



Canadian Intellectual Property Office

THE REGISTRAR OF TRADEMARKS

Citation: 2023 TMOB 163

Date of Decision: 2023-09-26

IN THE MATTER OF AN OPPOSITION

Opponent: The Bank of Nova Scotia

Applicant: Capital Dynamics Holding AG

Application: 1,573,039 for CAPITAL DYNAMICS

OVERVIEW

[1] Capital Dynamics Holding AG (the Applicant) has applied to register the trademark CAPITAL DYNAMICS (the Mark) in association with the following services (the Services):

CI 36 (1) Organization consulting services in the field of private investment funds and private equity financial investment and management services in the field of private investment funds; financial investment and management in the fields of private investment funds; private investment fund services; financial operation of buyout funds and real estate funds; management of private equity funds; private equity fund investment services; all of the foregoing services not rendered in connection with the mutual funds regulated by NI 81-102 .

[2] The Bank of Nova Scotia (the Opponent) owns a series of DYNAMIC trademarks associated with various financial services including mutual funds and other investment products.

[3] The Opponent relies upon use of one or more of its series of DYNAMIC trademarks for more than fifty years, in association with one or more of its over one hundred different mutual funds. Additionally, it relies on more than twenty years of use of one or more of its DYNAMIC trademarks in association with private investment funds. The Opponent submits that Canadian consumers, upon seeing the Mark would think that it is somehow related to, associated with, or approved by the Opponent, given the notoriety it has achieved with its DYNAMIC-branded investment services.

[4] After considering all relevant surrounding circumstances, I conclude the Applicant has not met its legal onus of proving there is no reasonable likelihood of confusion for the reasons that follow.

FILE RECORD

[5] Application No. 1,573,039 (the Application) was filed on April 12, 2012, based on use in Canada since at least as early as September 3, 2004, as well as on use and registration in the United States. The Application was advertised for opposition in the *Trademarks Journal* of September 16, 2015.

[6] The Application was opposed on February 16, 2016, pursuant to section 38 of the *Trademarks Act* RSC 1985, c T-13 (the Act). The Act was amended June 17, 2019. In accordance with section 70 of the Act, all references are to the Act as amended, with the exception of references to the grounds of opposition which refer to the Act before it was amended.

[7] To summarize the grounds of opposition, three are based on non-compliance with sections 30 of the Act. The remaining grounds are based on sections 12(1)(d) (registrability), 16(3)(a) (entitlement), and 2 (distinctiveness) all turning on the determination of the likelihood of confusion between the Mark and the Opponent's trademarks and alleged tradenames. The Applicant filed a counter statement denying all grounds of opposition.

[8] The Opponent's evidence-in-chief comprises the affidavit of John Pereira [First Pereira affidavit] and the affidavit of Mary Noonan. Mr. Pereira also filed reply evidence

[Second Pereira affidavit]. The Applicant filed the affidavits of Kevin Cohen, Harald Zeiter and Eric Saragosa.

[9] Mr. Pereira was cross-examined on both his affidavits (First Pereira transcript for the First Pereira affidavit and Second Pereira transcript for the Second Pereira affidavit). The Applicant's three affiants were cross-examined as well. All cross-examination transcripts were made of record.

[10] Both parties filed written representations and participated in a hearing.

EVIDENTIAL BURDEN AND LEGAL ONUS

[11] An applicant bears the legal onus of establishing, on a balance of probabilities, that its application complies with the requirements of the Act. However, an opponent must first adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exist [*John Labatt Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 (FCTD) at 298; *Dion Neckwear Ltd v Christian Dior, SA et al (Dion)* (2002), 20 CPR (4th) 155 (FCA)]. A legal onus on the applicant means that if a determinate conclusion cannot be reached once all relevant evidence is considered, then the issue must be decided against the applicant.

MATERIAL DATES

[12] The material dates that apply to the grounds of opposition are as follows:

- sections 38(2)(a)/30(b),(d) and (i): the filing date of the application, namely April 12, 2012 [see *Georgia-Pacific Corp v Scott Paper Ltd* (1984), 3 CPR (3d) 469 (TMOB) at 475].
- sections 38(2)(b)/12(1)(d): the date of my decision [*Park Avenue Furniture Corporation v Wickes/Simmons Bedding Ltd and The Registrar of Trade Marks* (1991), 37 CPR (3d) 413 (FCA)].
- sections 38(2)(c)/16(1)(a),(b) and(c): the Applicant's claimed date of first use of the Mark in Canada, namely September 3, 2004 [see section 16(1) of the Act and *Datascope of Canada Ltd v Datascope Corp* (1998), 81 CPR (3d) 420 (FC) at para 31].

- sections 38(2)(c)/16(2)(a),(b) and(c): the filing date of the application, namely April 12, 2012.
- sections 38(2)(d)/2: the date of filing of the opposition, namely February 16, 2016 [see *Metro-Goldwyn-Mayer Inc v Stargate Connections Inc*, 2004 FC 1185].

OVERVIEW OF THE OPPONENT'S EVIDENCE

[13] In reaching my decision I have considered the thousands of pages of evidence of record. A summary of the pertinent portions appears below. Further consideration of the evidence also appears in the context of the analysis of the grounds of opposition.

Noonan Affidavit

[14] The affidavit of Mary P. Noonan comprises a listing of 384 active registered trademarks, in the name of the Opponent, which contain or comprise DYNAMIC or the French equivalent DYNAMIQUE. The list also includes four pending applications [Exhibits MN-1 and MN-2]. In its written representations the Opponent provides an updated list of its trademarks comprising 263 registrations, with no pending applications [Opponent's written representations, para 28]. As I have, for the purposes of my analysis below, relied on the single trademark that in my view provides the Opponent with its best case, the exact composition of the Opponent's list is not pertinent.

[15] Ms. Noonan also provides particulars for the Applicant's corresponding US registration No. 2,638,439 for CAPITAL DYNAMICS, which was one of the bases for the Application [Exhibit MN-4]. Ms. Noonan was not cross-examined on her affidavit.

First Pereira Affidavit

[16] At the time of the First Pereira affidavit, Mr. Pereira was Senior Vice President and Chief Operating Officer, Canadian Asset Management with the Opponent.

[17] Mr. Pereira provides information about his position with the Opponent [para 1]. He discusses current and previous ownership and licensing of the DYNAMIC Trademarks [paras 3 to 10]. He also describes the Opponent's financial services as

including mutual funds, hedge funds, investment management services, financial planning and investment advisory services provided at the institutional, retail and private client level [para 4].

[18] Mr. Pereira's evidence establishes that use of the DYNAMIC Trademarks began as early as 1963, in association with investment management services [para 12]. He explains that sales of the Opponent's mutual and hedge funds involve a network of approximately 20,000 independent financial advisors, many of whom provide advice relating to funds. The Opponent's funds, he states, can be purchased at any time by Canadians [para 13]. The Opponent's services include a comprehensive range of financial and investment related services, including investment advice on portfolio management, asset allocation, taxation and estate planning as well as overall investment planning strategies, stock brokerage services and the management and distribution of mutual funds [para 16]. The Opponent also provides investment services to private clients [para 14].

[19] The Opponent's eight families of mutual funds have more than 750,000 subscribers and six billion dollars under management in 1998 with this figure rising to 45 billion dollars by 2017 [paras 19 to 21]. Additionally, Mr. Pereira attests to extensive promotion of, and subscription to, these funds through mass media newspaper, tv, magazines, outdoor media advertisements and promotional items. He states, for example, that since 2005, more than fifty million has been spent promoting the services offered in association with the DYNAMIC Trademarks [paras 23 and 27 to 30].

[20] The Opponent also distributes information such as annual reports, prospectuses, brochures and updates to the Opponent's dealers who provide it to subscribers [para 30]. External advertising agencies, along with the Opponent's marketing department, use direct mail, email and the internet to distribute a wide variety of materials promoting the Opponent's services associated with its DYNAMIC Trademarks. These include annual and semi-annual reports, prospectuses, fact and performance sheets, commentaries on the funds and magazines [paras 31-49].

[21] Extensive documentary support for the use and promotion of the DYNAMIC Trademarks has been provided and includes such materials as sample copies of investment guides [Exhibit JP-2], annual, semi-annual reports, prospectuses, mutual fund fact and performance sheets, commentaries and promotional brochures distributed by e-mail, direct mail and via the Internet [Exhibits JP-6 to JP-35] and material taken from the Opponent's websites and visitor traffic information [Exhibits JP-38 to JP-49] showing, for example, that there were more than 400,000 views of website related to DYNAMIC funds from November 1, 2017, to January 31, 2018 [Exhibit JP-42].

[22] Mr. Pereira also explains that, since 2002, the Opponent has offered private investment funds to accredited investors who are generally institutional, but in some cases individuals as well. These funds are sold under an exemption from the general requirement that securities may only be distributed pursuant to a prospectus and require a sizeable minimum purchase [paras 24 and 25]. The net assets, as of March 2018, of each of the five such funds range from approximately forty million to more than 400 million [paras 24 to 26].

Cross-Examination - Second Pereira Affidavit

[23] The cross-examination transcript includes the following evidence which will be discussed in greater detail under my analysis:

- Mr. Pereira agreed the Opponent's mutual funds targeted average Canadians [Q 26].
- he specified that the minimum investment in the Opponent's mutual funds is low, for example \$500 [Qs 31 and 32].
- he answered that the Opponent's mutual funds are marketed to the general public and small investors through, for example, billboards and television [Qs 37, 52 and 59 to 65].
- he responded that the Opponent's mutual funds are very liquid and therefore bought or sold daily [Qs 44 and 45 and 86 to 90].

- he answered that purchasers of private investment products are generally more sophisticated than the average consumer and the general public would not come across private equity investments [Qs 76 and 91 to 92].
- he possessed limited first-hand knowledge of some of the evidence such as marketing and website data [Qs 109 to 121, 127 to 132].
- he confirmed that the Opponent's funds began with the term DYNAMIC, followed by the name of the fund [Qs 140 to 142].
- he identified National Bank as one of the "top five" banks in Canada and confirmed awareness of National Bank's Meritage Dynamic Growth Income Portfolio and Dynamic Growth Income Portfolio and confirmed that these were still offered in competition with the Opponent's funds [Qs 148 and 154].
- he admitted familiarity with the term "dynamic asset allocation" and accepted this as a generic term used in the industry [Qs 178 and following].

APPLICANT'S EVIDENCE

Cohen Affidavit

[24] Kevin Cohen is a lawyer offering legal services to asset managers. Mr. Cohen attests to an understanding of the type of business carried on by the Applicant and Opponent. He explains that the meaning of the term "private equity" as equity capital raised from private sources as opposed to public offerings. He notes that private equity investors usually invest directly through a private investment fund or a buyout of a company that then becomes, or remains, private [para 8].

[25] Mr. Cohen also explains that private placement involves an exemption of the usual requirement to file a prospectus and allows for the distribution and sale of securities, to accredited investors [para 9]. He goes on to explain the meaning of accredited investors, these being individuals or other entities sufficiently sophisticated to not require the protection afforded by a prospectus. Mr. Cohen explains that only a small percentage of individual investors are qualified as accredited investors and that these investors are well-versed and understand the nature of the investments they are making [para 10]. Additionally, he states that, in Canada, most private equity capital

comes from institutional investors who can commit large sums for lengthy periods [para11]. He suggests that owing to the nature of these investments, private equity managers such as the Applicant do little advertising for their highly specialized offerings, with sales and marketing targeted at carefully screened potential accredited investors with the financial wherewithal required for these deals [paras 12 and 13]. He further explains the selective and sophisticated subscription process involves negotiation of terms; thus, the relationship is more akin to business partners [paras 14 and 15].

[26] Mr. Cohen goes on to describe the Opponent's business as being directed to the public at large and therefor highly regulated [para 16]. He suggests the typically straightforward and quick purchase of the funds may be made through dealers in bank branches, storefront locations and over the internet. These investments may be small, for example a minimum of \$100 [para 17]. He explains the fundamental requirements for retail mutual funds are that they are offered via a prospectus filed with the securities commission and that they must offer, generally daily, liquidity [para 18].

[27] Mr. Cohen also describes the Opponent's "alternative mutual funds" which he suggests are like other mutual funds but invest in different underlying investments or use different investment strategies. He states that these are not like private equity funds and points to sales communication from the Opponent which explains that alternative mutual funds differ from private equity investments in that these are not associated with a long "lock-up" but can be bought and sold daily [para 19].

[28] Mr. Cohen then contrasts private equity as being typically not sold in association with a prospectus but rather are offered through a Confidential Offering Memorandum that does not require securities commission approval, unlike mutual funds. Additionally, he states that the clientele of the Applicant consists primarily of accredited investors. For these reasons, he explains, the general public would not come across the Applicant's offerings, nor would they have the opportunity to invest. He adds that the clientele of the Applicant would not look to public mutual funds for private equity investments [paras 21 and 22].

[29] Mr. Cohen explains how Canadian securities regulations apply to mutual funds versus private equity investment, including that the provision NI 81-102 (referenced in the specification of Services) relates to retail mutual funds offered to the public at large [para 23 in respect of NI 81-102 and paras 23 to 32 generally].

[30] Finally, Mr. Cohen explains that, typically, public mutual funds are distributed by dealer organizations and sales representatives who are compensated through regulated commission. This, he says, is not the case for the Services [paras 26 and 27]. He adds that Canadian legislation treats private equity investments of the type offered by the Applicant, and the mutual funds of the Opponent, as entirely distinct and does not regulate them in the same manner [paras 28 and 29].

Cohen Cross-Examination

[31] I note that Mr. Cohen confirmed during cross-examination that he did not review all the Opponent's DYNAMIC funds and his conclusions are directed primarily to the retail funds rather than private investment funds [Qs 74 to 78 and 104]. Additionally, he confirmed that prospectus exemption applied to one of the Opponent's funds available only to accredited investors, namely the Alternative/Special Dynamic Alpha Performance Fund, launched in 2002 [Qs 90, 98 and 102].

Zeiter Affidavit

[32] Mr. Zeiter is the Applicant's Group General Counsel and Senior Managing Director. He is a member of the Applicant's Executive Committee and has worked in the field of private equity for over 14 years [paras 1,2 and 3]. He explains his involvement in the Applicant's business, including in Canada, and provides information about the status, history and business taken from the Applicant's website [para 4].

[33] Mr. Zeiter describes the Applicant's business as raising capital from sophisticated institutional investors, companies and, in rarer cases, high net worth accredited individuals to invest in the Applicant's private equity funds, which in turn invest in other private funds, or acquire and manage privately held companies or private assets [para 5].

[34] Mr. Zeiter confirms that private equity investments require accredited investors to commit large sums of money for extended periods of time. The investments are not quoted or traded on a public exchange [para 6]. He also confirms that extensive review and negotiation occurs before the terms, objectives and requirements of the investment are agreed to. He describes these transactions as requiring “extraordinary care” and as taking weeks or months to complete [para 7]. He distinguishes this business from that of the mutual fund business of the Opponent which involves a pool of funds collected from the general public with many small investors for investing in publicly traded stocks, bonds and money market instruments. He also notes that the mutual funds investments are liquid [paras 8 and 9].

[35] Mr. Zeiter states that, unlike the sophisticated investors involved in complex private equity transactions, mutual funds are directed to small investors or the general public with one of the main advantages of mutual funds being that they offer investors a professionally managed, diversified portfolios that would be difficult to create with a small investment. He explains private equity investments are not offered or marketed to the general public, rather sales are achieved through private, or invitation only, speaking engagements, private placement agents, forums, seminars, conference calls and meetings of highly sophisticated institutional investors, companies and accredited investors in Canada and globally. This, he says, differs from publicly available mutual funds sold through banks, brokers, agents and planners that are advertised through venues such as print, internet ads, billboards, tv commercials and direct mail [paras 10 to 12].

[36] Mr. Zeiter attests to the Applicant having offered and sold private equity services in Canada since at least 2004, and that correspondence with potential investors and partners dates back to 2001 [paras 13 and 14]. He relies on documentary materials to support these claims, including an agenda bearing the Mark, which is associated with a conference call with the Canadian Pension Plan on February 27, 2004, and a PowerPoint presentation and Offering Memorandum excerpt, dated April 2007, prepared for BluMont Capital Dynamics Private Equity L.P. He explains the documents demonstrate the way the Applicant markets its services as well as the detailed nature of

negotiation and documentation. He adds that this also shows the level of investment required [para 14(a) and (b) and Exhibits B, C and D].

[37] Mr. Zeiter's evidence suggests the cost of investing in the Applicant's private equity funds is significant, for example at least EUR 10 million from each limited partner [para 14(c) and Exhibit E].

[38] Mr. Zeiter also provides a copy of a confidential Offering Memorandum from June 2007, a Research Mandate Letter Agreement from 2008 and an excerpt of a Private placement Agent Engagement Agreement of 2018 to illustrate the nature of the Applicant's business in Canada [para 14 (c),(d) and (e) and Exhibits E, F and G]. Additionally, Mr. Zeiter provides Confidential Offering materials from 2018, as well as website materials pertaining to Canadian energy-related infrastructure credits [para 14 (f) and (g) and Exhibits H and I]. He also provides press releases, third-party articles and promotional materials relating to the Applicant's business in North America, including Canada, or involving Canadian entities [para 14(h) and Exhibit J].

[39] Mr. Zeiter confirms that during the 15-year period when the Applicant's services were available in Canada, no one indicated any confusion as to the source of the Applicant's services. He states that no one has inquired as to whether the Applicant offers mutual fund services or whether the Applicant's services are offered by, related to or otherwise associated with the Opponent (or its predecessor in title or related entities), or whether the Applicant is related to or associated with the Opponent's services. He explains that because of the nature of the business, the Applicant's clients are always very much aware that they are collaborating with the Applicant, and no one else [paras 16 and 17].

Zeiter Cross-Examination

[40] Relevant facts arising out of Mr. Zeiter's cross-examination include that at least one hundred Canadian investors have been presented with, or provided access to, the Services and thirty-four offerings were marketed to Canadian prospective investors, while four Canadian entities have invested in the Applicant's funds since 2004 [Transcript Undertaking items 11, 20 and 34].

[41] Also, since 2004, the Applicant has had only two private placement agents in Canada [Transcript Undertaking item 2].

Saragosa Affidavit

[42] Mr. Saragosa is an articling student with the Applicant's agent of record. His evidence comprises material taken from a substantial number of third-party websites showing use of the term "dynamic" as part of the name of a mutual fund or other investment vehicles. For some of these funds, the evidence includes information about the companies and funds taken from the Globe & Mail website. For example, Exhibit 16 is a webpage associated with a company named Investco, showing a fund titled PBE-INVESCO DYNAMIC BIOTECHNOLOGY & GENOME ETF and Exhibit 29 comprises Globe & Mail information about that fund.

[43] Mr. Saragosa's evidence also includes websites where "Dynamic" is used to describe the services or product. See for example Exhibit 87, which is a webpage associated with an entity called Franklin Templeton describing a balanced fund as "a dynamic blend of global stocks and bonds".

[44] Some of the third-party trademark or descriptive use of "dynamic" include:

- National Bank of Canada's mutual funds sold under trademarks that include the term DYNAMIC, as of 2019 with inception dates as early as 2006 [Exhibits 1 to 5 and 7 to 9].
- Use by Professionals Financial of a private management portfolio named FDP DYNAMIC CANADIAN EQUITY PRIVATE PORTFOLIO [Exhibit 40]
- Metric Asset Management LP's fund offered under the name METRIC DYNAMIC ASSET ALLOCATION FUND [Exhibits 41 to 44].
- WisdomTree's DYNAMIC BEARISH U.S. EQUITY FUND,
- iA Financial Group's several funds that contain the term DYNAMIC [Exhibits 60 to 62].

- Bank of Montreal's registered the trademark SPEND DYNAMICS used in association with banking services relating to online card management [Exhibits 82 and 83].
- Hamilton Capital Partners' HAMILTON CAPITAL CANADIAN BANK DYNAMIC-WEIGHT ETF fund [Exhibits 84 and 85].

[45] Mr. Saragosa's evidence also includes a listing of registered investments in Canada containing the term DYNAMIC.

[46] The evidence also includes website materials relating to PIMCO, Invesco, Aberdeen and others showing funds with DYNAMIC appearing in the name [see for example, Saragosa affidavit, paras 11 to 13 and 17 to 24 and Exhibits 10 to 12 and 17 to 23]. The materials include Globe & Mail information for some of the funds [see, for example paras 14 to 16 and 25 to 31 and Exhibits 13 to 15 and 24 to 30].

[47] Mr. Saragosa provides evidence showing descriptive uses of the term "dynamic," for example, Desjardins Insurance describes its FIDELITY CLEARPATH INSTITUTIONAL 2060 fund as aiming "...to provide a high total return by investing primarily in underlying funds and by using a dynamic asset allocation strategy" [Exhibit 88]. Also, Highstreet asset management who describe their fund as "...achieves its investment objective by investing in a dynamic asset mix of Highstreet pooled funds selected to respond to prevailing market conditions" [Exhibit 9]. There are additional examples of descriptive use of the term "dynamic" [for example, Exhibits 90 to 94]. Additionally, he provides definitions for terms such as "dynamic asset allocation" and "dynamic financial analysis" [Exhibits 97 to 98].

Second Pereira Affidavit

[48] Mr. Pereira's reply evidence is primarily responsive to the Applicant's allegations of use of the term "dynamic" by third parties, as contained in the Mr. Saragosa's affidavit. Mr. Pereira explains that the Opponent prioritizes enforcement by, for example, sending demand letters when warranted. Mr. Pereira states that, in respect of several of the websites in Mr. Saragosa's evidence, there is no reference to the funds being available in Canada and that he is unaware of these funds having been marketed in

Canada. His evidence does however address a number of entities that he understands are, in fact, operating in Canada. With respect to several of those, he details the Opponent's enforcement efforts. These include at paragraphs 6-27 and Exhibits JP-1-JP-19:

- National Bank
 - Following a demand letter, settlement was reached, with National Bank agreeing to remove "dynamic" and "dynamique" from the name of the funds by June 1, 2020.
- Professionals' Financial
 - Following a demand letter, agreement was reached to remove "dynamic" from the fund names but the letter from Professionals Financial is not in evidence.
- Metric
 - Following a demand letter, Metric agreed they would change their fund name and no longer use "dynamic" but the letter from Metric is not in evidence.
- First Trust
 - Following a demand letter sent in October 2016, First Trust agreed to cease use of DYNAMIC but disputed the Opponent's rights.
- WisdomTree
 - Following a demand letter sent in respect of WisdomTree U.S. Quality Dividend Growth Dynamic Hedged Index ETF and WisdomTree International Quality Dividend Growth Dynamic Hedged Index ETF and WisdomTree U.S. High Dividend Dynamic Hedged Index ETF in October 2016, WisdomTree agreed to change its fund name and said that it no longer uses "Dynamic".

- Hamilton
 - Following a demand letter sent October 2, 2018, Hamilton agreed to change the name but disagreed that its fund name contravened the Opponent's rights saying that it was using the descriptive phrase, "dynamic weight" and that "The use of the word "dynamic" to signal a frequent adjusting of assets is well-known in the industry".
- CIBC
 - Following a demand letter sent November 2017, CIBC advised by letter that last use of the term dated back to 2016 and that the company would not be issuing any additional structured notes with "Dynamic" in the name in the future.

[49] Mr. Pereira also attests that National Bank began using DYNAMIC in association with funds in 2019, before describing enforcement measures taken by the Opponent after March 4, 2019.

Pereira Second Cross-examination

[50] In respect of Professionals Financial, Mr. Pereira did not appear to have any first-hand knowledge regarding the enforcement effort, did not produce a copy of correspondence confirming a cessation of use, could not confirm that he personally verified compliance with the demands and could not confirm he saw the letter responding to the demands [Qs 52-55 and 63].

[51] Mr. Pereira admitted "dynamic asset allocation" was a generic term in the industry and that there were other generic uses of the term "dynamic" [Qs 178 to 181]. He also acknowledged that in instances wherein agreements were reached with third parties regarding use of "dynamic," use in some form would be permitted [Q 21].

[52] In stating that he was not aware of third-party use of "dynamic" in Canada, Mr. Pereira stated he relied on legal counsel, rather than conducting his own investigations

[Q 25]. Also, Mr. Pereira confirmed he did not see a copy of some of the letters received in response to enforcement efforts [for example, Qs 52 to 55] and could not confirm he personally verified third-party use had ceased following the Opponent's enforcement efforts [Qs 62 and 63].

[53] Mr. Pereira admitted that National Bank is one of the top five banks in Canada [Q 35].

PRELIMINARY ISSUE – ADMISSIBILITY OF REPLY EVIDENCE

[54] Proper reply evidence responds directly to points raised in an applicant's evidence which are unanticipated. It should not include evidence which could have been filed as part of the Opponent's evidence-in-chief [*Lemon Hart Rum Co v Bacardi & Co*, 2015 TMOB 75 at para. 22; *Halford v Seed Hawk Inc (Halford)* 2003 FCT 141 (FCTD) at paras 14-15.

[55] The disputed paragraphs involve information pertaining to mutual funds offered pursuant to the prospectus requirement exemptions, including four hedge funds and one real estate and infrastructure fund. Mr. Pereira provides information as to the volume of net assets of these funds and information about the length of time these have been offered in Canada. He also explains the manner in which mutual funds are offered to accredited investors, institutional and high net worth clients is similar to the strategies and methods of the Applicant to offer the Services.

[56] The Applicant argues that it is appropriate to strike paragraphs 44 to 48 of the Second Pereira affidavit, filed in reply, [Applicant's written representations, para 87]. It is the applicant's position that since Mr. Pereira admitted, during cross-examination on his reply evidence, that the funds referred to in paragraph 45 of his reply evidence were the same funds he referred to at paragraphs 25 and 26 of the First Pereira affidavit, the Opponent is splitting its case.

[57] The Opponent takes the position that paragraphs 44 to 48 of the Second Pereira affidavit respond to statements made in Mr. Cohen's affidavit and it could not have been

anticipated that Mr. Cohen would incorrectly describe that nature of the Opponent's private investment DYNAMIC funds [Opponent's written representations, para 84].

[58] Both parties reference the decision *Nia Wine Group Co, Ltd v North 42 Degrees Estate Winery Inc (Nia)* 2022 FC 241 at paragraphs 45 to 47, albeit in support of a different outcome. I agree this decision is instructive as the facts are similar to those at hand. In *Nia*, the Federal Court considered whether the Board erred in finding reply evidence inadmissible. The evidence comprised statements that expanded upon what was initially put into evidence by the affiant and responded to answers given by the applicant's witness on cross-examination. Madam Justice Aylen found the Board did not err in finding the reply evidence inadmissible. Furthermore, the Court did not accept the opponent's arguments that the reply evidence responded to misleading aspects of the applicant's evidence, requiring clarification. Relying on earlier jurisprudence, including *Halford* at para 15, she determined that it is not appropriate for an opponent to file reply evidence that is merely confirmatory of its evidence-in-chief, rather proper reply evidence must relate to novel issues raised in the applicant's evidence [*Nia* at para 47].

[59] Applying the principles in *Nia*, I find paragraphs 44-48 of Mr. Pereira's reply affidavit, and the cross-examination questions associated with these paragraphs, to be inadmissible reply evidence that could have been led as evidence-in-chief. The fact that it contradicts the Applicant's evidence is immaterial. In this case the interests of justice are best served by refusing the evidence and avoiding the prejudice that would occur to the Applicant if the Opponent were permitted to split its case.

PRELIMINARY ISSUE – EVIDENCE OF THIRD-PARTY USE OF DYNAMIC

[60] Mr. Saragosa's evidence, discussed in greater detail below, showed widespread use of the term DYNAMIC in the financial services industry. The Second Pereira affidavit is, in large part, a response to such third-party use.

[61] The Applicant is relying on this evidence of third-party use to support two surrounding circumstances considered as part of the analysis of the likelihood of confusion. First, that since the term DYNAMIC is in widespread use, there is nothing striking or unique about the term. It submits that this, along with other considerations,

supports the Applicant's position that the trademarks of the parties do not resemble each other [Applicant's written representations, para 111]. Second, the Applicant argues that the wide adoption of DYNAMIC by third parties in the financial investment field means the Opponent's DYNAMIC trademarks lack distinctiveness and consumers can more easily differentiate between various DYNAMIC trademarks [Applicant's written representations, paras to 125 to 133].

[62] I will consider the Applicant's evidence of third-party use of DYNAMIC, both to identify funds or other financial services, and also as a descriptive term, before applying my findings under the confusion analysis below.

[63] As argued by the Opponent, both in its written representations and at the hearing, excerpts of third-party websites are generally considered hearsay and not evidence of the truth of their contents [Opponent's written representations, paras 71 to 75]. However, as the Opponent recognizes, these materials may be admissible for the truth of their contents if they satisfy the criteria of necessity and reliability [*Labatt Brewing Co v Molson Breweries, A Partnership* (1996), 68 CPR (3d) 216 (FCTD)].

[64] I find the evidence of third-party use of the term dynamic to be necessary, as it provides an objective indication of the state of the Canadian financial services marketplace that would otherwise be difficult to provide with expediency or convenience. I also find that nothing about the websites or other materials suggest they are unreliable. I am therefore prepared to accept this evidence and give, at least those which appear likely to have been viewed by Canadians, some weight. In doing so, I note that Mr. Justice Locke found similar evidence of third-party websites admissible [see *Roots Corporation v YM Inc. (Sales)*, 2019 FC 16 at para 25]. Additionally, in respect of the question of whether the websites suggested availability of the goods for sale in Canada, Mr. Justice Locke stated at paragraph 27:

Moreover, at least some of the retailers identified by Mr. Suttner appear to be based in Canada. In my view, it is more likely than not that at least some of the products identified in the Suttner Affidavit were indeed available for sale in Canada. As with the question of the dates, evidence of actual sales (or at least availability for sale) in Canada might have been preferable, but I have heard nothing that causes me to doubt that the word "cabin" was used generically even as early as January 13, 2016.

[65] Likewise, I find that at least some of the webpages included in Mr. Saragosa's evidence are specifically associated with Canada and Canadians. While there are undeniably evidentiary limitations in respect of the evidence contained in Mr. Saragosa's affidavit, I am satisfied that this evidence shows DYNAMIC is a common component of third-party trademarks and used as a descriptive term within the investment industry.

Use of DYNAMIC by National Bank of Canada

[66] The materials relating to the National Bank of Canada (National Bank) suggest use of the term DYNAMIC to identify, for example, its MERITAGE DYNAMIC GROWTH INCOME PORTFOLIO product [Saragosa Exhibit 2]. The related Globe & Mail materials corroborate use of DYNAMIC by National Bank to identify its funds. Additionally, I note that Mr. Pereira identified National Bank as one of the "top five" banks in Canada and confirmed National Bank's funds compete with those of the Opponent [First Pereira Transcript Qs 35 and 149 to 156]. Furthermore, the enforcement efforts described in Mr. Pereira's reply affidavit involving National Bank, admit third-party use of the term DYNAMIC in Canada by National Bank in association with investment funds.

[67] While Mr. Pereira's evidence contradicts early use of DYNAMIC by the National Bank, as he says this began in 2019. However, under cross-examination Mr. Pereira admitted he did not know if National Bank had used the DYNAMIC trademark prior to 2019.

[68] The evidence shows that in May 2020, the Opponent reached a settlement with National Bank regarding cessation of National Bank's use of DYNAMIC. National Bank agreed to cease use of DYNAMIC and DYNAMIQUE in relation to their funds no later than June 1, 2020.

[69] I agree with the Applicant that the evidence indicates use of DYNAMIC by National Bank, who is a direct competitor of the Opponent, for approximately 14 years [Applicant's written representations, paras 73 to 77].

Use of the Term DYNAMIC by Others

[70] Mr. Saragosa's evidence shows use of EQUITY in the name of several funds offered by Professionals Financial, Metric Asset Management Limited and Hamilton Capital Partners. These entities were also the subjects of the Opponent's enforcement efforts. Again, this is an admission of third-party use of DYNAMIC.

[71] The evidence indicates that the Bank of Montreal has registered the trademark SPEND DYNAMICS in association with banking services relating to online card management. I note there is no indication these services involve investment or funds, but the term is used in a descriptive manner in association with financial products.

[72] The evidence shows that CIBC offered a structured notes under the name "CIBC U.S. Dynamic Allocation Strategy Notes, Series 7". These appear to have been available in 2016, maturing in 2021. Again, this entity was subjected to the Opponent's enforcement efforts which resulted in confirmation by CIBC that it would not be offering any other structured notes with Dynamic in the name.

[73] The entity WisdomTree appears to offer a fund under the name WISDOMTREE DYNAMIC BEARISH U.S. EQUITY FUND. While there is nothing in the materials to suggest a connection to Canada, the fact that this entity was the subject of one of the Opponent's enforcement efforts, suggests that the company is, or was, active in Canada. The fund itself shows an inception date of 2015. While the Opponent advised it sent an enforcement letter in 2016 this does not appear to relate to this particular fund. While it is possible that this entity might have offered this fund in Canada as the evidence is inconclusive, I will disregard it.

[74] In respect of PIMCO, Invesco, Aberdeen and others that include funds with DYNAMIC appearing in the name, there is nothing to suggest these funds were ever offered to Canadians. In fact, in many instances the materials associated with these companies suggest a connection to the United States, rather than Canada, for example reference to US currency or "US investors only." While Mr. Pereira confirmed PIMCO was active in Canada, to my mind the evidence at hand falls short of establishing this entity is offered or provided its services in Canada.

Income Tax Act Listing of Registered Investments

[75] The Applicant's evidence comprising a listing of registered investments in Canada indicate a substantial number of additional registered investments that include the term dynamic. However, absent further information about these investments I am not prepared to accord any significance to this evidence.

Use of "Dynamic" as a descriptive term

[76] The Opponent's affiant Mr. Pereira admitted "dynamic asset allocation" was a generic term in the industry and that there were other generic uses of the term "dynamic" [Second Pereira transcript at Qs 178 to 181]. The descriptive nature of the term DYNAMIC used alone or as part of a term such as "dynamic asset allocation" is also supported by the evidence of third-party use of the term for descriptive purposes [Saragosa affidavit, paras 87 to 113 and Exhibits 86 to 112].

[77] I find the evidence suggests several Canadian companies use the term "dynamic" in a descriptive manner. Examples are Desjardins Insurance, who describes its FIDELITY CLEARPATH INSTITUTIONAL 2060 fund as aiming "...to provide a high total return by investing primarily in underlying funds and by using a dynamic asset allocation strategy and Highstreet asset management who describes their fund as "...achieves its investment objective by investing in a dynamic asset mix of Highstreet pooled funds selected to respond to prevailing market conditions".

[78] I also note that website definitions for terms such as "dynamic asset allocation" and "dynamic financial analysis" further support the conclusion that "dynamic" describes a feature of investment products.

Conclusion – Third-Party Use of DYNAMIC

[79] I find that the evidence shows use by third parties of the term "dynamic", including in association with investment services relating to funds. While recent enforcement efforts by the Opponent might have reduced the third-party use of the term, the evidence does not necessarily support the claim that all third-party use of "dynamic" has ceased entirely as there appear to be other entities using the term who

were not contacted. Additionally, I note when questioned, Mr. Pereira admitted that where agreements were reached, use of the term “dynamic” in some form would be permitted. It is therefore not clear to what extent the enforcement efforts of the Opponent have stopped use of the term “dynamic” by others. Furthermore, recent enforcement successes do not change the relatively extensive co-existence in Canada of funds associated with or bearing the term “dynamic” for many years.

[80] I agree with the Opponent that the evidence, considered in its totality, suggests use of the term “dynamic” by third parties both for descriptive purposes, and to identify specific financial services and will rely on this finding in the context of my analysis of the likelihood of confusion below.

SECTION 30(B) GROUND

[81] The Opponent alleges, in paragraph 7(a) of its statement of opposition, that the Application does not conform to the requirements of section 30(b) of the Act in that the Mark had not been used in Canada since at least as early as September 3, 2004, by the Applicant (or a named predecessor) in association with each of the general classes of services covered by the application.

[82] Section 30(b) requires continuous use of an applied-for trademark, in the normal course of trade, from the date claimed to the filing date of the application [*Benson & Hedges (Canada) Ltd v Labatt Brewing Co* (1996), 67 CPR (3d) 258 (FCTD) at 262].

[83] The Opponent argues that the Applicant’s use of the Mark in Canada in association with the Services has not been continuous between the date of first use claimed and the filing date, pointing to a lack of documentary support for the years of 2004 to 2007 [Opponent’s written representations, para 162]. The Opponent also questions the Applicant’s claim to having four Canadian investors since 2004, as they are not identified [Opponent’s written representations, para 163]. The Applicant submits that the examples provided by Mr. Zeiter are representative, rather than exhaustive, and that his answers under cross-examination include nothing that would call into doubt the provision of the Services since the claimed date of first use [Applicant’s written representations, para 194].

[84] An opponent's initial burden under section 30(b) is light [*Tune Masters v Mr P's Mastertune Ignition Services Ltd* (1986), 10 CPR (3d) 84 (TMOB) at 89] and can be met by reference not only to the opponent's evidence but also to the applicant's evidence [*Labatt Brewing Co v Molson Breweries, A Partnership* (1996), 68 CPR (3d) 216 (FCTD) at 230]. However, an opponent may only successfully rely upon the applicant's evidence to meet its initial burden if the opponent shows that the applicant's evidence puts into issue the claim set forth in the application [*Corporativo de Marcas GJB, SA de CV v Bacardi & Company Ltd*, 2014 FC 323 at paras 30-38].

[85] The Opponent did not file any evidence which calls the claimed date of use into question, and I note the Applicant is not obliged to submit any evidence to substantiate its claimed date of use. If the Applicant had filed no evidence at all in this case, the Applicant would succeed on the section 30(b) ground since the Opponent would have no evidence by which to meet its initial evidential burden [see, for example *Value Village Stores Ltd v Value Village Market (1990) Ltd* (1997), 83 CPR (3d) 521 (TMOB) at paras 7-9]. However, applicants have other reasons beyond section 30(b) for filing evidence of use of their trademarks, for example to refute the likelihood of confusion. For the cases in which an opponent seeks to rely solely on an applicant's evidence in order to meet its initial evidential burden for the section 30(b) ground, the question becomes whether the applicant's evidence contains facts which are clearly inconsistent with the claimed date of use, or otherwise calls into doubt the claimed date.

[86] I find nothing in the evidence to be inherently inconsistent with, or to cast doubt upon, the Applicant's claims to use of the Mark in Canada since at least as early as September 3, 2004. The statements at paragraph 14(a) and 15 of Mr. Zeiter's affidavit make it clear that the documents, events and other materials contained in the affidavit are "by way of example" as do his responses on cross-examination [for example Zeiter transcript, Qs 111 to 114]. Thus, I find the absence of documentary evidence corresponding to specific periods is not inconsistent with either the claim to first use contained in the application or Mr. Zeiter's statements regarding such use [Zeiter affidavit, paras 13 and 14]. Similarly, the failure to specifically identify investors is not, as argued by the Opponent at paragraph 164 of its written representations, a sufficient

basis for casting doubt on the Applicant's claim to use since at least as early as September 3, 2004. I find the Opponent has not met its initial evidential burden for the section 30(b) ground of opposition. This ground is therefore dismissed.

[87] Even if the Opponent had met its initial burden, I would have found the Applicant has used the Mark since the date claimed. I find that that the agenda, bearing the Mark, provided to the Canada Pension Plan in association with a February 2004 meeting to be evidence the Applicant's use of the Mark in Canada [see Zeiter affidavit, para 14(a) and transcript, Qs 146 to 152 and undertaking 8]. Pursuant to section 4 of the Act, use of a trademark in association with services requires only the use or display of the trademark in the performance or advertising of the services. Furthermore, I have considered the scope of the Applicant's offerings and the size of investment required and find that it is reasonable to assume that these are available to Canadian investors periodically rather than constantly. That does not, in my view, mean use of the Mark in Canada was not continuous over the period in question.

SECTION 30(D) AND 16(2) GROUNDS

[88] The Opponent alleges that the Application contravenes sections 30(d) and 16(2) because the Applicant: i. does not have a real and effective commercial establishment in the United States, ii. the Applicant has not used the trademark in the United States and iii. the services covered by the corresponding US registration differ from the Services.

[89] There is no evidence of record to support of the allegations involving the Applicant's commercial establishment, or its use of the Mark, in the United States. The Opponent argues that that the services covered by the US registration do not match the Services. The Applicant submits that this argument is frivolous and that there is no requirement for the specifications to match. It argues that, owing to the requirement for services to be satisfactory to the Canadian examiner, the services specified in the foreign registration need not be the same. I agree that the specifications need not be identical and note there is nothing in evidence or argument to suggest that the Application does not comply with the requirements of 30(d) in this regard. I further note

that even if the Opponent had met its initial burden and this ground had ultimately succeeded, since I have found that the Opponent has not met its initial evidential burden in respect of the parallel section 30(b) ground of opposition, the Application would remain supported by the basis of prior use in Canada. As such, success in respect of this ground would not have been dispositive.

SECTION 30(I) GROUND OF OPPOSITION

[90] Section 30(i) requires an applicant to indicate that it is satisfied that it is entitled to use the trademark in Canada in association with the applied-for goods and services. The Opponent pleads that the Applicant, at the filing date, could not have been satisfied it was entitled to use the Mark in association with the Services because it was aware or should have been aware of the Opponent's registered Dynamic Trademarks and trade names. In addition, it submits that the Applicant previously filed and withdrew an application for CAPITAL DYNAMICS which had been the subject of opposition proceedings at the time of filing of the Application [Opponent's written representations, paras 171 and 172].

[91] The Applicant argues that the Opponent has not led any evidence to support this ground and, furthermore, that mere knowledge of the existence of an opponent's trademark will not suffice; rather, exceptional circumstances are required [Applicant's written representations, para 211 to 213]. Where an applicant has provided the requisite statement, the jurisprudence suggests that non-compliance with section 30(i) can only be found where there are exceptional circumstances that render the applicant's statement untrue, such as bad faith or non-compliance with a Federal statute [*Sapodilla Co Ltd v Bristol-Myers Co* (1974), 15 CPR (2d) 152 (TMOB) at 155; *Interactiv Design Pty Ltd v Grafton-Fraser Inc* (1998), 87 CPR (3d) 537 (TMOB) at 542-543]. There is no evidence that such exceptional circumstances exist in the present case. The fact that an applicant was, or should have been, aware of an opponent's trademark does not itself preclude an applicant from genuine satisfaction that it is entitled to use its trademark [*Lorillard, Inc. v. Fabriques de Tabac Reunies S.A.*(1990), 30 CPR(3d) 406 at 408 (TMOB); *Taverniti SARL v DGGM Britton Holdings Inc.* (1986), 8 CPR(3d) 400 at 404 to 405 (TMOB)]. Similarly, the fact the Applicant abandoned a previously filed application

does not preclude the Applicant from being satisfied it was later entitled to use a related trademark [*Servier Canada Inc. v. American Home Products Corp* (1997), 79 CPR(3d) 539 (TMOB), and *Honda Giken Kogyo Kabushiki Kaisha also trading as Honda Motor Co., Ltd v Chongqing Changan Automobile Co., Ltd* 2022 TMOB 070 at para 139]. As the Application includes the required statement and there is no evidence of exceptional circumstances, I find the Opponent fails to meet its evidential burden and the section 30(i) ground is rejected.

SECTIONS 16(1)(C) AND 16(2)(C) GROUNDS OF OPPOSITION

[92] In respect of the sections 16(1)(c) and 16(2)(c) grounds of opposition, the Opponent pleads that the Mark is not registrable as it is confusing with a trade name previously used by the Opponent. To succeed in respect of this ground, the Opponent must show that at either the claimed date of first use (section 16(1)(c) ground), or the filing date (section 16(2)(c) ground), its trade name had been used in Canada and that it had not been abandoned as of the date of advertisement. While there are references to the existence of trade names in the Opponent's evidence [see First Pereira affidavit, paras 11 and 12], the Opponent has not identified a trade name that was in use, was made known or had any reputation in Canada as of any applicable material date. I also note that the Opponent, in its written representations, has made general, rather than specific references to trade names and not offered any submissions as to how it might have met its initial burden.

[93] As the Opponent has failed to meet its initial evidential burden, these grounds of opposition are dismissed.

SECTION 12(1)(D) GROUND OF OPPOSITION

[94] The Opponent pleads that the Mark is not registrable pursuant to sections 38(2)(b) and 12(1)(d) of the Act as the Mark is confusing with the Dynamic Trademarks, numbering in the hundreds, previously registered in Canada.

[95] I have exercised my discretion and checked the register to confirm that, while several of the Opponent's registrations have now been expunged, most, including those

discussed specifically below, are extant. I therefore find that the Opponent has met its initial evidentiary burden. The Applicant must therefore establish, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and one or more of the Dynamic Trademarks now extant on the register.

[96] I will assess the section 12(1)(d) ground of opposition based on confusion between the Mark and the Opponent's trademark registration No. TMA617,183 for the trademark DYNAMIC, covering the services mutual fund services, namely mutual fund brokerage, mutual fund distribution and the administration and management of mutual funds (Registered Services). In my view, it is this registration which affords the Opponent its strongest case. If the Opponent is not successful under this ground in respect of the trademark DYNAMIC, it is not likely to succeed in respect of any other of its trademarks which incorporate additional terms.

Test for Confusion

[97] The test for confusion is one of first impression and imperfect recollection. 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 including in appearance or sound or in the ideas suggested by them. These enumerated factors need not be accorded equal weight [see, in general, *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 [*Mattel*], *Veuve Cliquot Ponsardin v Boutiques Cliquot Ltée*, 2006 SCC 23 and *Masterpiece Inc v Alavida Lifestyles Inc*, 2011 SCC 27 [*Masterpiece*]].

Inherent distinctiveness and extent known

[98] Neither party submitted evidence as to the meaning of CAPITAL, DYNAMICS or DYNAMIC. However, the Registrar may take judicial notice of dictionary definitions [*Tradall SA v Devil's Martini Inc*, 2011 TMOB 65 at para 29]. In its written representations, the Applicant submitted that DYNAMIC means "marked by usually

continuous and productive activity or change” and that used in association with the Opponent’s Registered Services it conveys the impression that the mutual funds will generate continuous and productive investment returns. Noting the *Merriam-Webster Online Dictionary* does indeed define DYNAMIC as suggested by the Applicant, I agree with the definition and its meaning in association with the Registered Services. I therefore disagree with the Opponent’s position that DYNAMIC does not convey any connection with financial services or investment funds [Opponent’s written representations, para 134].

[99] Considering the Mark, I note that CAPITAL has a descriptive connotation in the context of the Services. Relying on the *Canadian Oxford Dictionary*, I note the definition of “capital” includes i. the money or other assets with which a company starts in business; ii. accumulated wealth, esp. as used in further production; iii. money invested or lent at interest. As the Opponent points out, CAPITAL is another term for the money being raised by the Applicant according to the Applicant’s own evidence [Zeiter affidavit, para 5]. Thus, the term “capital” is at least potentially suggestive of the Services, indicating these involve investment of the investor’s money or their wealth.

[100] The term “dynamics,” according to the *Merriam-Webster Online Dictionary*, means “a pattern or process of change, growth or activity.” Again, this might be considered descriptive, even if it is a little less clear what pattern or process is being alluded to. As the meaning of the two words CAPITAL DYNAMIC is slightly more opaque than DYNAMIC alone, I find the Mark to have a marginally higher degree of inherent distinctiveness.

[101] It is well established that trademarks comprising descriptive or suggestive words are entitled to a narrow ambit of protection [*Prince Edward Island Mutual Insurance Co v Insurance Co of Prince Edward Island* (1999), 86 CPR (3d) 342 (FCTD); *Kellogg Canada Inc v Weetabix of Canada Ltd*, 2002 FCT 724]. A greater degree of discrimination may fairly be expected from the public where a trademark consists wholly or in part of words describing the articles to be sold, such that even relatively small differences may suffice to avert confusion [*General Motors Corp v Bellows*, 1949 CanLII

47 (SCC), [1949] SCR 678, citing *Office Cleaning Services Ltd v Westminster Window & General Cleaners, Ltd* (1946), 63 RPC 39 at 41 (HL)]. Therefore, I agree with the Applicant that, owing to the descriptive or suggestive nature of the DYNAMIC trademark, and the use of the term “dynamic” as a descriptive term in the industry, small differences may suffice to avoid confusion.

[102] The distinctiveness of a trademark can, however, be enhanced 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)]. Based on the substantial assets associated with the DYNAMIC trademark, as well as the sizeable number of subscribers for its Registered Services, I find that its DYNAMIC trademark has acquired a significant reputation [see for example, First Pereira affidavit, para 21]. Use of the DYNAMIC trademark dates back to as early as 1963, although I note no details are provided regarding the extent of use and promotion of DYNAMIC in the early years. Nonetheless, by 1998 the Opponent had a substantial number of mutual fund assets associated with its DYNAMIC trademark. I note the value of these assets increased through to 2017.

[103] By contrast, the Applicant has promoted its Services in Canada since at least as early as 2001 and offered those services since 2004 [Zeiter affidavit, para 13]. While there has been some promotion and advertising of the Applicant’s Services in Canada, these efforts appear to have been carefully targeted and aimed at relatively small numbers of prospective investors [Zeiter transcript, undertaking items 11, 20 and 34]. I note that since 2004 the Applicant has had only two private placement agents in Canada, and four investors. However, given the stringent investment requirements associated with private equity investments, it is not surprising that the number of Canadian customers is modest.

[104] I therefore find the extent to which the trademarks have become known strongly favours the Opponent.

Length of Time in Use

[105] The Opponent's predecessors in title (and licensees), began to use the DYNAMIC trademark in 1963 [First Pereira affidavit, para 12]. By comparison, the Applicant commenced use in 2004 when, evidence shows, it first marketed its Services to Canadians [Zeiter affidavit, paras 13 and 14].

[106] The length of time the trademarks have been in use therefore strongly favours the Opponent.

Degree of Resemblance

[107] In *Masterpiece*, the Supreme Court of Canada indicates that the factor, amongst those listed under section 6(5) of the Act, with often the greatest effect on the confusion analysis is the degree of resemblance between the parties' trademarks.

[108] The law associated with the analysis of the degree of resemblance is clear that the trademarks must be considered in their totality. It is not correct to lay the trademarks side by side and compare and observe similarities or differences among the elements or components of the trademarks. 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 [*Masterpiece*, at para 64]. Nonetheless, the first component of a mark is often most important for the purpose of distinction [*Conde Nast Publications Inc v Union des Editions Modernes* (1979), 46 CPR (2d) 183 (FCTD) [*Conde Nast*] and *Park Avenue Furniture Corp v Wickes/Simmons Bedding Ltd*, 1991 CanLII 11769 (FCA)]. It is also significant to note that when a word is a common descriptive word it is entitled to a narrower range of protection than an invented or unique word [*Laurentide Chemicals Inc v Les Marchands Deco Inc* (1985), 7 CPR (3d) 357 (FCTD) at 365].

[109] The Opponent argues that because the Mark encompasses the dominant and striking element of the Opponent's trademarks this supports a conclusion that there is a high degree of visual, phonetic and connotative resemblance [Opponent' Representations, para 104 and 108]. It relies on the findings in *Heather Ruth McDowell v Derma Sciences, Inc (McDowell)* 2020 TMOB 55 at para 57, to support the argument

that where an applicant has encompassed the dominant and striking element of the opponent's trademarks, a conclusion of visual, phonetic and connotative resemblance is warranted.

[110] The Applicant's position is that the trademarks are more different than they are alike. It also claims that the fact the word DYNAMIC is found within the Mark does not create any reasonable likelihood of confusion because other elements distinguish the trademarks [Applicant's written representations, paras 102, 104 and 105]. The Applicant also argues that the term DYNAMIC is neither striking nor unique as is borne out by the evidence of wide use by third parties, whether as a trademark, a business name or as a descriptor, and because of this, the Opponent's trademark is inherently weak [Applicant's written representations, para 111].

[111] The Applicant also submits that the different order of words should not be discounted when assessing the degree of resemblance. It argues that the presence of DYNAMICS as a noun in the second position, compared to the Opponent's use of DYNAMIC as an adjective in the first position, renders the marks substantially different [Applicant's written representations, paras 115 and 116].

[112] I agree with the Opponent that there is some similarity in the appearance sound and idea suggested by the parties' trademarks owing to the fact they share the word DYNAMIC, albeit with an additional S in respect of the Mark. However, when a shared portion of two trademarks is descriptive, this minimizes the impact of the similarity [see *Venngo Inc v Concierge Connection Inc*, 2015 FC 1338, *aff'd* 2017 FCA 96, 146 CPR (4th) 182; see also *Prince Edward Island Mutual Insurance Co v Insurance Co of Prince Edward Island* (1999), 86 CPR (3d) 342 (FC)]. Furthermore, I disagree that DYNAMIC is the dominant and distinctive element of the parties' trademarks. I find the terms CAPITAL and DYNAMICS to be roughly equally striking but must assign some slight significance to the fact that the term CAPITAL appears in the often more significant initial position, even noting that when the first portion is descriptive or suggestive it should be accorded diminished significance [*Merial LLC v Novartis Animal Health Canada Inc* (2001), 11 CPR (4th) 191 (FCTD)]. While CAPITAL DYNAMICS might be

suggestive, the presence of CAPITAL nonetheless serves to slightly reduce the resemblance of the marks in appearance, sound and idea suggested when the trademarks are considered in their entirety.

[113] The *McDowell* case relied upon by the Opponent is distinguishable on the basis that it was the dominant portion of both the Applicant's and Opponent's trademarks that was shared. The trademarks in question were HONEY and HONEY & Design compared to MEDIHONEY. Where, as in this case, it is a non-dominant portion that is shared, a different conclusion is possible [see for example, *LRC Products Limited v Church & Dwight Co* 2023 TMOB 52 at 28; *Huawei Technologies Co., Ltd v Ubisoft Entertainment*, 2021 TMOB 88 at para 30 and *Multi-Marques Inc. v Nat's Ah Pizza Ltd.*, 2009 CanLII 82138 (TMOB) at para 48].

[114] While the different word order does not substantially impact my analysis, I agree it is a factor that serves to again slightly differentiate the trademarks.

[115] On balance, I find that there is necessarily a degree of resemblance, but overall parties' trademarks are slightly more different than they are similar. However, this factor does not strongly favour the Applicant.

Nature of the services and business

[116] It is the statement of services in the Application and the Opponent's Registered Services that govern the assessment of this factor [*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, those statements must be read with a view to determining the probable type of business or trade intended by the parties rather than all possible trades encompassed by the wording. In this regard, evidence of the actual trades of the parties is useful [*McDonald's Corp v Coffee Hut Stores Ltd* (1996), 68 CPR (3d) 168 (FCA)].

[117] While the parties' services both relate to financial investment, I consider there to be clear differences between them.

[118] The Services cover a variety of private investment fund services, private equity related services and financial operation buyout funds and real estate funds. The specification includes the wording "...all of the foregoing services not rendered in connection with the mutual funds regulated by NI81-102". Mr. Cohen explains that NI 81-102 is the Canadian securities regulation that relates to retail mutual funds and requires measures to protect unsophisticated investors [Cohen affidavit, para 23]. I note this meaning is not disputed by the Opponent [Opponent's written representations, para 122]. Thus, the Application is restricted inasmuch as its services cannot be offered through a mutual fund structure.

[119] The Opponent's registration covers mutual fund services, namely mutual fund brokerage, mutual fund distribution and the administration and management of mutual funds.

[120] The Applicant argues that a range of factors exist which differentiate the Opponent's mutual fund services from the Services. The points of differentiation include:

- The Applicant's Services involve sophisticated, super-accredited prospective purchasers, whereas the Opponent's mutual funds target average Canadians and are the preferred investment vehicle for beginners, or those lacking knowledge, time or resources.
- The Applicant does not market to the general public but rather uses highly exclusive channels such that the general public would not come across the Applicant's private equity investments, whereas the Opponent's mutual funds are marketed to the general public and small investors through, for example, billboards and television and available from various sources including banks, brokers, insurance agents and financial planners.
- The Applicant's private equity investments involve large sums of money committed for extended periods of time, for example 10-15 years, whereas the Opponent's mutual funds have high liquidity and can be bought or sold on a daily basis.

- The cost of investing in the Applicant's private equity funds is significant with minimums ranging from tens of thousands to millions of dollars, with most private equity investments of the Applicant having minimum investments of USD 5 million, whereas the minimum for investment in the Opponent's mutual funds is low, for example CDN \$100.

[121] The Applicant also argues that the cost and nature of the Services is a relevant consideration. I agree the degree of care that might be expected of a prospective consumer approaching a purchasing decision may vary with the circumstances [*Mattel, supra; Clorox Company of Canada, Ltd v Chloretec SEC, 2020 FCA 76*]. I note that the Supreme Court has instructed that the test for confusion remains one of first impression and imperfect recollection even when the goods and services are expensive or important and likely to be researched by consumers. That said, the court accepted that cost is not irrelevant either [*Masterpiece, para 74*]. I accept that sophisticated purchasers of the Services are likely to be more alert and attentive to the associated trademark than a casual consumer making minor purchases. The combination of purchaser sophistication and considerable financial commitment, both in terms of cost and time, decreases the likelihood of an error, even upon first impression and with imperfect recollection.

[122] In spite of the points of differentiation between the services of the parties and the cost and specialized nature of the Services, at heart, the services of both parties primarily involve investments. For this reason, I conclude that the services of the parties are at least somewhat related and find this factor favours the Opponent.

Nature of the Trade

[123] The Applicant's private equity and private investment related services are, as noted above, exclusive. Customers are sophisticated institutional investors, companies and high net worth accredited investors. The accreditation required for individuals allows them to be exempt from the usual requirement for a registered prospectus. The evidence suggests these investors have an elevated level of understanding regarding investments. Also, the investment offerings are associated with a detailed and

sophisticated subscription process that might be expected given the substantial amount of capital contributed. Furthermore, the investments offered by the Applicant are often associated with capital calls requiring contributions from the Applicant's customers over time. Mr. Cohen compares the relationship between the Applicant and its customers to that of a business partner, and I agree this is a fair characterization.

[124] I note that, as seems to be typical for the private equity trade, the Services are promoted not to the general public, but through methods such as private outreach or "by invitation only" events, private placement agents, conference calls and meetings with its prospective institutional, company and accredited investors. Indeed, even the Opponent's affiant, Mr. Pereira, admitted that accredited investors are generally more sophisticated than purchasers of mutual funds and that the general public would probably not come across private equity investments. This contrasts with the Opponent's Registered Services which are generally marketed to ordinary investors who are not necessarily sophisticated and are therefore protected through prospectus requirements.

[125] Owing to the differences outlined above, I find the nature of the trade is such that the channels relied on by the parties, to promote and offer their services, differ meaningfully. I therefore conclude that the channels of trade associated with mutual funds investment differ from those used for private equity investment, even if these services all fall under the category of financial investment. As such, this factor favours the Applicant slightly.

Other Surrounding Circumstances

Scope of Famous Marks

[126] The Applicant argues that, rather than strengthening the Opponent's case as one might expect, the fame of the Opponent's DYNAMIC trademarks reduces the likelihood of confusion. The Applicant's argument is essentially that fame is a double-edged sword [Applicant's written representations, paras 178 to 184]. The Applicant relies on *Adidas AG v Globe International Nominees Pty Ltd*, 2015 FC 443 (*Adidas*) at paras 63-64 and *Imperial Oil Ltd. v. Superamerica Stations Inc.* [1967] 1 Ex. C.R. 489, 47 C.P.R. 57 (Ex.

Ct.) at 66 (Imperial Oil), in support of this argument. Although asserted by the Applicant, it is not clear how the principle expressed in Adidas (if considered something other than *obiter dicta*) applies to the facts and evidence in this case. Additionally, I note that the purported principle has not been accepted in other courts. For example, the Federal Court in *Wool Bureau of Canada, Ltd. v Queenswear (Canada) Ltd*, [1980] F.C.J. No. 208 stated that it did not necessarily follow that a trademark could become so well known and so widely used that no possibility of confusion exists, relying on the similar findings of the *Assistant Comptroller in Ana Laboratories Ltd.'s Appl'n* (1951), 69 R.P.C. 146.

[127] To the extent any “longstanding principle” of fame being a double-edged sword exists at all, I do not consider the “scope of famous marks” as alleged by the Applicant to be a relevant factor in its favour.

Absence of actual confusion

[128] Evidence of instances of actual confusion is not essential for establishing a likelihood of confusion. However, concurrent use of two trademarks without actual confusion is a surrounding circumstance which can suggest an absence of a likelihood of confusion, depending on the specific nature and duration of that concurrent use [see *Dion* at para 19; see also *Maple Leaf Consumer Foods Inc v Kelbro Enterprises Inc*, 2012 TMOB 28, 99 CPR (4th) 424].

[129] The Applicant argues that it is appropriate to draw an adverse inference from the absence of evidence of confusion [Applicant’s written representations, para 185]. In support, the Applicant relies on Mr. Zeiter’s evidence and answers on cross-examination that, while he would have been the individual within the company to whom confusion would be reported, this never happened [Zeiter affidavit, para 17 and transcript Q 354].

[130] An adverse inference may normally only be drawn when concurrent use of both parties’ trademarks has been extensive [*Dion* at para 164]. As argued by the Opponent at the oral hearing, considering the limited use and promotion of the Mark in Canada, I am not convinced that there is evidence of extensive concurrent use in this case.

Moreover, the evidence suggests the respective services are not offered through the same channels of trade and this might also explain the absence of confusion. As such, I do not consider this to be a surrounding circumstance favouring the Applicant.

Family of Trademarks

[131] A family of trademarks may result in an increased likelihood of consumers assuming that an applied-for trademark is simply another trademark of an opponent [*McDonald's Corp v Yogi Yogurt Ltd* (1982), 66 CPR (2d) 101 (FCTD); *Air Miles International Trading B.V. v SeaMiles LLC* (2009), 76 CPR (4th) 369 (TMOB) at para 46]. In the present case, the Opponent alleges it possesses a family of trademarks as a further surrounding circumstance for consideration when assessing confusion. However, to rely on a family of trademarks an opponent must prove use of each mark of the alleged family [*McDonald's Corp v Alberto-Culver Co* (1995), 61 CPR (3d) 382 (TMOB)]. I note that the Opponent's evidence is lacking in specificity regarding to what extent each specific trademark in the Opponent's DYNAMIC Trademarks is used. Nonetheless, the evidence, considered in its totality, does show some specific use of at least as number of the Opponent's DYNAMIC trademarks.

[132] The Opponent has not defined its "family of DYNAMIC trademarks." The Applicant submits that, in the English language, the family comprises DYNAMIC, as a prefix and a modifier of the following words in its trademarks. In support of this the Applicant relies on Mr. Pereira's admission that the Opponent's mutual funds asserted in his affidavit follow the same format, namely, beginning with DYNAMIC followed by the name of the fund, with DYNAMIC modifying the fund name [Applicant's written representations, para 112 and 114 and Second Pereira transcript Qs 140 to 142].

[133] I agree the family comprises DYNAMIC followed by the name of the fund. Examples from the First Pereira affidavit include:

- Exhibit 4 shows DYNAMIC REAL ESTATE & INFRASTRUCTURE INCOME FUND which corresponds to the Opponent's registration No. TMA789,492.
- Exhibit 7 shows DYNAMIC VENTURE OPPORTUNITIES FUND which corresponds to the Opponent's registration No. TMA759,751.

- Exhibit 8 shows DYNAMIC MUTUAL FUNDS which corresponds to the Opponent's registered trademark No. TMA447,388.
- Exhibit 20 shows DYNAMIC POWER AMERICAN GROWTH FUND which corresponds to the Opponent's registration No. TMA876,303].

[134] However, the presumption of the existence of a family is rebutted where there is evidence that the alleged family's common feature is registered or used by others [*Thomas J. Lipton Inc v Fletcher's Fine Foods Ltd* (1992), 44 CPR (3d) 279 (TMOB) at 286 and 287]. In this case there is evidence of use of the term DYNAMIC by others, as discussed above. Furthermore, I note that the format of the Mark, CAPITAL DYNAMICS comprising a noun that precedes the term DYNAMIC, does not fit within the Opponent's family of trademarks generally comprising DYNAMIC followed by additional language. Therefore, I find this surrounding circumstance does not assist the Opponent.

Conclusion - Section 12(1)(d) ground of opposition

[135] Having regard to all surrounding circumstances and applying the test of confusion as a matter of first impression and imperfect recollection, I find that, at best for the Applicant, the probabilities are evenly balanced between a finding of confusion with the Opponent's DYNAMIC trademark, and a finding of no confusion. I reach this conclusion in particular because, while the degree of resemblance in appearance, sound and idea suggested favours the Applicant slightly, the Opponent's trademark has been used and promoted extensively in Canada, over an exceptionally long period of time. While the Opponent's DYNAMIC trademark is not inherently distinctive, the magnitude of use and promotion results in the acquisition of some distinctiveness. Additionally, the nature of the services of the parties are related in that they are both financial investment services, even if the channels of trade differ. Accordingly, for this ground of opposition, which is based on registrability, I conclude that the Applicant has failed to discharge its legal burden. This ground of opposition is therefore successful.

SECTION 16(1)(A) GROUND OF OPPOSITION

[136] The Opponent has also pleaded that the Applicant is not the person entitled to registration pursuant to section 16(1)(a) of the Act on the basis that the Mark is

confusing with the Opponent's previously used DYNAMIC Trademarks. With respect to this ground of opposition, there is an initial burden on the Opponent to evidence use of at least one of its trademarks prior to the Applicant's date of first use, namely September 3, 2004, and non-abandonment of its trademark(s) as of the date of advertisement of the Application, namely September 16, 2015. Again, I consider the Opponent's strongest case to involve the trademark DYNAMIC. The Opponent has met its initial evidential burden by way of its evidence showing use of DYNAMIC as a trademark prior to the material date, and non-abandonment as of the date of advertisement.

[137] In my view, the earlier material date for this ground of opposition does not alter the outcome of the confusion analysis conducted for the section 12(1)(d) ground of opposition. That said, there are differences in the weighting and ultimate findings of the surrounding circumstances.

[138] For the purposes of the entitlement ground I am not restricted to the Registered Services but may consider the services associated with the Opponent's funds which are more closely related to those of the Applicant. The Opponent submits that, beyond mutual funds, it offers investment and financial services more generally, such as portfolio and investment management, portfolio solutions, closed end investments, tax assisted investment products and alternative investment products [Opponent's written representations, para 124]. Additionally, I note that the evidence shows the Opponent offers private investment funds not distributed to the public securities market but rather primarily provided to accredited investors. The recipients of these services might be pension funds, financial institutions, government agencies and other investors, including a small portion of individual accredited investors, who are considered sufficiently sophisticated and do not require the protections afforded by a prospectus [First Pereira affidavit, paras 24 and 25 and First Pereira transcript Q 76].

Inherent Distinctiveness and Extent Known

[139] The factor involving the inherent distinctiveness of the trademarks does not change materially from the assessment done under the section 12(1)(d) ground. While

there is no specific evidence of descriptive or third-party use as of the filing date, the dictionary meanings of DYNAMIC and CAPITAL alone allow me to conclude the trademarks are generally weak, with the Applicant's trademark having a slightly greater degree of inherent distinctiveness owing to the combination and ordering of the words CAPITAL DYNAMICS.

[140] The Opponent's evidence shows that the funds sold pursuant to prospectus exemptions were available since at least 2002 [First Pereira affidavit, paras 25 and 26 and Exhibit JP-5]. However, the evidence does not indicate the extent to which these funds were offered or promoted as of the filing date of September 3, 2004. As such, I find the Opponent's DYNAMIC trademark was used or made known in association with these services to a lesser extent at the filing date, compared to the later material date associated with the section 12(1)(d) analysis. Therefore, while this factor still favours the Opponent, it does not do so as strongly as it did in respect of the registrability analysis performed above.

Length of time in Use

[141] Since the Opponent's Dynamic Hedge Funds offering has been available since 2002 [First Pereira affidavit, para 25 and Exhibit JP-5] and the Applicant commenced use of the Mark in 2004, this factor continues to favour the Opponent, if to a lesser extent than in respect of the 12(1)(d) ground of opposition analysis.

Degree of Resemblance

[142] The factor involving the degree of resemblance of the trademarks in appearance, sound and idea suggested does not change from the assessment done under the section 12(1)(d) ground and continues to slightly favours the Applicant.

Nature of Services, Businesses

[143] The Opponent's private funds distributed pursuant to the accredited investor and minimum amount prospectus exemptions are more similar to those of the Applicant than are the Opponent's ordinary mutual funds. Thus, the nature of the services again

favours the Opponent, but to a greater extent than in it did in respect of the registrability assessment.

Nature of the Trade

[144] While there is no evidence that the Opponent's private prospectus-exempt funds are sold through the same channels of trade as those utilized by the Applicant, the similarity in these services, as compared to those of the Applicant, make this more likely. I therefore cannot find this factor continues to favour the Applicant, although there is not sufficient evidence to conclude it favours the Opponent either.

Conclusion Section 16(1)(a) Ground

[145] In summary, the factors of resemblance of the trademarks in appearance, sound and idea suggested favours the Applicant very slightly. However, the inherent distinctiveness and the extent to which the trademarks have become known, as well as the length of time the trademarks have been in use, still favour the Opponent, if less so than in respect of the registrability analysis. The nature of the services and business continues to favour the Opponent and does so to a greater extent than was the case for the 12(1)(d) analysis. Finally, the nature of the trade favours neither party.

[146] I find the consideration of the factors involving fame of the Opponent's trademarks, its alleged family of trademarks and the absence of confusion, do not differ materially from that done in respect of the section 12(1)(d) registrability ground.

[147] Therefore, having regard to all surrounding circumstances and applying the test of confusion as a matter of first impression and imperfect recollection, I find, at best for the Applicant, the probabilities are again evenly balanced between finding of confusion with the Opponent's DYNAMIC trademark, and a finding of no confusion. Accordingly, in respect of this ground of opposition based on entitlement, I conclude that the Applicant has failed to discharge the legal burden upon it in respect of the issue of confusion between the Mark and the Opponent's DYNAMIC trademark on a balance of probabilities and this ground of opposition is successful.

SECTION 16(2)(A) GROUND OF OPPOSITION

[148] The Opponent has also pleaded that the Applicant is not the person entitled to registration pursuant to section 16(2)(a) of the Act on the basis that the Mark is confusing with the Opponent's previously used trademarks. With respect to this ground of opposition, there is an initial burden on the Opponent to evidence use of at least one of its trademarks prior to the date of filing, namely April 12, 2012, and non-abandonment of its trademark(s) as of the date of advertisement of the Application, namely September 16, 2015. The Opponent has met its initial evidential burden by way of its evidence showing use of DYNAMIC since prior to the material date, and non-abandonment as of the date of advertisement.

[149] I find the Applicant's position is overall no stronger as of the filing date, than at the date of first use assessed above under the section 16(1)(a) ground of opposition. For this reason, I find that, again, the Applicant has failed to discharge the legal burden upon it in respect of the issue of confusion between the Mark and the Opponent's DYNAMIC trademark on a balance of probabilities. This ground of opposition is therefore successful.

REMAINING GROUNDS OF OPPOSITION

[150] As the Opponent has already succeeded in respect of multiple grounds of opposition, there is no need to address the section 16(1)(b), 16(2)(b) and 2 grounds of opposition.

DISPOSITION

[151] Pursuant to the authority delegated to me under section 63(3) of the Act, I refuse application No. 1,573,039 pursuant to section 38(12) of the Act.

Coleen Morrison
Member
Trademarks Opposition Board
Canadian Intellectual Property Office

Appearances and Agents of Record

HEARING DATE: 2023-06-05

APPEARANCES

For the Opponent: Charlotte McDonald

For the Applicant: Mark Evans

AGENTS OF RECORD

For the Opponent: Gowlings WLG (Canada) LLP

For the Applicant: Smart & Biggar LP