety of goods and services, including cannabis and cannabis-related goods and services, set out in Schedule A to

this decision (the Goods and Services). I note that the statement of goods and services reflects an amended application accepted on February 15, 2023.

[3] Pax Labs, Inc. (the Opponent) opposes registration of the Mark. The opposition is based primarily on allegations that Mark is confusing with a number of trademarks registered by the Opponent in association with goods including vaporizers for cannabis, set out in schedule B below (collectively, the Opponent's Marks).

[4] For the reasons that follow, the opposition is rejected.

THE RECORD

[5] The application was filed on May 7, 2018, based on proposed use in Canada. The application was advertised for opposition purposes in the *Trademarks Journal* on December 9, 2020. On February 9, 2021, 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). I note that the Act was amended on June 17, 2019. As the application in this case was advertised after June 17, 2019, the Act as amended applies (see section 69.1 of the Act).

[6] The grounds of opposition are summarized below:

- Contrary to sections 38(2)(b) and 12(1)(d) of the Act, the Mark is not registrable because, as of the filing date of the application, the Mark was confusing with the Opponent's trademarks X (DESIGN), registration number TMA964,003, and PAX2 DESIGN, registration number TMA990,862.
- Contrary to sections 38(2)(c) and 16(1)(a) of the Act, the Applicant is not entitled to registration of the Mark in Canada in association with the Goods and Services because, at the time of the filing date of the application, the Mark was confusing with the Opponent's Marks, which had been previously used in Canada since before the filing date of the application.
- Contrary to sections 38(2)(c) and 16(1)(b) of the Act, the Applicant is not entitled to registration of the Mark in Canada in association with the Goods and Services because, at the time of the filing date of the application, the

Mark was confusing with the Opponent's previously filed application for PAX3 & DESIGN, registration number TMA1,061,452, filed January 25, 2017.

- Contrary to sections 38(2)(d) and 2 of the Act, the Mark is not distinctive of the Goods and Services and is confusingly similar to the Opponent's Marks. The Opponent began using or making known in Canada its PAX DESIGN trademark as early as October 3, 2013, and has an established and well-known family of trademarks incorporating its X Design and variations thereof which have been in use in Canada since 2016.
- Contrary to section 38(2)(f) of the Act, at the filing date of the application, the Applicant was not entitled to use the Mark in Canada in association with goods in Class 33, namely: "Hard ciders, wine, alcoholic fruit beverages, alcoholic cocktails mixes, alcoholic coolers, and alcoholic energy drinks, each containing cannabis or derivatives of cannabis, namely, cannabis resins and cannabis oils; alcoholic beverages, namely, brandy, gin, rum, vodka, whisky, scotch, and bourbon, each flavoured with cannabis terpenes", as these products cannot be legally sold in Canada and the Applicant would have had no reasonable belief at the time of filing of the application that such use would become legal in the foreseeable future.

[7] On April 7, 2021, the Applicant served and filed a counter statement denying each of the grounds of opposition. Both parties filed evidence, which is discussed below. No cross examinations were conducted with respect to any evidence filed in this proceeding.

[8] Both parties also filed written representations. On May 12, 2023, the parties filed additional written representations in order to make representations with respect to recently issued case law. No oral hearing was held.

EVIDENCE

Opponent's Evidence

[9] As its evidence in this proceeding, the Opponent filed the affidavit of Troy E. Grabow, Associate General Counsel, IP & Product of the Opponent, sworn August 2, 2021. Mr. Grabow's affidavit includes the following:

- Registration details for a number of the Opponent's trademark registrations and applications involving "PAX" and/or "X" in word or design form. These include the Opponent's Marks listed above as well as a number of other registrations and applications attached to Mr. Grabow's affidavit as Exhibit A, which he refers to collectively as the "Marks".
- A list of "PAX" and "X" design trademarks registered or applied for in various jurisdictions around the world.
- A list of retailers and distributors who sell the Opponent's product in Canada in association with the Exhibit A Marks.
- Examples of the Opponent's brochures and marketing materials displaying the Exhibit A Marks.
- Screenshots showing the Exhibit A Marks on the Opponent's *pax.com* and *ca.pax.com* websites and social media profiles, along with charts showing the number of visitors to such websites.
- A sample invoice issued to a customer for the sale of two vaporizers, dated September 1, 2020.
- A statement that the Opponent's gross revenue for all of the goods and services sold in association with all of the Opponent's trademarks listed in the Grabow affidavit in Canada was over \$10 million USD in 2019, over \$9 million USD in 2020, and over \$2.8 million USD through June 2021.

Applicant's Evidence

[10] The Applicant submitted two affidavits as its evidence in this proceeding: the affidavit of Jeffrey Zietlow, the Senior Vice President and Chief Commercial Officer of

the Applicant, sworn February 16, 2022, and the affidavit of Kerry Rojas, law clerk for the Applicant's agent of record, sworn February 16, 2022.

[11] The Zietlow affidavit includes the following:

- Registration details for the Applicant's XSCAPE word mark, registered in association with overlapping goods and services with the Mark.
- Details as to sales of dried cannabis in association with the Mark. According to Mr. Zietlow, the first sale of dried cannabis in association with the Mark occurred on October 5, 2018, and such sales continued until July 2019. The Applicant then re-launched sales of cannabis in association with the Mark on October 12, 2021. As Exhibit B, Mr. Zietlow attaches sample invoices for such sales dated between April and May 2019, and between October 2021 and January 2022, to purchasers in Sackville, New Brunswick, Edmonton, Alberta, and Richmond, British Columbia. He attaches sales figures for sales of cannabis in association with the Mark for 2018, 2019, and 2021. I note that these figures are set out in number of units sold, as opposed to dollar value, and are in the hundreds of thousands for the period 2018 to 2019, and in the tens of thousands from 2021 onward.
- Copies of labels displaying the Mark used between 2018 and 2019, and beginning in 2021, for sales of cannabis.
- Screenshots from the Applicant's website at the time of the affidavit and as it appeared in 2019.

[12] The Rojas affidavit includes the following:

- Screenshots from the Opponent's website showing vaporizers and other products available from that website. Several of the attached screenshots include disclaimers that the Opponent does not produce, manufacture, distribute, or sell cannabis.
- Particulars for a number of third-party trademarks incorporating the letter "X", or a cross-like design, registered or applied for in association with Nice

Class 34 goods, as well as certified copies of six “X”-related trademarks. I note that the list includes approximately twenty registered trademarks including a stylized “X” element of some kind, while five of the six certified copies appear to relate to trademarks not included on the list.

- Screenshots from websites showing the sale of smoking-related products associated with seven third-party “X”-related trademarks for which particulars have been provided in the list and/or certified copies discussed above, and in some instances, order confirmations and photographs of products ordered by Ms. Rojas.

ANALYSIS

Ground of Opposition: Section 38(2)(f)

[13] The Opponent alleges that at the time of filing, the application did not conform to the requirements of section 38(2)(f) of the Act, in that certain applied-for Class 33 goods cannot be legally sold in Canada and the Applicant would have had no reasonable belief at the time of filing of the application that such use would become legal in the foreseeable future.

[14] As section 38(2)(f) of the Act focuses on whether an applicant can lawfully use the applied-for trademark in Canada, I find that the jurisprudence pertaining to section 30(i) of the Act as it read before June 17, 2019, may inform the interpretation of section 38(2)(f) of the Act.

[15] Non-compliance with section 30(i) has been found where a *prima facie* case of non-compliance with a federal statute is established [see, for example, *Interprovincial Lottery Corp v Monetary Capital Corp* (2006), 51 CPR (4th) 447 (TMOB) and *Canadian Bankers' Assn v Richmond Savings Credit Union* (2000), 8 CPR (4th) 267 (TMOB)]. However, I note that the Opponent has not pleaded contravention of any particular federal statute or regulation in its statement of opposition [for a similar case, see *Engineers Canada / Ingénieurs Canada v. Bryant*, 2016 TMOB 177 at para 23]. Furthermore, the Opponent has put forward no evidence or submissions to support this ground of opposition. In the absence of evidence to the contrary, I consider it

reasonable to assume that the Applicant will comply with any relevant statutes and regulations in manufacturing and selling the goods in question [see *Star Island Entertainment, LLC v Provent Holdings Ltd*, 2015 TMOB 24 at para 23; *Ontario Lottery Corp v Arkay Marketing Associates Inc* (1993), 47 CPR (3d) 398 (TMOB)].

[16] Accordingly, this ground of opposition is rejected for the Opponent's failure to meet its evidential burden.

Ground of Opposition: Section 12(1)(d)

[17] The Opponent alleges that contrary to section 12(1)(d) of the Act, the Mark is not registrable due to the Opponent's registrations for X (DESIGN), registration number TMA964,003, and PAX2 DESIGN, registration number TMA990,862. I have exercised my discretion to check the register and confirm that these registrations remain extant [per *Quaker Oats Co of Canada v Menu Foods Ltd* (1986), 11 CPR (3d) 410 (TMOB)]. The Opponent has therefore met its initial evidential burden for the section 12(1)(d) ground of opposition.

[18] Since the Opponent has discharged its evidentiary burden regarding this ground of opposition, I must assess whether the Applicant has discharged its legal onus to prove, on balance of probabilities, that there is no confusion between the Applicant's Mark and the aforementioned registrations of the Opponent. The material date with respect to confusion with a registered trademark is the date of this decision [*Simmons Ltd v A to Z Comfort Beddings Ltd* (1991), 37 CPR (3d) 413 (FCA)].

[19] In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in section 6(5) of the Act, namely: (a) the inherent distinctiveness of the trademarks and the extent to which they have become known; (b) the length of time each has been in use; (c) the nature of the goods, services or business; (d) the nature of the trade; and (e) the degree of resemblance between the trademarks in appearance or sound or in the ideas suggested by them. These enumerated factors need not be attributed equal weight [see, in general, *Mattel USA Inc v 3894207 Canada Inc*, 2006 SCC 22 (*Mattel*), and

Masterpiece Inc v Alavida Lifestyles Inc, 2011 SCC 27 (*Masterpiece*)]. Moreover, in *Masterpiece*, the Supreme Court stated that the degree of resemblance between the trademarks is often likely to have the greatest effect on the confusion analysis.

[20] Finally, section 6(2) of the Act does not concern confusion between the trademarks themselves, but confusion regarding goods or services from one source as being from another source. In this case, the question posed by section 6(2) is whether there would be confusion regarding the goods and services sold under the Mark such that they would be thought to have emanated from the Opponent.

[21] For ease of reference in conducting the confusion analysis, I will focus on the Opponent's X (DESIGN) trademark, registration number TMA964,003 (the X Mark), as in my view it represents the Opponent's best case with respect to the issue of confusion.

Inherent distinctiveness

[22] A trademark is not inherently distinctive if it is suggestive of a characteristic of the associated goods or services, whether through descriptive language or laudatory epithets. By contrast, a coined or invented word will possess greater inherent distinctiveness [*Boston Pizza International Inc v Boston Chicken Inc*, 2003 FCA 120 at para 6].

[23] The Opponent submits that while a simple "X" is not inherently distinctive, the X Mark is inherently distinctive as it is a unique "X" formation with broken lines. By contrast, the Opponent submits that the Applicant's Mark is a simple "X" design that is not inherently distinctive.

[24] The Applicant submits that while the Opponent's X Mark is stylized, the stylization does not significantly increase its inherent distinctiveness, citing *Quiz Franchisor, LLC and The Quizno's Master LLC v Quattro Hospitality Inc*, 2022 TMOB 33. Furthermore, the Applicant refers to the state of the register evidence included in the Rojas affidavit (which will be discussed further below) to support its submission that the X Mark lacks inherent distinctiveness.

[25] With respect to the Mark, the Applicant submits that it is more than a simple “X” design, and that the whole of the Mark, including the text “XSCAPE” in a specific font beneath the “X” element, ought to be considered. Further, the Applicant submits that nothing about the Mark suggests cannabis or cannabis-infused products; as such, the Applicant submits that the Mark is inherently distinctive.

[26] In my view, when sounded, the Mark is vaguely suggestive of the desired result of the Applicant’s cannabis products. Nevertheless, I concur with the Applicant that the Applicant’s Mark, which includes a coined word along with a stylized “X”, is inherently stronger than the Opponent’s X Mark which is simply a stylized letter “X”.

Acquired distinctiveness

[27] The distinctiveness of a trademark can be increased through its use and promotion in Canada [see *Sarah Coventry Inc v Abrahamian* (1984), 1 CPR (3d) 238 (FCTD); *GSW Ltd v Great West Steel Industries Ltd* (1975), 22 CPR (2d) 154 (FCTD)]. While the Opponent has provided what appear to be significant sales figures for goods and services sold in association with the Opponent’s trademarks, these sales figures are not broken down by product or specific trademark. By contrast, the Applicant’s sales figures show units of cannabis products sold in association with the Mark, but not dollar value. As a result, it is not possible to directly compare the scope of the parties’ use of their respective trademarks through these sales figures alone.

[28] The Opponent submits that its trademarks have become very well known in Canada due to the extent of use, advertising, and its dominant market position as set out in the Grabow affidavit. In this respect, the Opponent submits that its trademarks were in use in Canada since as early as October 3, 2013, in association with electronic cigarettes, vaporizers, and accessories, and notes that the Grabow affidavit states that there were 1.9 million unique visitors to the Opponent’s Canadian website, which displays the Opponent’s trademarks, between January 5, 2019, and June 30, 2021. In response, the Applicant submits that the Opponent has provided only limited evidence of use of its trademarks, and only between 2019 and 2021. In particular, the Applicant makes the following observations:

- At Exhibit C of the Grabow affidavit, Mr. Grabow provides a list of retailers and distributors in Canada that sell the Opponent's products in association with its trademarks; however, no information is provided as to what products were sold or when.
- At Exhibits D and E of the Grabow affidavit, Mr. Grabow attaches brochures and marketing materials, but these are either limited to 2021 or undated.
- At Exhibit I of the Grabow affidavit, Mr. Grabow provides screenshots from the Opponent's social media accounts, but there are no screenshots dated prior to 2020.
- At Exhibit F of the Grabow affidavit, Mr. Grabow attaches screenshots from the Opponent's websites, but where dates are provided, they are from 2020 and 2021 only, and there is no data as to visits to the Opponent's Canadian website prior to 2019.
- Mr. Grabow attaches only a single sample invoice from 2020 as Exhibit H of his affidavit, which displays only the Opponent's PAX DESIGN trademark.

[29] I concur with the Applicant that the Opponent has not provided evidence of use of its trademarks in Canada prior to 2019. While Mr. Grabow asserts that the Opponent has been selling vaporizers in association with its registered trademarks since as early as 2013, the only specific reference to activities involving the Opponent's registered trademarks prior to 2019 relates to visitors to the Opponent's *pax.com* website beginning in 2016. However, Mr. Grabow does not indicate that any such visitors were Canadian, and I am not prepared to infer as much with respect to this website. By contrast, I am prepared to infer that at least some of the visitors to the Opponent's Canadian website, *ca.pax.com*, were Canadian; however, Mr. Grabow provides information regarding visitors to this website only between January 2019 and June 2021.

[30] With respect to sales, the Opponent provides a single sample invoice attached as Exhibit H to the Grabow affidavit. This invoice is dated September 1, 2020, and shows sales of two "ERA PRO" vaporizers; I note that the stylized "PAX" design appears in the top left corner of the invoice. Based on the promotional materials

attached as Exhibits D and E, I accept that the Opponent's vaporizer products, including the "ERA PRO" vaporizers, would have displayed the X Mark. In addition, Mr. Grabow provides figures for over US\$20 million US in gross revenue in Canada for the years 2019 through 2021. While such figures are not broken down by product, given the large volume of sales, I am prepared to infer that many of these sales involved products displaying the X Mark, such as the Opponent's vaporizer products. As such, I accept that the Opponent used the X Mark as early as 2019.

[31] As for the Applicant, the Zietlow affidavit attaches invoices showing sales of cannabis to Canadian consumers in April and May 2019, and between October 2021 and January 2022, along with labels for such products displaying the Mark. While the Opponent submits that such packaging "appear[s] to be mock ups of the labels, and there is no evidence presented showing product with the XSCAPE & Design mark on the label or at the point of sale", I note that Mr. Zietlow provides uncontradicted sworn testimony that the labels shown in Exhibits C and D are copies of the labels used by the Owner in the packaging of cannabis sold during the aforementioned time periods. I further note that Mr. Zietlow states that the Applicant's first sale of dried cannabis in association with the Mark occurred on October 5, 2018, and he provides sales figures "from 2018 to 2019".

[32] With respect to advertising, the Applicant has provided no evidence as to how the Mark was promoted in Canada other than through its websites; further, the Applicant provided no indication as to how many Canadians visited its websites. Similarly, while the Opponent provided sample copies of "brochures and marketing materials", it provided no information on the extent to which these were circulated other than that they were "distributed in Canada". Nevertheless, because the Applicant's evidence shows sales of its products in only three cities, while the Opponent's evidence shows both a very large number of distributors across the country and a high number of Canadian visitors to its website, I am prepared to conclude that the X Mark has a higher degree of acquired distinctiveness than the Mark.

Length of time in use

[33] As discussed above, given that both parties have provided evidence showing use of their respective trademarks as of approximately late 2018 or early 2019, I find that this factor favours neither party.

Nature of the goods, services or business and nature of the trade

[34] When considering sections 6(5)(c) and (d) of the Act, it is the statement of goods as defined in the registration relied upon by the Opponent and the statement of Goods and Services in the application for the Mark that governs the assessment of the likelihood of confusion under section 12(1)(d) of the Act [*Henkel Kommanditgesellschaft auf Aktien v Super Dragon Import Export Inc* (1986), 12 CPR (3d) 110 (FCA); *Mr Submarine Ltd v Amandista Investments Ltd* (1987), 19 CPR (3d) 3 (FCA)]. However, as each statement must be read with a view to determining the probable type of business intended, evidence of the parties' actual trades is useful [see *McDonald's Corp v Coffee Hut Stores Ltd*, 1996 CanLII 3963 (FCA); *McDonald's Corp v Silcorp Ltd* (1989), 55 CPR (2d) 207 (FCTD), aff'd (1992), 41 CPR (3d) 67 (FCA)].

[35] The Opponent submits that because the Applicant sells cannabis products and the Opponent sells vaporizers for use with cannabis, the nature of the goods associated with the Applicant's and Opponent's trademarks is "virtually identical". With respect to the nature of the trade, the Opponent submits that the sale of cannabis accessories such as vaporizers is regulated under the *Cannabis Act*, SC 2018, c 16, which requires that such accessories only be sold in certain retail and online environments, which would be the same channels of trade as those of the Applicant if its cannabis goods are to be sold in the legal market in Canada.

[36] The Applicant submits that the nature of the goods is different, given that the Opponent's products are "essentially a delivery system" for cannabis, whereas the Applicant manufactures and distributes cannabis, "a consumable". In this respect, the Applicant notes that the Opponent's marketing materials attached to the Grabow affidavit regularly include the disclaimer that "Pax does not manufacture or produce

cannabis”. However, the Applicant in its written representations “acknowledges that there is some overlap in the channels of trade”.

[37] I concur with the Opponent that the nature of the Applicant’s goods (cannabis products) and the Opponent’s goods (cannabis accessory products) is similar. With respect to the nature of the trade, the Applicant does not dispute that there would be overlap in the channels of trade.

[38] Accordingly, these factors favour the Opponent.

Degree of resemblance

[39] When considering the degree of resemblance, the law is clear that the trademarks must be considered in their totality; it is not correct to lay them side by side and compare and observe similarities or differences among the elements or components of the trademarks. The Supreme Court of Canada in *Masterpiece* has advised that the preferable approach when comparing trademarks is to begin by determining whether there is an aspect of the trademark that is particularly striking or unique.

[40] The Opponent submits that there is a high degree of resemblance between the Mark and the Opponent’s registered trademarks when considered in their entirety, given that they are phonetically and visually similar in view of the dominant portion “X”. The Opponent submits that confusion is likely to occur on the part of consumers “particularly since they are already familiar with the Opponent’s PAX Marks in association with vaporizers for cannabis”.

[41] The Applicant submits that the trademarks must be considered in their entirety and notes that the only common element is that both contain a stylized “X”, which is not inherently distinctive. The Applicant further submits that the word “xscape” suggests an entirely different meaning than that of a single “X”, and is phonetically different “in that ‘xscape’ is pronounced as ‘S-scape’, not ‘X-cape’”. The Applicant submits that given the state of the register evidence, as will be discussed below, it can be inferred that consumers are accustomed to making minor distinctions between “X”-derived

trademarks, citing *Polo Ralph Lauren Corp v United States Polo Assn* (2000), 9 CPR (4th) 51 (FCA).

[42] There is some degree of visual resemblance between the two trademarks given that both include a stylized “X” design with a lighter portion at the center of the “X”. However, the X Mark is comprised of rounded lines which do not connect at the center, whereas the “X” element of the Mark comprises trapezoidal lines with two triangles pointing away from each other across a small break at the center. More significantly, the Mark also includes the distinctive coined term “XSCAPE” beneath the stylized “X”. I find that it is the combination of this word and the “X” design that gives the Mark its distinctiveness.

[43] Phonetically, there is a point of resemblance in that both trademarks incorporate the letter “X”. I note that generally, the first portion of a trademark is considered to be the most important for the purpose of distinction [see *Conde Nast Publications Inc v Union des Editions Modernes* (1979), 46 CPR (2d) 183 (FCTD)]. However, to the extent that the “XSCAPE” in the Mark would also be sounded, the marks as a whole differ phonetically, regardless of whether this word would be pronounced as “escape”, as suggested by the Applicant, or as “ex-scape”, as it is written.

[44] As for ideas suggested, the X Mark is not suggestive of any idea in particular, whereas the Mark suggests, to some extent, the idea of escape or escaping.

[45] Ultimately, I am of the view that comparing only the stylized “X” in the Mark with the X Mark would amount to an improper comparison of certain elements of the trademarks, rather than a comparison of the trademarks in their totality. The distinctive and unique word “XSCAPE” significantly differentiates the Mark from the X Mark, giving the two trademarks a low degree of resemblance.

[46] Accordingly, this factor favours the Applicant.

Surrounding Circumstance: State of the register and marketplace evidence

[47] State of the register evidence is only relevant insofar as one can make inferences from it about the state of the marketplace [*Ports International Ltd v Dunlop Ltd* (1992), 41 CPR (3d) 432 (TMOB); and *Welch Foods Inc v Del Monte Corp* (1992) 44 CPR (3d) 205 (FCTD)]. Inferences regarding the state of the marketplace may be drawn from such evidence only if a large number of relevant trademarks are located [*Kellogg Salada Canada Inc v Maximum Nutrition Ltd* (1992), 43 CPR (3d) 349 (FCA); *McDowell v Laverana GmbH & Co KG*, 2017 FC 327 at paras 41-46]. Relevant trademarks include those that (i) are registered or are allowed and based on use; (ii) are for similar goods and services as the marks at issue, and (iii) include the component at issue in a material way [*Sobeys West Inc v Schwan's IP, LLC*, 2015 TMOB 197 at para 38].

[48] In this case, as noted above, Ms. Rojas provides particulars and/or certified copies of approximately twenty-five third-party trademarks registered in association with Class 34 goods, including cannabis and smoking-related goods, and incorporating a stylized “X” or cross-like design. In addition, Ms. Rojas provides screenshots from websites showing the sale of smoking-related products associated with seven of these third-party “X”-related trademarks, as well as order confirmations and photographs of products ordered by Ms. Rojas from several of these websites.

[49] In view of this evidence as a whole, I find that it would be reasonable to conclude that consumers would be accustomed to seeing trademarks incorporating stylized “X” or cross-like designs in association with the same or similar goods and services to those of the parties in this case. As such, I find that this surrounding circumstance favours the Applicant to some degree.

Surrounding Circumstance: No evidence of actual confusion

[50] The Applicant submits that despite the Opponent’s assertion that there have been significant sales of its products through similar channels of trade as the Applicant’s products, “the Opponent has not put forth even a single instance of actual confusion between its marks and the Applicant’s mark”. However, as noted in *Dion Neckwear Ltd*

v Christian Dior, SA (2002), 20 CPR (4th) 155 (FCA) at 164, an adverse inference may normally only be drawn from the absence of evidence of confusion when concurrent use of both parties' trademarks has been extensive. Further, where the evidence indicates that the co-extensive use of the respective parties' marks does not overlap geographically, this can reduce the significance of an absence of actual confusion [see *Natursource Inc v Nature's Source Inc*, 2012 FC 917, 104 CPR (4th) 1]. In this case, while the Opponent has provided sales figures for the years 2019, 2020, and 2021, there is no indication of the extent to which the X Mark, or any of the Opponent's Marks, would have been used in the three cities in which the Applicant has shown use of the Mark. Thus, the parties' evidence does not establish extensive concurrent use of their trademarks in the same geographical location. As a result, I am not prepared to draw any inference based on the absence of evidence of actual confusion in this case.

Surrounding Circumstance: Family of trademarks

[51] Although not discussed in detail in the Opponent's written representations, the Opponent alleges in its statement of opposition that it "has an established and well-known family of trademarks incorporating the X Design [...] and variations thereof which have been in use in Canada since 2016". Where there is a family of trademarks, there may be a greater likelihood that the public would consider a trademark that is similar to be another trademark in the family and consequently, assume that the product or service that is associated with that trademark is manufactured or performed by the same person [*Everex Systems Inc v Everdata Computer Inc*, (1992), 44 CPR (3d) 175 at 183 (FCTD)]. However, a party seeking to rely on this concept must establish that it is using more than one or two trademarks within the alleged family, and such use must be sufficient to establish that consumers would recognize a family of marks [*Arterra Wines Canada, Inc v Diageo North America Inc*, 2020 FC 508; *McDonald's Corp v Yogi Yogurt Ltd* (1982), 66 CPR (2d) 101 (FCTD)]. As noted above, the Opponent's only evidence of use within the meaning of section 4 of the Act is the invoice attached as Exhibit H to Mr. Grabow's affidavit, which, at best, establishes use of only the X Mark and the PAX DESIGN Mark. The use of only two marks is insufficient to establish a family.

Accordingly, I am not satisfied that the Opponent has established the existence of a family of trademarks.

Surrounding Circumstance: Use of the X Mark in conjunction with other materials

[52] In its additional written representations, the Applicant submits that the Opponent appears to only use its X Mark in conjunction with its corporate name or with the PAX DESIGN trademarks, which significantly alleviates any likelihood of confusion, citing *Loblaws Inc v Columbia Insurance Company*, 2021 FCA 29. However, the Opponent submits, and I agree, that the *Loblaws* case differs on its facts from the present case in a number of respects, including that it involved goods sold in separate channels of trade. In any event, it is clear from the Grabow affidavit that the Opponent uses the X Mark alone in some instances, including on the goods themselves. As such, I am not prepared to find that this is an additional surrounding circumstance that assists the Applicant.

Conclusion

[53] In applying the test for confusion, I have considered it as a matter of first impression and imperfect recollection and have considered all of the surrounding circumstances. In most instances, it is the degree of resemblance between the trademarks that is the most crucial factor in determining the issue of confusion [*Masterpiece; Beverley Bedding & Upholstery Co v Regal Bedding & Upholstery Ltd* (1980), 47 CPR (2d) 145 (FCTD) at 149, aff'd 60 CPR (2d) 70 (FCA)]. Furthermore, section 6(2) of the Act is not concerned with confusion between the trademarks themselves, but rather confusion as to the source of the goods; in this respect, as the Supreme Court of Canada explains in *Mattel* at para 57, the ordinary consumer is owed a certain amount of credit. In this case, despite the similar nature of the parties' goods and channels of trade and the greater degree of acquired distinctiveness of the X Mark, I find that the overall differences between the parties' trademarks, particularly in view of the distinctive and unique word "XSCAPE" incorporated in the Mark, are sufficient to shift the balance of probabilities regarding confusion in favour of the Applicant. Although the additional surrounding circumstance of the Applicant's state of the register and

marketplace evidence also favours the Applicant, as discussed above, I would reach the same conclusion even in the absence of such evidence. As the X Mark represents the Opponent's best case, I also find that the Applicant has discharged its burden with respect to the PAX2 Design trademark.

[54] The section 12(1)(d) ground of opposition is therefore rejected.

Ground of Opposition: Section 16(1)(a)

[55] 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 filing date of the application, the Mark was confusing with the Opponent's Marks, which had been previously used in Canada since before the filing date of the application, and were not abandoned on the day on which the application was advertised for opposition purposes.

[56] In order to meet its initial burden under this ground, the Opponent must show that at least one of its trademarks was used prior to the Applicant's filing date (May 7, 2018) and was not abandoned at the date of the advertisement of the application (December 9, 2020). Accordingly, the relevant evidence on which the Opponent can rely is evidence of use that pre-dates the filing date of the application.

[57] I note that the Federal Court has cautioned against giving even *de minimis* weight to a claimed date of first use in a registration; moreover, a registration in itself is not evidence that the registered trademark has been used continuously since the claimed date [see *Tokai of Canada v Kingsford Products Company, LLC*, 2018 FC 951; and *Entre Computer Centers Inc v Global Upholstery Co* (1991), 40 CPR (3d) 427 (TMOB)]. As each of the Opponent's trademarks referenced in this ground of opposition are registered in association with goods but not services, in order to show use within the meaning of section 4 of the Act, the Opponent was obligated to show a transfer of those goods in the normal course of trade in Canada in association with such trademarks. However, the evidence provided by the Opponent in the Grabow affidavit includes only a single invoice, dated September 1, 2020, demonstrating a transfer of goods displaying

the Opponent's trademarks in the normal course of trade within the meaning of section 4(1) of the Act. Moreover, the Opponent's evidence provides no sales figures prior to 2019 from which it could be inferred that the Opponent used any of its trademarks in Canada. Accordingly, the Opponent has not provided evidence of use of any of its five trademarks referenced in this ground of opposition as of May 7, 2018, the material date for this ground of opposition.

[58] Accordingly, this ground of opposition is rejected for the Opponent's failure to meet its evidential burden.

Ground of Opposition: Section 16(1)(b)

[59] The Opponent pleads that the Applicant is not entitled to register the Mark because it is confusing with the previously filed application for PAX3 & DESIGN, registration number TMA1,061,452, filed January 25, 2017. However, the Opponent has the initial burden of proving that this trademark application was pending at the date of filing the subject application, and remained pending at the date of advertisement of that application. Since this application matured to registration on October 31, 2019, prior to the date of advertisement of the Applicant's application (December 9, 2020), the Opponent has not met its burden with respect to this ground of opposition.

[60] Accordingly, this ground of opposition is rejected for the Opponent's failure to meet its evidential burden.

Ground of Opposition: Section 2

[61] The Opponent has also pleaded that contrary to section 2 of the Act, the Mark does not actually serve to distinguish and is not adapted to distinguish the Applicant's Goods and Services from the goods associated with the Opponent's Marks.

[62] The material date for a ground of opposition based on non-distinctiveness is the filing date of the opposition (February 9, 2021) [*Metro-Goldwyn-Mayer Inc v Stargate Connections Inc*, 2004 FC 1185 at para 25].

[63] *In Bojangles' International, LLC v Bojangles Café Ltd*, 2006 FC 657 at paras 33-34, the Federal Court provided that a trademark could negate another mark's distinctiveness if it was known to some extent at least and its reputation in Canada was substantial, significant or sufficient or, alternatively, if it was well known in a specific area of Canada. A ground of opposition based on non-distinctiveness is not restricted to the sale of goods or services in Canada.

[64] Even if I were to conclude that the evidence put forward by the Opponent in the Grabow affidavit is sufficient to meet this burden, I would reach the same conclusions with respect to confusion as those set out in the section 12(1)(d) ground, given that the difference in material dates has no impact on my analysis of this factor. Accordingly, this ground of opposition is rejected.

DISPOSITION

[65] In view of the above, pursuant to the authority delegated to me under section 63(3) of the Act, I reject the opposition pursuant to section 38(12) of the Act

G.M. Melchin
Member
Trademarks Opposition Board
Canadian Intellectual Property Office

Appearances and Agents of Record

HEARING DATE: No hearing held

AGENTS OF RECORD

For the Opponent: Borden Ladner Gervais LLP

For the Applicant: Pauline Bosman, onbrand IP

SCHEDULE A

XSCAPE & Design, Application number 1897852



Goods (Nice class & Statement)

- 3 (1) Topical skin creams, bar and liquid soaps, bath additives, bath soaps, bath herbs, bath oils, body creams, body oils, face and body lotions, face and body milk, face and body cleansers, hand cream, hand lotions, lip care preparations, lip conditioners, skin care preparations, skin creams, skin emollients, skin lotions, massage creams, massage oils, hair shampoos, hair conditioners, and leave-in hair treatments, each containing cannabis or derivatives of cannabis, namely, cannabis resins and cannabis oils.
- 5 (2) Cannabis extracts, namely, cannabis oils, edible oils, hashes and resins, nutraceuticals for medicinal purposes containing cannabis or derivatives of cannabis, namely, cannabis resins and cannabis oils, cannabis preparations, namely, liquids, oral sprays, topical creams, salves, ointments, gels, balms, transdermal patches, capsules, tablets, sublingual doses, concentrated pastes, and tinctures, each containing cannabis or derivatives of cannabis, namely, cannabis resins and cannabis oils, cannabis related products, namely, cannabinoid infused edibles, cannabis related products, namely, cannabinoid infused non-alcoholic beverage products, personal sexual lubricants containing cannabis or derivatives of cannabis, namely, cannabis resins and cannabis oils, each of the aforementioned products for the relief of pain, for relaxation, for reducing stress and fatigue, for mood enhancement, for maintaining general health and well-being, for relieving anxiety, for relieving depression, as a sleep aid.
- 9 (3) Novelty and promotional items, namely, decorative fridge magnets; sunglasses.
- 14 (4) Novelty and promotional items, namely, key chains, key fobs, and lapel pins.
- 16 (5) Novelty and promotional items, namely, posters, bumper stickers, decals, temporary tattoos, postcards, calendars, diaries, cardboard coasters, note pad holders, passport holders, writing paper holders, paper goods and printed matter, namely, writing pads, note paper and notebooks.
- 18 (6) Handbags, purses and wallets, travel handbags, back packs, fanny packs, waist packs, credit card holders, and luggage label holders.

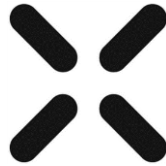
- 21 (7) Novelty and promotional items, namely, water bottles; cups, mugs, beer mugs, travel mugs, insulated flasks, vacuum bottles, drinking glasses, beverage glassware and bottle openers.
- 24 (8) Novelty and promotional items, namely, golf towels.
- 25 (9) Clothing, namely, casual wear, shirts, t-shirts, sweatshirts, long-sleeved t-shirts, golf shirts, tank tops, jackets, shorts, sweatpants, scarves, belts, gloves, hand warmers; headgear, namely, baseball caps, caps, golf caps, hats, toques, novelty hats, bandanas, sun visors, and headbands; footwear, namely, flip-flops and sandals.
- 29 (10) Food products, namely, butter, edible oils, oils for food, and dried fruit-based snack bars, each containing cannabis or derivatives of cannabis, namely, cannabis resins and cannabis oils.
- 30 (11) Food products, namely, chocolates, cookies, brownies, donuts, baked goods, candy, granola-based snack bars, fruit and nut snack bars, chocolate-covered pretzels, food energy bars, ice cream, frozen desserts, and frozen confectionary on a stick, each containing cannabis or derivatives of cannabis, namely, cannabis resins and cannabis oils; non-alcoholic beverages, namely, tea, coffee, and hot chocolate, each containing cannabis or derivatives of cannabis, namely, cannabis resins and cannabis oils.
- 31 (12) Live cannabis plants.
- 32 (13) Non-alcoholic beverages, namely, smoothies, fruit beverages, fruit juices, vegetable juices, carbonated soft drinks, non-alcoholic ciders, alcohol-free beers, drinking water, flavoured waters, still water, mineral and carbonated waters, mineral and carbonated flavoured waters, sport drinks, energy drinks, beer and beerbased beverages, each containing cannabis or derivatives of cannabis, namely, cannabis resins and cannabis oils.
- 33 (14) Hard ciders, wine, alcoholic fruit beverages, alcoholic cocktails mixes, alcoholic coolers, and alcoholic energy drinks, each containing cannabis or derivatives of cannabis, namely, cannabis resins and cannabis oils; alcoholic beverages, namely, brandy, gin, rum, vodka, whisky, scotch, and bourbon, each flavoured with cannabis terpenes.
- 34 (15) Dried cannabis and marijuana for recreational use; cannabis-derived concentrates, namely, resins, waxes, shatters, hashes, concentrates and oils for recreational use; cannabis cigarettes; smoking accessories, namely, cigarette cases, pouches for use with cannabis and marijuana, lighters for smokers, matches, ashtrays, grinders for use with cannabis and marijuana, scales for use with cannabis and marijuana, cigarette rolling papers, and pocket machines for rolling cigarettes.

Services (Nice class & Statement)

- 38 (1) Providing access to a website about cannabis and marijuana, research related to cannabis and marijuana, and indications and effects of particular cannabis strains; Providing access to an internet blog in the field of cannabis and marijuana for educational purposes; Providing access to a website featuring the ability for users to rate, review, make recommendations on cannabis and marijuana products and interact with other users of the website online.

SCHEDULE B

X (DESIGN), Registration number TMA964003



Goods

(1) Electric vaporizers for the ingestion and inhalation of tobacco.

PAX2 DESIGN, Registration number TMA990862



Goods

(1) Electric vaporizers for the vaporization of herbal and plant matter for household purposes; electric vaporizers, namely, smokeless vaporizer pipes for the ingestion and inhalation of tobacco and other herbal matter

X DESIGN, Registration number TMA1087053



Goods

(1) Computer software, namely, software for remotely adjusting and saving vaporizer temperature settings and updating vaporizer firmware for use with an oral vaporizer for smoking purposes; downloadable computer software for mobile devices for use with an oral vaporizer for smoking purposes, namely, software for remotely adjusting and saving vaporizer temperature settings and updating vaporizer firmware; software for remotely adjusting and saving vaporizer temperature settings for use with oral vaporizers, namely, electric vaporizers for the vaporization of herbal and plant matter for household purposes, electronic cigarettes; battery chargers for electric cigarettes and oral vaporizers for smokers; battery chargers namely USB chargers for electric cigarettes

and oral vaporizers for smokers; electric batteries for electric cigarettes and oral vaporizers for smokers; AC adaptor

PAX DESIGN, Registration number TMA1087051



Goods (Nice class & Statement)

- 9 (1) Computer software, namely, software for remotely adjusting and saving vaporizer temperature settings and updating vaporizer firmware for use with an oral vaporizer for smoking purposes; downloadable software for mobile devices for use with an oral vaporizer for smoking purposes, namely, software for remotely adjusting and saving vaporizer temperature settings and updating vaporizer firmware; software for remotely adjusting and saving vaporizer temperature settings for use with oral vaporizers, namely, electric vaporizers for the vaporization of herbal and plant matter for household purposes, electronic cigarettes; battery chargers for electric cigarettes and oral vaporizers for smokers; battery chargers namely USB chargers for electric cigarettes and oral vaporizers for smokers; electric batteries for electric cigarettes and oral vaporizers for smokers; AC adaptor
- 34 (2) Electronic cigarettes; electronic vaporizers, for the vaporization of herbal and plant matter for household purposes; oral vaporizers for smokers; chemical flavorings for use in electronic cigarettes and electronic vaporizers, namely, oral vaporizers for smokers; liquid solution for use in electronic cigarettes; electronic cigarette and vaporizer refills, namely, chemical flavourings and liquid solution used to refill electronic cigarettes and oral vaporizer for smokers; electronic cigarette and vaporizer cartridges, namely, cartridges sold filled with chemical flavorings in liquid form for electronic cigarettes and oral vaporizers for smokers; and accessories therefor, namely, electronic cigarette and vaporizer pods, cases for electronic cigarettes and oral vaporizers for smokers, skins for electronic cigarettes and oral vaporizers for smokers, cleaning tools for electronic cigarettes and oral vaporizers for smokers, mouth pieces for electronic cigarettes and oral vaporizers for smokers

PAX3 & DESIGN, Registration number TMA1061452



Goods

- (1) Electric vaporizers, namely, smokeless vaporizer pipes for the ingestion and inhalation of herbal matter