

IN THE MATTER OF OPPOSITIONS BY Melcor Developments Ltd. to application No. 714,826 for the trade-mark MELCOR II Design and application No. 714,827 for the trade-mark MELCOR Design filed by Pioneer Plastics Corporation

On October 14, 1992, Pioneer Plastics Corporation filed applications to register the trade-marks MELCOR Design and MELCOR II Design, representations of which appear below, based upon use and registration of the trade-marks in the United States of America in association with:

Decorative plastic laminate for building and construction of countertops, panelling, walls and decorative surfaces in general.

The trade-mark MELCOR Design was registered in the United States under No. 1,342,660 on June 18, 1985 while the trade-mark MELCOR II was registered under No. 1,394,066 on May 20, 1986 for the same wares listed in the present applications.

The trade-marks were advertised for opposition purposes in the *Trade-marks Journal* of September 1, 1993 and, on October 8, 1993, the opponent, Melcor Developments Ltd., filed statements of opposition to each of the applications. In each opposition, the opponent alleged that the applicant's trade-marks are not registrable in view of the provisions of Section 12(1)(d) of the *Trade-marks Act* in that the trade-marks MELCOR Design and MELCOR II Design are confusing with the opponent's registered trade-mark MELCOR Design, a representation of which is shown below, registered on September 9, 1977 under No. 223,013 in association with:

real estate services, planning, consultation, financing the construction industry, community development, house and complex building and maintenance.

Registration No. 223,013

The opponent also alleged that the applicant is not the person entitled to registration of the

trade-marks MELCOR Design and MELCOR II Design in view of Section 16(2)(a) of the Act because, as of the filing date the the present applications, the applicant's trade-marks were confusing with the opponent's trade-mark MELCOR Design, referred to above, previously used in Canada in association with the above-mentioned services. Finally, the opponent claimed that the applicant's trade-marks are not distinctive because they do not distinguish, nor are they adapted to distinguish, the wares of the applicant from the wares of others.

The applicant filed counter statements on January 19, 1994 in which it denied the allegations made by the opponent and attacked the ground of non-distinctiveness on the basis that the phrase "the wares of others" was not sufficiently detailed to permit a proper response as the opponent's own registration covers services. The opponent subsequently was granted leave to amend each of the statements of opposition to change that phrase to "the services of others".

On August 18, 1994, the opponent filed as its evidence in each opposition the affidavit of its Vice-President of Finance, William Garfield Holmes. Mr. Holmes states that the opponent was created in 1976 and has been using the MELCOR Design trade-mark since that time, either itself or through licensees, in association with the services described in the registration. According to the affiant, the trade-mark MELCOR Design was licensed in 1977 to Melcor Homes Ltd., a wholly owned subsidiary of the opponent, for use in association with house and complex building and maintenance; that in 1980, these services were continued by Melcor Homes, a division of the opponent; and that in 1983, these activities were taken over by Melcor Homes Partnership, operating under the trading style of Melcor Homes, also a licensee of the opponent. Mr. Holmes has attached to his affidavit samples of advertising from the years 1983 to 1994, the advertising being directed mainly to new home buyers and featuring styles of new homes and new subdivisions. Mr. Holmes provides advertising expenditures for the opponent's residential land development division which range from approximately \$161,000 in 1993 to in excess of \$600,000 in 1991 and states that during the years 1976 to 1994, Melcor or its subsidiary have constructed more than 2490 residential units and developed more than 7125 residential lots. The affiant has also annexed to his affidavit photocopies of contracts between Melcor Homes and Canac Kitchens Limited as evidence that Melcor does have dealings with parties that are involved in countertops, as well as photocopies of

telephone book listings for eleven cities which indicate that the only listings for “Melcor” are in three Alberta cities and they all refer to the opponent or its licensees.

The applicant filed as its evidence the affidavit of its Vice-President of Finance and Chief Financial Officer, Douglas G. McDonald, who states that his company was founded in 1946 as a manufacturer of high pressure decorative laminates and, on information and belief, that there have been sales to Canadian customers since prior to 1986 of decorative laminates bearing the trade-mark MELCOR and then the trade-mark MELCOR II. While it appears that the trade-mark MELCOR Design is no longer in use, I consider that the applicant’s use of the trade-mark MELCOR II Design constitutes use of the trade-mark MELCOR Design. In this regard, the words and style of lettering used in both trade-marks are identical and the symbol “II” does not constitute a significant addition to the second mark. Consequently, the applicant’s use of its MELCOR II Design trade-mark supports both applications. Further, based on the applicant’s sales records, Mr. McDonald has provided annual sales figures of MELCOR II decorative laminates to its Canadian customers from 1989 to 1995 inclusive. However, the figures provided by Mr. McDonald are actually double the sales figures supported by the accompanying documentation as the subtotals have been added in as if they were sales. Therefore, the sales figures actually range from just over \$4,000 in 1994 to over \$15,000 in 1995. Mr. McDonald states that the MELCOR II product is sold throughout Canada through distributors, a list of whom he attaches as an exhibit, and the distributors sell to customers in the millwork and cabinet industry. The affiant has also annexed as samples of advertising as exhibits to his affidavits.

In its written argument, the applicant has submitted that the opponent is not using its mark as a trade-mark but only as a trade-name as the wording “Melcor Homes” or “Melcor Developments” is used on each advertisement for real estate services provided by the opponent. Approximately three months after filing its written argument, the opponent sought leave to amend its statements of opposition again in order to claim that the applicant is not the person entitled to registration of the trade-marks MELCOR Design and MELCOR II Design as the trade-marks are confusing with its trade-name previously used in Canada. The Opposition Board refused these requests as they were made at such a late stage in the proceedings and the applicant would be prejudiced as it had relied

throughout the proceedings on the grounds of opposition on record.

Having regard to the provisions of Section 4(2) of the *Trade-marks Act*, a trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services. While the opponent's trade-mark MELCOR Design always appear in association with the words "Homes", "Developments" or "Developments Ltd.", these words appear in small type and MELCOR always appears in the design format as registered which serves to distinguish it from the surrounding text. I am satisfied therefore that the opponent has used the mark MELCOR Design as a trade-mark to distinguish its services from those of others, bearing in mind that advertising constitutes use of a trade-mark in association with services.

The first ground of opposition is based on section 12(1)(d) of the *Trade-marks Act*, the opponent alleging that the trade-marks MELCOR Design and MELCOR II Design are not registrable since they are confusing with the opponent's registered trade-mark MELCOR Design. The material date for considering the issue of confusion with a registered trade-mark is the date of my decision [see *Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. and The Registrar of Trade-marks*, 37 C.P.R. (3d) 413 (F.C.A.)]. The legal burden is on the applicant to prove that there would be no reasonable likelihood of confusion between the trade-marks at issue. Moreover, in assessing whether there would be no reasonable likelihood of confusion between the trade-marks at issue within the scope of Section 6(2) of the Act, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in Section 6(5) of the *Trade-marks Act*.

With respect to the inherent distinctiveness of the trade-marks, both party's marks are inherently distinctive. While there may have been some reference to the description of the product when creating the applicant's trade-marks, as suggested by the opponent, any such reference would not be apparent to the average consumer of the applicant's wares and therefore has no impact on the inherent distinctiveness of the trade-marks MELCOR Design and MELCOR II Design. The opponent's trade-mark appears to have become fairly well known in the province of Alberta, given the fact that it has been used there since 1976 and the advertising budget is relatively significant.

The opponent's trade-marks have allegedly been used in Canada since 1986 although no evidence was submitted in support of this assertion. Further, the sales figures provided by the applicant are not such as to establish that its trade-marks have become known to any measurable extent in Canada. As a result, I find that the extent to which the trade-marks at issue have become known weighs in the opponent's favour in these proceedings. Likewise, the length of use of the trade-marks of the parties weighs in the opponent's favour in both oppositions, the opponent's use predating the applicant's claimed use in Canada by at least ten years.

With regard to the nature of the wares and services of the parties, the applicant's laminates bear no similarity to the opponent's services. The opponent has argued, however, that there is an overlap in the nature of the trade of the parties as the applicant's wares may well be used in the construction of new houses and therefore people who come across both marks may assume that the businesses are related. The opponent also implied that the trade-marks at issue may be seen side-by-side as it occasionally displays various materials that can be chosen to go into a new home in order for the buyer to make a selection. However, no evidence was presented by the opponent to indicate that the trade-marks associated with these materials would normally be brought to the attention of users of its services and I am not prepared to assume that such would be the case. On the contrary, I would expect that the average new home buyer would be more interested in the quality, as well as the different finishes and colours of the building products, than with the trade-marks associated with those products. Furthermore, even if potential home buyers or building subcontractors were to see the marks side-by-side, I doubt that they would be likely to assume that a real estate developer has decided to go into the decorative plastic laminate business. Consequently, I do not consider that the channels of trade of the parties are likely to overlap to such an extent that confusion would result, given the difference in the nature of the wares and services of the parties and the fact that the same companies would not normally be involved in both decorative plastic laminate and real estate development.

The trade-marks at issue are very similar in appearance and in sounding although the marks do not suggest similar ideas.

In view of the above, and bearing in mind the differences in the wares and services of the parties and in their respective channels of trade, I have concluded that the applicant has met the legal burden upon it in respect of the issue of confusion and I have therefore rejected the Section 12(1)(d) grounds of opposition.

The second and third grounds of opposition also hinge on the determination of the issue of the likelihood of confusion between the applicant's trade-marks and the opponent's trade-mark MELCOR Design. The material dates for assessing the likelihood of confusion in respect of these grounds are the applicant's filing dates [October 14, 1992] in relation to the Section 16(2) non-entitlement grounds and the date of opposition [October 8, 1993] with respect to the non-distinctiveness grounds of opposition. However, the differences in the material dates do not have any significant impact on the determination of the issue of confusion between the trade-marks of the parties. Thus, my finding above that the trade-marks at issue are not confusing likewise applies to these grounds of opposition which I have therefore rejected.

Having been delegated by the Registrar of Trade-marks pursuant to Section 63(3) of the *Trade-marks Act*, I reject the opponent's oppositions pursuant to Section 38(8) of the Act.

DATED AT HULL, QUEBEC THIS 13th DAY OF NOVEMBER, 1996.

G.W.Partington,
Chairman,
Trade Marks Opposition Board.