

**IN THE MATTER OF AN OPPOSITION
by Perks Coffee Habit Limited to application
No. 730,929 for the trade-mark PERCS & Design
filed by Percs Gourmet Coffees Inc.**

On June 9, 1993, the applicant, Percs Gourmet Coffees Inc., filed an application to register the trade-mark PERCS & Design (illustrated below) for the following wares:

- (1) novelty items, namely cups, saucers and mugs; clothing items, namely t-shirts and hats; and coffee-related paraphernalia, namely coffee grinders, coffee percolators and cappuccino machines and
- (2) specialty coffees and beans

and for the following services:

- (1) franchising services and
- (2) restaurant services.

The application is based on use of the mark in Canada since June of 1992 for the wares and services marked (2) and on proposed use for the wares and services marked (1). The application was amended to include a disclaimer to the words FINE, COFFEE and BEANS and was subsequently advertised for opposition purposes on December 28, 1994.



The opponent, Perks Coffee Habit Limited, filed a statement of opposition on May 25, 1995, a copy of which was forwarded to the applicant on July 21, 1995. Leave to amend the statement of opposition was granted three times during the course of this proceeding. The most current version of the statement of opposition was filed on January 8, 1997.

The first ground of opposition is that the applicant's application does not conform to the requirements of Section 30(b) of the Trade-marks Act because the applicant did not use its applied for trade-mark with the wares and services marked (2) since June of 1992 as claimed. The second ground of opposition is that the applicant's application does not conform

to the requirements of Section 30(i) of the Act because the applicant was aware of the opponent's trade-marks and trade-name as of the filing date of the present application.

The third ground of opposition is that the applied for trade-mark is not registrable pursuant to Section 12(1)(d) of the Act because it is confusing with the opponent's trade-mark PERKS & Design (illustrated below) registered under No. 367,764 for "coffee and coffee beans" and for the following services:

operation of an outlet dealing in the retail sale of baked goods and restaurant services.



The fourth ground of opposition is that the applicant is not the person entitled to registration pursuant to Section 16(1)(a) of the Act because, as of the applicant's claimed date of first use for the wares and services marked (2), the applied for trade-mark was confusing with the opponent's registered trade-mark, its unregistered trade-mark PERKS and its unregistered trade-mark PERKS & Design comprising the reverse image of the central portion of its registered mark all previously used and made known in Canada by the opponent with its registered wares and services and with the additional wares "donuts, croissants and danishes." The fifth ground is that the applicant is not the person entitled to registration pursuant to Section 16(3)(a) of the Act because, as of the applicant's filing date for the wares and services marked (1), the applied for trade-mark was confusing with the opponent's three trade-marks previously used and made known in Canada by the opponent.

The sixth and seventh grounds of opposition are also based on prior entitlement in view of the opponent's use of its trade-name Perks prior to the applicant's filing date and its claimed date of first use. The eighth ground is that the applicant's trade-mark is not distinctive because it is confusing with the opponent's trade-marks and trade-name.

The applicant filed and served a counter statement on August 21, 1995. Leave to amend the counter statement was granted on two occasions. The most current version of the counter statement was filed on September 24, 1997.

As its evidence, the opponent submitted an affidavit of its President, Michel Lindthaler, and a certified copy of its registration No. 367,764. As its evidence, the applicant submitted an affidavit of its Vice-President, Nizar Ahmed. Mr. Ahmed was cross-examined on his affidavit and the transcript of that cross-examination and the subsequently filed replies to undertakings given during the cross-examination form part of the record of this proceeding. Both parties filed a written argument and an oral hearing was conducted at which both parties were represented.

As for the opponent's first ground of opposition, the onus or legal burden is on the applicant to show its compliance with the provisions of Section 30(b) of the Act: see the opposition decision in Joseph Seagram & Sons v. Seagram Real Estate (1984), 3 C.P.R.(3d) 325 at 329-330 and the decision in John Labatt Ltd. v. Molson Companies Ltd. (1990), 30 C.P.R.(3d) 293 (F.C.T.D.). There is, however, an evidential burden on the opponent respecting its allegations of fact in support of that ground. That burden is lighter respecting the issue of non-compliance with Section 30(b) of the Act: see the opposition decision in Tune Masters v. Mr. P's Mastertune (1986), 10 C.P.R.(3d) 84 at 89. Furthermore, Section 30(b) requires that there be continuous use of the applied for trade-mark in the normal course of trade since the date claimed: see Labatt Brewing Company Limited v. Benson & Hedges (Canada) Limited and Molson Breweries, a Partnership (1996), 67 C.P.R.(3d) 258 at 262 (F.C.T.D.). Finally, the opponent's evidential burden can be met by reference to the applicant's own evidence: see Labatt Brewing Company Limited v. Molson Breweries, a Partnership (1996), 68 C.P.R.(3d) 216 at 230 (F.C.T.D.).

On cross-examination, Mr. Ahmed stated that one of his companies, Gourmet Croissant Ltd., owned and operated the business that used the applied for trade-mark PERCS & Design in June of 1992 (see page 14 of the Ahmed transcript). Another one of Mr. Ahmed's companies was Sunset Tours Ltd. which had been incorporated prior to 1992 with the

intention of operating a tour company. That business never materialized and, according to Mr. Ahmed, Sunset Tours Ltd. remained essentially a shell company until he decided to have it operate his coffee shop business. Sunset Tours Ltd. changed its name to Percs Gourmet Coffees Inc. in November of 1992. It did not operate the PERCS & Design business in June of 1992 (see pages 13-14 of the Ahmed transcript).

In view of the above, I consider that the opponent has met its evidential burden respecting the first ground of opposition. The Ahmed transcript indicates that the applicant (under its previous name Sunset Tours Ltd.) did not operate the PERCS & Design business that commenced in June of 1992. It would appear that the entity conducting the business at that time was Gourmet Croissant Ltd. and that company is not listed as a predecessor-in-title in the present application. At the oral hearing, the applicant's agent submitted that at all material times Gourmet Croissant Ltd. operated the PERCS & Design business under license from the applicant, first as Sunset Tours Ltd. and then as Percs Gourmet Coffees Inc. If such was the case, however, it was incumbent on the applicant to evidence this arrangement which it did not do. The applicant has therefore failed to meet the legal burden on it to show that it used the applied for trade-mark by itself or through a licensee since June of 1992 as claimed. The first ground of opposition is therefore successful respecting the wares and services marked (2).

As for the second ground, it does not raise a proper ground of opposition. Although the opponent alleged that the applicant was aware of the opponent's trade-marks and trade-name prior to filing the present application, it did not allege that the applicant was aware that its mark was confusing with the opponent's marks and name. Thus, the second ground is unsuccessful. If I am wrong in this conclusion, the success or failure of the second ground turns on the issue of confusion between the marks of the parties.

As for the ground of opposition based on Section 12(1)(d) of the Act, the material time for considering the circumstances respecting the issue of confusion with a registered trade-mark is the date of my decision: see the decision in Conde Nast Publications Inc. v. Canadian Federation of Independent Grocers (1991), 37 C.P.R.(3d) 538 at 541-542 (T.M.O.B.).

Furthermore, the onus or legal burden is on the applicant to show no reasonable likelihood of confusion between the marks at issue. Finally, in applying the test for confusion set forth in Section 6(2) of the Act, consideration is to be given to all of the surrounding circumstances including those specifically set forth in Section 6(5) of the Act.

As for Section 6(5)(a) of the Act, the words FINE COFFEE & BEANS and the representation of a coffee percolator in the applicant's mark are descriptive of a restaurant operation that deals in coffee, coffee beans and related wares. The component PERCS is somewhat suggestive since it appears to be derived from the word "percolate" or "percolator." Thus, although the applicant's mark is inherently distinctive, it is not an inherently strong mark.

According to Mr. Ahmed, the applied for mark has been used in one location in downtown Edmonton, Alberta since June of 1992 in association with what appears to be a small coffee bar which also serves a limited line of food items. Mr. Ahmed did not indicate the sales associated with the applied for mark. Thus, I am only able to conclude that the trade-mark PERCS & Design has become known to some extent in downtown Edmonton.

The opponent's registered mark is dominated by the component PERKS, which appears to be derived from the word "percolate", and a representation of a cup of coffee. Those components of the mark are therefore suggestive of a restaurant which sells coffee, coffee beans and related snacks. The opponent's registered mark is therefore also not an inherently strong mark although it does possess a slightly greater degree of inherent distinctiveness than the applicant's mark.

In his affidavit, Mr. Lindthaler states that the opponent began using its registered trade-mark in Halifax, Nova Scotia in August of 1988. The operation subsequently expanded to three coffee shops in the Halifax region and sales up to and including 1995 have totalled in excess of \$6.7 million. Thus, I am able to conclude that the opponent's registered mark has become well known in the Halifax region.

The length of time the marks have been in use favors the opponent . As for the wares, services and trades of the parties, it is the applicant's statements of wares and services and the opponent's statements of wares and services in registration No. 367,764 that govern: see Mr. Submarine Ltd. v. Amandista Investments Ltd. (1987), 19 C.P.R.(3d) 3 at 10-11 (F.C.A.), Henkel Kommanditgesellschaft v. Super Dragon (1986), 12 C.P.R.(3d) 110 at 112 (F.C.A.) and Miss Universe, Inc. v. Dale Bohna (1994), 58 C.P.R.(3d) 381 at 390-392 (F.C.A.). 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 that might be encompassed by the wording. In this regard, evidence of the actual trades of the parties is useful: see the decision in McDonald's Corporation v. Coffee Hut Stores Ltd. (1996), 68 C.P.R.(3d) 168 at 169 (F.C.A.).

There is a direct overlap in the wares and services of the parties. Both the applicant's application and the opponent's registration cover coffee and coffee beans and restaurant services. The remaining wares and services in the applicant's application are closely related to coffee, coffee beans and restaurant services. The trades of the parties would presumably therefore be similar and the evidence of record supports that presumption. Both parties operate what are essentially coffee shops that also sell coffee beans and a limited selection of food items.

As for Section 6(5)(e) of the Act, I consider there to be a fairly high degree of visual resemblance between the marks at issue since one is dominated by the component PERCS and the other is dominated by the component PERKS. The two marks are, for all practical purposes, identical when sounded since it is unlikely that consumers would sound out the minor component FINE COFFEE & BEANS in the applicant's mark. Both marks suggest the similar idea of coffee percolators or percolating coffee.

As an additional surrounding circumstance, the applicant has relied on state of the register evidence. State of the register evidence is only relevant insofar as one can make inferences from it about the state of the marketplace: see the opposition decision in Ports International Ltd. v. Dunlop Ltd. (1992), 41 C.P.R.(3d) 432 and the decision in Del Monte Corporation v. Welch Foods Inc. (1992), 44 C.P.R.(3d) 205 (F.C.T.D.). Also of note is the

decision in Kellogg Salada Canada Inc. v. Maximum Nutrition Ltd. (1992), 43 C.P.R.(3d) 349 (F.C.A.) which is support for the proposition that inferences about the state of the marketplace can only be drawn from state of the register evidence where large numbers of relevant registrations are located.

In the present case, the applicant's state of the register evidence consists of a certified copy of registration No. 272,282 for the trade-mark PERKO & Design for restaurant services. The applicant also sought to rely on a reference to registration No. 323,658 for the trade-mark CAPITAL PERKS for a coffee service appearing in a NUANS search conducted for Mr. Ahmed in 1992 (a copy of which was submitted by the applicant in satisfaction of an undertaking given during the cross-examination of Mr. Ahmed). Even if I could have regard to that second registration, the existence of only two registered trade-marks with no evidence that they are in active use does not allow me to make any meaningful conclusions about the possible common adoption of trade-marks incorporating the component PERK in the restaurant or coffee shop trade.

The applicant also sought to rely on the use of a third party mark CENTRAL PERKS in Edmonton, Alberta. However, the Ahmed cross-examination revealed that that mark has not been in use in Edmonton for some time. Thus, it is of no consequence in the present case.

The applicant also sought to rely on corporate and business names listed in the NUANS search conducted for Mr. Ahmed. However, in the absence of an affidavit from a qualified searcher, I cannot assume that the results shown in the copy submitted are reliable. Even if they are, the listings are for only a handful of names using the component PERC or PERK with no indication of the associated business and no indication that the names are in active commercial use.

The applicant made much of the fact that there is no evidence of instances of actual confusion between the marks at issue. However, given the fact that the applicant's mark is only known to a limited extent in Edmonton and the opponent's mark is only known in the Halifax region, the absence of instances of actual confusion is not surprising.

In applying the test for confusion, I have considered that it is a matter of first impression and imperfect recollection. In view of my conclusions above, and particularly in view of the high degree of resemblance between the wares, services, trades and marks of the parties, I find that the applicant has failed to satisfy the legal burden on it to show that there is no reasonable likelihood of confusion between its applied for mark PERCS & Design and the opponent's registered mark PERKS & Design. Thus, the third ground of opposition is successful.

As for the fourth and fifth grounds of opposition, the opponent has failed to establish making known of its trade-marks pursuant to Section 5 of the Act prior to the applicant's filing date or its claimed date of first use. Thus, that aspect of those two grounds is unsuccessful.

As for the other aspect of the fourth and fifth grounds, the opponent has evidenced use of each of its three trade-marks prior to the applicant's filing date and its claimed date of first use. It has also evidenced non-abandonment of those marks as of the applicant's advertisement date. The two grounds therefore remain to be decided on the issue of confusion between the applicant's mark and the opponent's three marks as of the applicant's filing date and as of its claimed date of first use. My conclusions respecting the third ground of opposition are, for the most part, also applicable to these two grounds. I therefore find that the applicant's mark was confusing with each of the opponent's three trade-marks as of the two material times. Thus, the fourth and fifth grounds of opposition insofar as they are based on prior use of the opponent's trade-marks are successful.

Likewise, the opponent has also evidenced use of its trade-name Perks prior to the applicant's filing date and claimed date of first use. The sixth and seventh grounds therefore turn on the issue of confusion between the applicant's mark and the opponent's name as of the two material times. My conclusions respecting the earlier grounds are generally applicable to these two grounds as well. Thus, the sixth and seventh grounds of opposition are also successful.

As for the eighth ground of opposition, the onus or legal burden is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares and services from those of others throughout Canada: see Muffin Houses Incorporated v. The Muffin House Bakery Ltd. (1985), 4 C.P.R.(3d) 272 (T.M.O.B.). Furthermore, the material time for considering the circumstances respecting this issue is as of the filing of the opposition (i.e. - May 25, 1995): see Re Andres Wines Ltd. and E. & J. Gallo Winery (1975), 25 C.P.R.(2d) 126 at 130 (F.C.A.) and Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. (1991), 37 C.P.R.(3d) 412 at 424 (F.C.A.).

The eighth ground essentially turns on the issue of confusion between the applicant's mark and the opponent's trade-marks and trade-name. Given my conclusions respecting the other grounds of opposition, it also follows that the applicant's mark is confusing with the opponent's marks and name as of the filing of the opposition. Thus, the applicant's mark cannot distinguish its wares and services from those of the opponent, particularly in the Halifax region. The eighth ground is therefore also successful.

In view of the above, and pursuant to the authority delegated to me under Section 63(3) of the Act, I refuse the applicant's application.

DATED AT HULL, QUEBEC, THIS 25th DAY OF NOVEMBER, 1998.

**David J. Martin,
Member,
Trade Marks Opposition Board.**