

**IN THE MATTER OF OPPOSITIONS
by Rainbow Energeteks Inc. to applications Nos.
776,256 and 776,257 for the trade-marks RAINBOW
PLAY SYSTEMS, INC. and RAINBOW & Design
filed by Rainbow Play Systems, Inc.**

On February 21, 1995, the applicant, Rainbow Play Systems, Inc., filed applications to register the trade-marks RAINBOW PLAY SYSTEMS, INC. and RAINBOW & Design (illustrated below). Both applications are based on proposed use in Canada and use and registration in the United States. The first application covers the following wares:

playground equipment; namely, jungle gyms, playhouses, climbing structures, slides, climbing ladders and chin up bars.

The second application covers the following wares:

playground equipment; namely, play structures, comprised of swingsets, climbers, platforms, jungle gyms, play houses, gymnastic apparatus and slides.

The first application includes a disclaimer to the words PLAY and SYSTEMS. The first application was advertised for opposition purposes on October 11, 1995 and the second application was advertised on November 15, 1995.



The opponent, Rainbow Energeteks Inc., filed essentially identical statements of opposition against the two applications on December 8, 1995 and copies were forwarded to the applicant on January 5, 1996. The opponent was granted leave to amend its statement of opposition in each case on February 7, 1996 and again on October 22, 1996.

The first ground of opposition in each case is that the applicant's application does not conform to the requirements of Section 30(i) of the Trade-marks Act because the applicant could not have been satisfied that it was entitled to use the applied for mark in Canada. The

second ground 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 trade-marks RAINBOW HEARTH & LEISURE and RAINBOW HEARTH & LEISURE & Design (illustrated below) registered under Nos. 402,249 and 406,916 for the following services:

- (1) operation of a retail store specializing in the sale of pedal boats, wood holders, fireplace tool sets, fireplace glass doors, match holders and chimneys
- (2) sale of backyard playground equipment
- (3) sale of patio furniture
- (4) operation in [sic] a retail store specializing in the sale of stoves and fireplaces.



The third ground of opposition in each case is that the applicant is not the person entitled to registration pursuant to Section 16 of the Act because, as of the applicant's filing date, the applied for trade-mark was confusing with the two registered trade-marks noted above, the trade-mark RAINBOW & Design and the trade-name Rainbow Energeteks Inc. all previously used in Canada by the opponent with the sale and manufacture of backyard playground equipment. The fourth ground is that the applied for 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 in each case on February 5, 1996. Leave was granted to the applicant in each case on December 10, 1996 to amend its counter statement. As its evidence in each case, the opponent submitted an affidavit of its President, Craig Gutowski. Mr. Gutowski was cross-examined on his affidavit and the transcript of that cross-examination and the replies to undertakings given form part of the record of both oppositions. As its evidence, the applicant submitted an affidavit of David Sadjja, the President of its Ontario distributor, and an affidavit of Jennifer Leah Stecyk. Only the opponent filed

a written argument in each case but an oral hearing was conducted at which both parties were represented.

As for the first ground of opposition in each case, the opponent did not include any supporting allegations of fact. Thus, the first ground does not comply with Section 38(3)(a) of the Act and is unsuccessful.

As for the second ground of opposition in each case, 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 applicant's two marks and the opponent's two registered marks are all inherently distinctive since the word RAINBOW and the design of a rainbow do not have any descriptive or suggestive connotations associated with playground equipment or services related to such wares. Mr. Sadjja attests to sales of about 200 playground equipment systems since March of 1995 in Ontario in association with the applied for trade-marks. The applicant's Ontario distributor spends about \$20,000 a year on advertising the applicant's marks. Thus, those two marks have acquired at least some reputation in Ontario.

According to Mr. Gutowski, the opponent's sales of playground equipment in Ontario in association with its two registered marks for the period 1987 to 1996 were in excess of \$1.4 million. The opponent has also advertised its trade-marks through various means. Thus, the opponent's marks have also acquired a certain reputation although the evidence suggests that that reputation is limited to southern Ontario.

The length of time the marks have been in use favors the opponent. As for Sections 6(5)(c) and 6(5)(d) of the Act, the applicant's wares comprise various types of playground equipment and the statements of services in the opponent's two registrations include the sale of such wares. As stated by Mr. Gutowski in his affidavit, the opponent has been selling playground equipment manufactured by others since 1987. Since 1992, the opponent has also sold playground equipment of its own manufacture in association with its two registered marks.

The trades of the parties are also similar. The opponent operates retail outlets specializing in wood stoves and playground equipment. The applicant's Ontario distributor operates showrooms through which it sells the applicant's playground equipment. The applicant contended that the markets of the parties differ since the opponent does not sell to the commercial market. On cross-examination, Mr. Gutowski confirmed that his company has sold playground equipment primarily to residential customers for backyard use. However, he also noted that the opponent has made some sales to private schools, camps and campgrounds. In any event, the applicant also sells to the residential market such that there is a direct overlap in the actual trades to date. Furthermore, both parties display their goods at trade shows in the Toronto area.

As for Section 6(5)(e) of the Act, there is a high degree of resemblance in all respects between the opponent's two registered marks and the applicant's two marks due to the common use of the distinctive component RAINBOW and/or the design of a rainbow. The other components of the marks at issue are inherently weak and do little to distinguish the marks.

As an additional surrounding circumstance, the opponent sought to rely on evidence of incidents of actual confusion as attested to by Mr. Gutowski. However, on cross-examination, Mr. Gutowski was unable to provide detailed information about any such incidents. Furthermore, he stated that he asked his employees to stop monitoring such

incidents because he didn't want to interrogate his customers. Nevertheless, I believe Mr. Gutowski's testimony that he received telephone calls from individuals who mistakenly believed that they were dealing with the applicant. Thus, I have considered Mr. Gutowski's evidence on point although I must give it reduced weight due to his inability to provide more detail on cross-examination.

A further surrounding circumstance is the state of the register evidence in the Stecyk affidavit relied on by the applicant. 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.

The Stecyk affidavit is deficient in that Ms. Stecyk did not indicate what records her "computer trade-mark search" covered or the reliability of those records although it appears that the data base searched included the Canadian trade-marks register. Thus, the results of Ms. Stecyk's search must be given somewhat reduced weight. However, even if I could give full weight to those search results, they do not advance the applicant's case since they reveal no third party trade-marks including or comprising the word RAINBOW or the design of a rainbow registered for playground equipment. At most, Ms. Stecyk's search report allows me to conclude that the work RAINBOW or the design of a rainbow has been used by some traders for toys, games and the like.

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 resemblance between the wares, services, trades and marks at issue, I find that each

of the applicant's marks is confusing with each of the opponent's registered marks. Thus, the second ground of opposition in each case is successful.

As for the third ground of opposition, the opponent failed to evidence use of its trade-name Rainbow Energeteks Inc. in association with the business of selling playground equipment prior to the applicant's filing dates. Thus, that aspect of the third ground is unsuccessful.

On the other hand, the opponent has evidenced prior use of its two registered marks in association with playground equipment and the sale of such equipment. The opponent has also evidenced prior use of its trade-mark RAINBOW & Design in association with the retail sale of playground equipment. Those aspects of the third ground therefore remain to be decided on the issue of confusion as of the material time which is the filing date of the applicant's two applications.

My earlier conclusions respecting the second ground are also applicable to the third ground. In fact, the opponent's case is even stronger respecting the third ground since, as of the earlier material date, the applicant's marks had acquired no reputation in Canada whereas the opponent's marks had become known to some extent at least in southern Ontario. Thus, I find that the marks at issue are confusing and the remaining aspects of the third ground are successful.

As for the fourth ground of opposition, the onus or legal burden is on the applicant to show that its marks are adapted to distinguish or actually distinguish its wares 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 oppositions (i.e. - December 8, 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.). Finally, there is an evidential burden on the opponent to prove the allegations of fact in support of its ground of non-distinctiveness.

The fourth ground essentially turns on the issue of confusion between the marks at issue. My earlier conclusions respecting the second and third grounds are also applicable here. Thus, I find that the marks at issue are confusing as of the filing of the two oppositions and the fourth ground is 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 applications.

DATED AT HULL, QUEBEC, THIS 18th DAY OF DECEMBER, 1998.

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