

IN THE MATTER OF AN OPPOSITION by Toys "R" Us (Canada) Ltd. to application No. 586,352 for the trade-mark NUTS 'R' US filed by Manjel Inc.

On April 27, 1987, the applicant, Manjel Inc., filed an application to register the trade-mark NUTS 'R' US based upon use of the trade-mark in Canada since March 1987 in association with services identified as:

"the operation of a retail outlet for the sale of popping corn kernels, shelled nuts, nuts, chocolates, candies, candied coated peanuts, snack foods comprising a mixture of nuts; novelty items containing any one of the following items, popping corn kernels, shelled nuts, nuts, chocolates, candies, candied coated peanuts, or snack foods comprising mixtures of nuts"

and in association with the following wares:

"popping corn kernels, shelled nuts, nuts, chocolates, candies, candied coated peanuts, snack foods comprising a mixture of nuts; novelty items containing popping corn kernels, shelled nuts, nuts, chocolates, candies, candied coated peanuts, or snack foods comprising mixtures of nuts"

The applicant disclaimed the right to the exclusive use of the word NUTS apart from its trade-mark.

The opponent, Toys "R" Us (Canada) Ltd., filed a statement of opposition on March 30, 1989. The first ground of opposition is that the applied for trade-mark is not registrable pursuant to Section 12(1)(d) of the Trade-marks Act because it is confusing with the opponent's "very well known and distinctive family of R US trade marks", including the registered trade-mark R US, registration No. 353,213, covering "retail department store services" and the following wares:

"toys of all kinds, namely tableware consisting of cups, saucers, plates, cutlery, napkins and table covers, cake decorations, party invitations, trucks, puppets, music boxes, foams for use as imitation creams for shaving and cooking by children, umbrellas, watches, wagons, banks, trains, return tops, inflatable dummies, tool boxes, typewriters, soap and toothpaste dispensers, doll clothing, balls, halloween bags, rulers/calculators, plush toys, flashlights, pianos, sunglasses, pens, magnifying glasses, backpacks, stamp pads, novelty drinking straws, zipper clips, calendars, dolls, liquids for producing soap bubbles, balloons, crayons, wipe-offs, colour books, stamp and ink pad sets, writing pads, pencil tabs, memos, car racing sets, trains, mugs, wagons, gift wrapping paper, inflatable arm bands, inflatable pools; infants' teething rings and pacifiers; table lamps and night lamps; combs and hair brushes, blankets; infants' booties, pants, hosiery, bibs and pyjamas, swim suits, T-shirts, sweatshirts, jackets, sandals, and wipes"

and the opponent's registered trade-mark TOYS "R" US Design, a representation of which appears below, registration No. 227,944, covering "department store services specializing in toys and children's products" and the following wares:

"toys of all kinds, namely tableware consisting of cups, saucers, plates, cutlery, napkins and tablecovers, cake decorations, party invitations, trucks, puppets, music boxes, foams for use as imitation creams for shaving and cooking by children, umbrellas, watches, wagons, banks, trains, return tops, inflatable dummies, tool boxes, typewriters, soap and toothpaste dispensers, doll clothing; infants' teething rings and pacifiers; table lamps and night lamps; combs and hair brushes; blankets; infants' booties, pants, hosiery, bibs and pyjamas".

Registration No. 227,944

The second 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 (March, 1987), the applicant's trade-mark NUTS 'R' US was confusing with the opponent's family of R US trade-marks, including the trade-marks R US and TOYS "R" US Design previously used or made known in Canada by the opponent and its predecessor-in-title in association with toys of all kinds, infants', toddlers, girl's and boy's wearing apparel, and department store services including the sale of snack foods, candy and confectionery.

The third ground is that the applicant is not the person entitled to registration pursuant to Section 16(1)(b) of the Act because, as of the applicant's claimed date of first use, the applied for trade-mark was confusing with the trade-mark KIDS "R" US Design (represented below) for which an application (serial No. 506,849) had previously been filed on July 18, 1983 covering the following wares: "Wearing apparel, namely polo shirts, jeans, shorts, short sets, swimwear and hosiery for infants, toddlers, girls and boys".

Serial No. 506,849

The final ground is that the applied for trade-mark is not distinctive in view of the allegations set forth in the above grounds of opposition.

The applicant filed and served a counter statement in which it denied the allegations of confusion between its trade-mark and the trade-marks of the opponent.

The opponent filed as its evidence the affidavit of Elliott Wahle while the applicant submitted as its evidence the affidavits of Neville Rodricks and Robert H.C. MacFarlane. As evidence in reply, the opponent submitted the affidavit of John D. Miller and a second affidavit of Elliott Wahle.

The opponent alone filed a written argument and both parties were represented at an oral hearing.

At the oral hearing, the parties commented on the decision of the Opposition Board in Toys "R" Us (Canada) Ltd. v. Babies-R-Us Inc., 35 C.P.R. (3d) 170 where the Board rejected the opposition by the present opponent to registration of the trade-mark BABIES-R-US for "photographic services". However, the Board's decision in the BABIES-R-US opposition is of limited assistance in determining the outcome of this opposition. When the BABIES-R-US opposition was decided, the material date for assessing the Section 12(1)(d) ground was considered to be the date of opposition whereas Section 12(1)(d) grounds must now be assessed as of the date of my decision in view of the intervening decision of the Federal Court of Appeal in the Park Avenue case. As a result, certain elements of the opponent's evidence which were irrelevant in the BABIES-R-US opposition are relevant to a determination of the Section 12(1)(d) grounds in this case. Further, unlike the BABIES-R-US case, the applicant in this opposition filed evidence in support of its application and was represented at the oral hearing. In both oppositions, the opponent's evidence comprised an affidavit of Elliott Wahle which, from the comments of the hearing officer relating to the deficiencies in the opponent's evidence in the BABIES-R-US opposition, would appear to be substantially identical to the first Wahle affidavit filed in this proceeding.

The opponent's first, second and fourth grounds are based on allegations of confusion between the applicant's trade-mark NUTS 'R' US and the opponent's alleged family or series of R US trade-marks owned and registered by it. The concept of considering the issue of confusion other than by way of a mark by mark comparison as contemplated by the Trade-marks Act arose in McDonald's Corporation et al v. Yogi Yogurt Ltd. et al., 66 C.P.R. (2d) 101. In that case, Cattanach, J. stated that the presumption of the existence of a series of trade-marks arises when trade-marks which have common characteristics are registered in the name of one owner and are used by the one owner. In such a case, the learned trial judge noted that the "registration of such marks is tantamount to a single registration combined of those several marks". The following comments of Mr. Justice Cattanach at page 114 are of particular relevance:

"While the presumption of a series of trade marks can arise at the time of an application for the registration of a trade mark with the consequence indicated the same presumption does not arise in opposition proceedings. Before any similar inference as would arise from the presumption can arise in opposition proceedings based upon the use of the other marks any such use must be established by evidence.

The question therefore is whether the appellants have discharged the onus cast upon them of establishing the existence of a series of marks owned by the corporate appellant with which the application by the corporate respondent for the registration of the trade mark MCYOGURT may conflict. That is to be discharged by the establishment of the use of the trade marks sufficient to constitute a family."

In the present case, the opponent has not discharged the onus upon it of establishing a family or series of trade-marks comprising the element R US. Rather, as noted below, and as conceded by the opponent's agent at the oral hearing, the opponent's evidence does not establish that it has used the trade-marks R US or KIDS "R" US Design in Canada.

In view of the above, the Section 12(1)(d) grounds of opposition remain to be decided on the basis of the allegations of confusion between the applicant's trade-mark and the opponent's registered trade-marks TOYS "R" US Design and R US. The material time for considering the circumstances respecting the issue of confusion with a registered trade-mark under Section 12(1)(d) is as of the date of my decision (see Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. and The Registrar of Trade Marks, (1991), 37 C.P.R. (3d) 413 (FCA) and Conde Nast Publications, Inc. v. The Canadian Federation of Independent Grocers, (1991), 37 C.P.R. (3d) 538 (TMOB)). Furthermore, the onus or legal burden is on the applicant to show no reasonable likelihood of confusion between its trade-mark NUTS 'R' US and the opponent's registered trade-marks R US and TOYS "R" US Design. In applying the test for confusion set forth in Section 6(2) of the Trade-marks Act, consideration is to be given to all of the surrounding circumstances including, but not limited to, those specifically set forth in Section 6(5) of the Act.

The opponent failed to file evidence relating to its registrations and I have therefore exercised the Registrar's discretion to review the registers in order to confirm the existence of the two registrations being relied upon by the opponent. In this regard, I would note that registration No. 227,944 for TOYS "R" US Design and registration No. 353,213 for R US presently stand in the name of Geoffrey Toys (Canada) Ltd., the opponent having apparently assigned its rights in these marks to Geoffrey Toys on April 13, 1992. However, the present opponent is free to rely upon third party registrations in respect of its Section 12(1)(d) grounds although I would have thought that the opponent would have brought the matter of the assignment of its rights in its trade-marks TOYS "R" US Design and R US to the attention of the Opposition Board.

The applicant's trade-mark is phonetically equivalent to the phrase "nuts are us" which is highly suggestive, if not descriptive, of the applicant's wares and services. As such, the applicant's trade-mark is a weak mark possessing little inherent distinctiveness. In his affidavit, Neville Rodricks, Executive Vice-President of the applicant, attests to annual sales of the applicant's wares in association with its NUTS 'R' US trade-mark from 1987 to 1990, the total during this time being approximately \$925,000. As a result, the applicant's trade-mark has become known in Canada as of the material time.

The opponent's trade-mark TOYS "R" US Design is phonetically equivalent to the phrase "toys are us" which is highly suggestive, if not descriptive, of the opponent's wares and services (see Toys "R" Us (Canada) Ltd. v. Babies-R-Ups Inc., 35 C.P.R. (3d) 170, at page 173). As in the case of the applicant's mark, the opponent's trade-mark TOYS "R" US Design is inherently weak. On the other hand, the opponent's registered trade-mark R US possesses a somewhat greater degree of inherent distinctiveness than does the opponent's TOYS "R" US Design mark.

The opponent submits that there has been continuous and extensive use in Canada by it and its predecessor of its family of R US trade-marks and that, as a result, its marks have acquired a considerable reputation in Canada. In his first affidavit, Mr. Wahle has only furnished a global sales figure and advertising expenditures for 1988 alone, the value of wares sold by the opponent for that year exceeding \$150,000,000 while advertising expenditures exceeded \$4,000,000. In the absence of a breakdown of sales or advertising expenditures associated with each of the opponent's marks, I have concluded that most, if not all, of the opponent's sales and advertising has involved the trade-mark TOYS "R" US Design. Nevertheless, based on these figures and the opponent's evidence relating to its operation of 27 TOYS "R" US Design retail outlets in Canada, I have concluded that the opponent's trade-mark TOYS "R" US Design has developed a significant reputation in Canada as applied to the operation of retail outlets selling primarily toys and children's wearing apparel. On the other hand, the opponent's registered trade-mark R US has not become known to any extent in Canada.

In view of the above, the extent to which the trade-marks at issue have become known favours the opponent in respect of its registered trade-mark TOYS "R" US Design. Likewise, the length of time the trade-marks have been in use also weighs in the opponent's favour in relation to the trade-mark TOYS "R" US Design. In particular, the applicant commenced use of its trade-mark NUTS 'R' US in March 1987 while the opponent, through its predecessor-in-title, appears to have commenced use of its trade-mark TOYS "R" US Design in Canada some time prior to 1984.

The opponent's wares covered by its registered trade-marks bear no similarity to any of the wares or services covered in the applicant's application. With respect to the respective services of the parties, the applicant's application covers the operation of a retail outlet selling the applicant's wares while the opponent's registrations cover retail department store services. The applicant's operation of a retail outlet is somewhat similar to the opponent's retail department store services even though the wares sold in the retail outlets differ.

The trade-marks TOYS "R" US Design and NUTS 'R' US bear some resemblance in appearance and in sounding when considered as a matter of immediate impression and imperfect recollection, the opponent's mark being dominated visually by the stylized lettering and reverse R elements of the mark. The ideas suggested by the trade-marks differ, the applicant's mark suggesting a business specializing in the sale of nuts whereas the opponent's mark suggests a business specializing in toys. On the other hand, the applicant's trade-mark NUTS 'R' US is quite similar both visually and in sounding to the opponent's registered mark R US in that the applicant has effectively adopted the entirety of the opponent's registered mark as an element of its trade-mark. However, the trade-marks R US and NUTS 'R' US do not suggest any particular idea in common.

As a further surrounding circumstance, both parties have used their respective trade-marks in Canada without any evidence of instances of actual confusion having been adduced by the opponent. While this is not a particularly significant factor in assessing the likelihood of confusion between the trade-marks at issue in view of the limited sales of the applicant's NUTS 'R' US products to date, it is nevertheless a surrounding circumstance which weighs in the applicant's favour in this opposition.

As yet a further surrounding circumstance, the applicant by way of the MacFarlane affidavit submitted evidence of searches for the words "R" US undertaken by the affiant of the INSIGHT Data Base using its Canadian Corporate Names and Trade Marks data bases. Having regard to the Miller affidavit submitted in reply to the MacFarlane affidavit, little, if any, weight can be accorded the results of the trade-mark search as all but two of the marks disclosed by the search are trade-marks of the applicant or the opponent, or identify trade-mark applications which either have been abandoned or have been opposed by the opponent. On the other hand, even excluding the corporate and business name entries of the parties, the results of the corporate names search revealed some 185 corporate or business name entries. In reply, Mr. Miller states that he is personally aware of a number of corporations which have changed their corporate names from one including the "R" US component while three companies listed in the printout have ceased business operations. Miller also notes that "a number of companies which have received cease and desist letters from the Opponent or who are in the process of changing their name". The Miller affidavit is not specific as to the number of companies which have changed their names, are in the process of changing their names, or have received cease and desist letters from the opponent. It is interesting to note that there is an Ontario business entry for NUTS 'R' US and Mr. Miller does not identify this as being one of the companies to which a cease and desist letter was sent by the opponent. Even having regard to the Miller affidavit, it is clear that there are more than 150 business and corporate name entries identified

in the results of the name search undertaken by Mr. MacFarlane which include the R US component as part of their name. I am therefore prepared to infer that at least some of the companies identified in Exhibit "A" to the MacFarlane affidavit are carrying on business in Canada and that a significant number of businesses have adopted and used the R US element as part of their name.

In determining whether there would be a reasonable likelihood of confusion between the trade-marks at issue, I have considered that it is a matter of first impression and imperfect recollection. Further, I have borne in mind the admission made by the opponent's trade-mark agent at the oral hearing that the opponent would never sell the applicant's NUTS 'R' US products in its retail stores. In view of the above, and having regard in particular to the inherent weakness of the trade-marks at issue, the fact that the applicant's wares and services bear little, if any, similarity to the wares and services covered in the opponent's registrations, and the common adoption of the expression R US as a component of corporate or business names, I have concluded that the applicant has met the legal burden upon it in respect of the issue of confusion. I have therefore rejected the first ground.

As for the second ground of opposition, the material time for considering the circumstances is as of the applicant's claimed date of first use (March, 1987). Since the opponent has failed to evidence any use of its trade-mark "R" US, the second ground is unsuccessful in so far as it relies on prior use of that mark. Likewise, the opponent has failed to establish its use of the trade-mark TOYS "R" US Design in association with the sale of confectionery and candy prior to the applicant's claimed date of first use. In this regard, paragraph 4 of the first Wahle affidavit is a conclusion of law with respect to the opponent's use of its trade-marks while the only invoice comprising Exhibit "A" to the Wahle affidavit which might relate to either confectionery or candy is dated subsequent to the material date.

The opponent has, however, established its prior use and non-abandonment of the trade-mark TOYS "R" US Design for the operation of toy stores prior to the applicant's filing date. This ground therefore remains to be decided on the basis of the allegation of confusion between applicant's trade-mark and the opponent's trade-mark TOYS "R" US Design. However, the opponent's case in respect of the issue of confusion is even weaker than its Section 12(1)(d) ground in that the sales and advertising figures provided by Wahle for 1988 are subsequent to the material date and must therefore be disregarded. I have therefore rejected this ground of opposition.

The opponent has relied upon its application for registration of the trade-mark KIDS "R" US Design in respect of its third ground of opposition. While the opponent failed to file evidence

relating to its application, I checked the records of the Trade-marks Office and confirmed that the opponent's trade-mark application was filed July 18, 1983, prior to the applicant's claimed date of first use. Further, the applicant's application was still pending as of the applicant's advertisement date (November 30, 1988). The third ground therefore involves a determination of the issue of confusion between the applicant's mark and the opponent's mark KIDS "R" US Design as applied to the wares covered in that application. However, no evidence of use of its trade-mark KIDS "R" US Design has been filed by the opponent and the wares covered in the opponent's pending application bear no similarity whatsoever to either the wares or services covered in the applicant's application. As a result, I find that there would be no reasonable likelihood of confusion between the trade-marks NUTS 'R' US and KIDS "R" US Design and have therefore rejected the third ground of opposition.

The final ground of opposition relating to the alleged non-distinctiveness of the applicant's mark is based on the allegations of confusion set forth in the opponent's first three grounds of opposition. Thus, the fourth ground is also unsuccessful.

I reject the opponent's opposition pursuant to Section 38(8) of the Trade-marks Act.

DATED AT HULL, QUEBEC, THIS 30TH DAY OF NOVENBER 1992.

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