



Canadian Intellectual Property Office

THE REGISTRAR OF TRADEMARKS

Citation: 2024 TMOB 116

Date of Decision: 2024-06-18

INTERLOCUTORY RULING

Opponent: Take-Two Interactive Software, Inc.

Applicant: GAMOMAT Holding GmbH

Application: 2,168,900 for TAKE 5

OVERVIEW

[1] On April 3, 2024, GAMOMAT Holding GmbH (the Applicant) requested an interlocutory ruling on the sufficiency of some of the pleadings set out in the statement of opposition of February 9, 2024 filed by Take-Two Interactive Software, Inc. (the Opponent). Specifically, the Applicant requested that paragraphs 4(a) and (c) through (g) of the statement of opposition, respectively based on sections 38(2)(a.1), 38(2)(c), 38(2)(d), 38(2)(e) and (f) of the *Trademarks Act* (the Act), be struck.

[2] By way of Office letter of April 5, 2024, the Registrar invited the Opponent to make its submissions in respect of the Applicant's request. In response, on April 25, 2024, the Opponent requested leave to file an amended statement of opposition and made submissions regarding the Applicant's request.

[3] By way of Office letter of May 3, 2024, the Registrar invited the Applicant to advise if it had any comments in respect of the amendments to the statement of opposition as proposed by the Opponent. The Applicant filed its corresponding response on May 24, 2024. I wish to note at this juncture that the Applicant focused its submissions on paragraph 4(g) of the amended statement of opposition based on section 38(2)(f) of the Act.

[4] Now, as I find that at least some of the grounds of opposition asserted in the Opponent's initial statement of opposition of February 9, 2024 were not sufficiently pleaded, I will first address its request for leave to amend.

LEAVE TO AMEND THE STATEMENT OF OPPOSITION

[5] The sought amendments are in response to a request for an interlocutory ruling and the opposition is still at a very early stage. I am therefore satisfied that it is in the interests of justice to grant leave to the Opponent pursuant to section 48 of the *Trademarks Regulations* to amend its statement of opposition.

[6] Accordingly, the present interlocutory ruling pertains to the grounds as amended in the amended statement of opposition of April 25, 2024.

PRELIMINARY REMARKS ON THE AMENDED STATEMENT OF OPPOSITION

[7] The sufficiency of a statement of opposition is governed by section 38 of the Act. Section 38(2) of the Act details the grounds upon which an opposition may be based, and section 38(3) of the Act requires a statement of opposition be set out in sufficient detail to enable an applicant to reply. Therefore, an insufficient ground of opposition would be one that either alleges an improper ground of opposition or does not contain sufficient material facts to enable an applicant to reply.

[8] The Registrar's power to strike all or part of a statement of opposition is set out in section 38(6) of the Act, as follows:

(6) At the applicant's request, the Registrar may ... strike all or part of the statement of opposition if the statement or part of it

(a) is not based on any of the grounds set out in subsection (2);
or

(b) does not set out a ground of opposition in sufficient detail to enable the applicant to reply to it.

[9] A proper pleading alleges the material facts but not the evidence which the opponent intends to submit to establish those facts [*Pepsico Inc v Registrar of Trade-marks* (1976), 22 CPR (2d) 62 (FCTD)]. Further, it is not the purpose of an interlocutory ruling to determine whether or not a valid ground of opposition has a reasonable prospect of success, but rather, whether it contains sufficient material facts.

[10] In light of this and for the reasons set out below, the portion of paragraph 4(g)(ii) relating to sections 38(2)(f)/19 of the Act contained in the amended statement of opposition is hereby struck. The Applicant's request to strike with respect to each of the remaining pleadings is refused.

PARAGRAPH 4(A) OF THE AMENDED STATEMENT OF OPPOSITION - SECTION 38(2)(A.1)

[11] With respect to the section 38(2)(a.1) ground of opposition, the Opponent alleges that the Applicant was fully aware of the Opponent's prior rights, that it filed the application with an intention to harm the Opponent's business, knowing that it could not lawfully use the mark in Canada in association with the Applicant's goods and services, and that the application was filed in a deliberate and bad faith attempt to take advantage of the reputation developed by the Opponent in its relied-upon trademarks and trade name, to deceive consumers into the mistaken belief that the

Applicant's goods and services are those of the Opponent or are in some way related to, associated with, or endorsed by the Opponent. The Opponent also alleges that the Applicant's lack of a license to offer the goods and services as is required and that the filing of the application therefore constitutes trademark squatting.

[12] In my view, the amended statement of opposition addresses the Applicant's concerns raised in its request to strike. First, I note that the allegation that the Applicant "ought to have been" aware of the Opponent's prior rights was removed. As for the allegations of knowledge in the remainder of this pleading—when read in combination with the allegations respecting the Opponent's reputation, that the application was filed with an intention to harm the Opponent's business, and that it constitutes trademark squatting—they can no longer be said to merely recite facts that would be applicable in nearly every case involving allegedly confusing trademarks.

[13] In other words, I find that this ground, as amended, provides the Applicant with sufficient facts to understand the case it has to meet and reply. As such, it will not be struck.

PARAGRAPHS 4(C), (D) AND (E) OF THE AMENDED STATEMENT OF OPPOSITION - SECTIONS 38(2)(C)/16(1)(A) AND (C) AND SECTIONS 38(2)(D)/2

[14] The amended statement of opposition also addresses the Applicant's concerns with respect to the sections 38(2)(c) and (d) grounds of opposition as the Opponent clarifies the nature of its business and of its relied-upon goods and services. Particularly regarding paragraph 4(e), the Opponent further specifies the reason for which the opposed trademark is alleged not to be distinctive. As such, these grounds will also not be struck.

PARAGRAPH 4(F) OF THE AMENDED STATEMENT OF OPPOSITION - SECTION 38(2)(E)

[15] With respect to the section 38(2)(e) ground of opposition, the Opponent alleges that the Applicant was not using and did not propose to use the trademark in Canada in association with the applied-for goods and services because the Applicant is not an organization authorized to conduct gaming, gambling and lottery activities, it has not been licensed to do so, and has no intention of securing such a license.

[16] As amended, this ground of opposition alleges why the Applicant has not used the applied-for trademark, nor proposes to use it. As such, again, I find that the Applicant has sufficient facts to understand the case it has to meet and reply.

PARAGRAPH 4(G) OF THE AMENDED STATEMENT OF OPPOSITION - SECTION 38(2)(F)

[17] With respect to the section 38(2)(f) ground of opposition, the Opponent alleges that the Applicant was not entitled to use the applied-for trademark because it is unlawful and contravenes sections 7(b), 19, 20 and 22 of the Act, as well as sections 202, 206 and 207 of the *Criminal Code*.

[18] Despite the Opponent's revisions to the statement of opposition, the Applicant maintains that the allegations concerning sections 19 and 20 of the Act should not be pleaded in combination with a section 38(2)(f) ground of opposition, and that the allegations concerning section 22 of the Act and sections 202, 206 and 207 of the *Criminal Code* remain insufficient. I note that the Applicant made no submissions regarding the revised allegations concerning section 7(b) of the Act.

[19] The focus of the section 38(2)(f) ground of opposition is indeed whether an applicant can lawfully use the applied-for trademark in Canada.

With respect to applications advertised prior to June 17, 2019, challenges to the lawfulness of an applicant's use based on non compliance with a federal statute were often considered under section 30(i) of the Act as it read before June 17, 2019 (the old Act). I remain of the view that, due to the similarity with section 30(i) of the old Act, the jurisprudence pertaining to same may in some circumstances still inform the interpretation of section 38(2)(f) of the Act.

[20] It has been held that a ground of opposition based on section 30(i) of the old Act in combination with section 7(b) of the Act is a valid ground of opposition [see *Dairy Processors Association of Canada v Producteurs Laitiers du Canada/Dairy Farmers of Canada*, 2014 FC 1054; and *Bojangles' International LLC v Bojangles Café Ltd*, 2006 FC 657].

[21] Section 7(b) of the Act is considered to be the statutory expression of the law of passing off and a pleading respecting it should contain facts, which, if proven, would establish the following: the existence of goodwill, deception of the public due to a misrepresentation and actual or potential damage [for example see *Diageo Canada Inc v Heaven Hill Distilleries Inc*, 2017 FC 571].

[22] I am satisfied that the part of the ground of opposition here based on section 7(b) of the Act, is sufficient when considered in the context of the amended statement of opposition as a whole. Notably at paragraphs 3, 4(a), (e) and (g) the Opponent references use and/or the significant reputation of its relied-upon trademarks in Canada from which it can be inferred that there may be goodwill attaching to these trademarks. The amended statement of opposition also contains multiple allegations that the use of the applied-for trademark is confusing with these trademarks which, if true, would meet the misrepresentation element of the passing off test [*Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2016 FCA 69 at para 21].

Finally, I consider based on these facts that an allegation of actual or potential damage to the Opponent is implied such that the Applicant has sufficient material facts to reply. Accordingly, at this early stage of the proceeding, on a balance of probabilities, I am not satisfied that this part of this ground of opposition should be struck.

[23] A ground of opposition based on section 30(i) of the old Act in combination with section 22 of the Act has been found by the Registrar to be a valid ground of opposition [see *McDonald's Corporation and McDonald's Restaurants of Canada Limited v Hi-Star Franchise Systems, Inc*, 2020 TMOB 111]. Allegations involving section 22 should contain facts, which, if proven, would establish the following: use of the trademark, goodwill, likely connection or linkage made by consumers, and likelihood of depreciation [see *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée*, 2006 SCC 23].

[24] As I found in respect of the ground of opposition concerning section 7(b) above, I find sufficient goodwill in the Opponent's registered trademarks can be inferred based on its allegations of use throughout the amended statement of opposition and given that a likelihood of confusion is alleged, a likelihood of depreciation is implied, such that the Applicant has sufficient material facts to reply. Accordingly, at this early stage of the proceeding, on a balance of probabilities, I am also not satisfied that this part of this ground of opposition should be struck.

[25] As for sections 19 and 20, first, with respect to the Applicant's arguments referencing impropriety and duplicative pleadings heavily relying on previous unreported rulings [December 2, 2020 and January 11, 2021; application No. 1,859,406; trademark POMME (DESSIN)], none of these decisions stand for the proposition that allegations concerning sections 19-20 are *always* improper when pleaded in combination with a section 38(2)(f) ground of opposition, as implied by the Applicant in its submissions.

[26] In this regard, as indicated above, section 38(2)(f) is a distinct ground of opposition that raises the issue of whether an applicant can lawfully use a trademark as opposed to a trademark's registrability pursuant to sections 38(2)(b)/12 or even as opposed to an applicant's entitlement to register that trademark pursuant to sections 38(2)(c)/16 [see for example *INTS It Is Not The Same, GmbH and Stefanyshyn Ltd*, 2022 TMOB 256, where a pleading based on the combination of sections 38(2)(f)/20 appears to have been accepted as valid in principle, but was unsuccessful because the trademarks were found to be not confusing; and *Chocoladefabriken Lindt & Sprüngli AG and Maureen Smith*, 2023 TMOB 127, where a similar ground based on infringement of a registered mark was accepted]. As such, the material date for a section 38(2)(f) ground will differ from that respecting a ground of opposition based on section 38(2)(b) and even, depending on the evidence eventually submitted, from that respecting a ground of opposition based on section 38(2)(c).

[27] In addition, each statement of opposition is to be taken in its own context and read as a whole.

[28] In this case, I am not satisfied that the part of the ground of opposition based on sections 38(2)(f)/20 of the Act, when considered in the context of the entire statement of opposition (which, as indicated above, references circumstances other than sole confusion), is necessarily improper such that it should be struck at the pleadings stage. I am also of the view that, as amended, it is set out in sufficient detail to enable the Applicant to reply.

[29] That being said, I strike the ground of opposition based on sections 38(2)(f)/19 of the Act as, assuming the truth of all of the allegations of fact, I do not find that this ground as pleaded would result in an arguable case [see *Manufacturers Life Insurance Company v British*

American Tobacco (Brands) Limited, 2017 FC 436]. Contrary to section 20 of the Act which is broader in scope, section 19 pertains to infringement claims concerning use of a mark that is identical to the registered trademark(s) relied-upon [see *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2019 FCA 295; and *Sadhu Singh Hamdard Trust v Navsun Holdings Ltd*, 2021 FC 602]. The Opponent here relies on trademarks that are not identical.

[30] I finally turn to sections 202, 206 and 207 of the *Criminal Code*. As indicated above, the Opponent alleges that the Applicant is not an organization authorized to conduct gaming, gambling and lottery activities, it has not been licensed to do so, and has no intention of securing such a license.

[31] The Applicant submits that it is left to guess which offences it would be committing by using the applied-for trademark, and in association with which goods or services, given that the Opponent fails to specify which parts of the pleaded *Criminal Code* provisions would be contravened, and does not identify which of the listed goods and services would be contrary to those provisions. More specifically, the Applicant submits the following:

Each of subsections 202(1) and 206(1) lists 10 separate offences. For example, paragraph 202(1)(a) provides that a person commits an offence who “uses or knowingly allows a place under his control to be used for the purpose of recording or registering bets or selling a pool”, while paragraph 206(1)(i) provides that a person commits an offence who “receives bets of any kind on the outcome of a game of three-card monte”.

Here, the Statement of Opposition leaves the Applicant guessing whether it needs to respond that, by using its trademark in Canada, it would or would not be “[using] or knowingly [allowing] a place under [its] control to be used for the purpose of recording or registering bets or selling a pool” (contrary to paragraph 202(1)(a)) or “[receiving] bets of any kind on the outcome of a game of three-card monte” (contrary to paragraph 206(1)(i)), or whether it would be committing any of the other at least 18 offences enumerated under sections 202 and 206. Without knowing this, the Applicant also cannot know which of the myriad exceptions it would be entitled or presumed to rely on

under the *Criminal Code* (see e.g., *Star Island Entertainment, LLC v Provent Holdings Ltd*, 2015 TMOB 25 at para 30).

[32] The Opponent disagrees and submits the following:

... To the contrary, the pleading is clear that the Applicant was not entitled to "use the Mark in Canada *in association with the Applicant's Goods and Services* because they are contrary to sections 202, 206 and 207 of the *Criminal Code*"

The Opponent cannot know the full scope of the Applicant's goods and services which include the likes of "computer game software for playing online casino games, games software for playing games on casino games, casino services, gambling services, online casino gaming services, online gambling services ". Given the scope of the listed goods and services the Applicant's goods and services may very well be for example, "for the purposes of recording or registering bets or selling a pool" or receiving "bets of any kind on the outcome of a game of three-card monte". This is within the knowledge of the Applicant. The scope of the application is broadly worded such that the Applicant's goods and services, as described in the application and as pleaded in the statement of opposition, would be contrary to section 202, 206 and 207 of the *Criminal Code*.

As noted by the Board in *Star Island Entertainment, LLC v Provent Holdings Ltd*, 2015 TMOB 25 (CanLII):

[27] ...lottery schemes that are operated "on or through a computer" in Canada may only be conducted by the provinces who, furthermore, are not entitled to license another party to conduct such a scheme ...

[29] ...the Registrar must consider whether there is a prima facie case pursuant to the general principle that he cannot condone registration of a mark if the applicant's use would violate Federal legislation

In *Interprovincial Lottery Corporation v Country Line Dance*, 2002 CanLII 61485 (CA TMOB) the entire application which was for: "lottery tickets, namely, break-open ticket games; printed tickets; disposable ticket sets for playing games of chance and Retail sale of lottery tickets; wholesale of printed tickets; distributorships in the field of lottery tickets; wholesale distributorships featuring lottery tickets" was refused on the basis that it was contrary to section 206 and 207 of the *Criminal Code*.

The Opponent therefore submits that it is not reasonable nor required that it limit its claim at the pleadings stage to specific goods and services. The Amended Statement of Opposition properly alleges that all of the applied for goods and services are contrary to section 202, 206 and 207 of the Criminal Code and pleads sufficient material facts in support of that allegation.

[33] I am in general agreement with the Opponent's submissions and find that it has disclosed sufficient basis to support this part of the section 38(2)(f) ground of opposition which will also not be struck. The issue raised by the Applicant in this respect should in my view be addressed on its merits when a decision is rendered pursuant to section 38(12) of the Act.

DEADLINE TO FILE A COUNTER STATEMENT

[34] In accordance with its request of April 3, 2024, the Applicant is granted one month from the date of this ruling within which to file and serve its counter statement.

Iana Alexova
Member
Trademarks Opposition Board
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Agents of Record

For the Opponent: Gowling WLG (Canada) LLP

For the Applicant: Wilson Lue LLP