



LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADE-MARKS

Citation: 2016 TMOB 104
Date of Decision: 2016-06-30

IN THE MATTER OF AN OPPOSITION

Air Miles International Trading B.V.

Opponent

and

AIR CHINA LIMITED

Applicant

**1,488,588 for PHOENIXMILES &
DESIGN**

Application

I Introduction

[1] Air China Limited (the Applicant), is a China based airline that operates international routes serving many different countries, including Canada. It has applied to register the trade-mark PHOENIXMILES & DESIGN (as shown below) under application no. 1,488,588.



[2] The application for the Mark covers the following services:

Operation of an airline; air transportation services for persons, cargo and freight; travel planning, travel scheduling and travel agency services, namely, arranging, organizing, providing information about and making reservations for the transport of passengers and goods by road, rail, sea and air, arranging, organizing, providing information about and making reservations for hotel accommodation, meals, sight-seeing tours and

entertainment and providing charter air services; Chauffeur services; Operation of a shipping business, namely, pickup, packaging, storage, transportation and delivery of miscellaneous goods for others.

[3] Colour is claimed as a feature of the trade-mark. The words AIR CHINA, PHOENIXMILES and the Chinese characters are in black, and the waves and arrow are in red.

[4] The translation of the Chinese characters below the word PHOENIXMILES in the Mark is "Best friends of Air China" and the transliteration is Guo-Hang-Zhi-Yin. The Chinese characters below the words AIR CHINA translate into "Air China Limited" and transliterate into Zhong-Guo-Guo-Ji-Hang-Kong-Gong-Si.

[5] Air Miles International Trading B.V. (the Opponent) is the owner of a family of trade-marks and trade-names consisting of or incorporating AIR MILES. Its trade-marks have been used extensively and become very well-known in Canada, primarily in association with a customer loyalty reward program.

[6] The Opponent has opposed the Applicant's application on the basis of an allegation that there is a likelihood of confusion between the Mark and its well-known family of AIR MILES trade-marks and trade-names. In addition, the Opponent has raised a number of technical grounds of opposition.

[7] For reasons that follow, the opposition is unsuccessful.

II File History

[8] The application for the Mark was filed on July 14, 2010. It is based upon use in Canada since October 1, 1995.

[9] It was advertised in the *Trade-marks Journal* for opposition purposes on October 26, 2011 and a statement of opposition was filed by the Opponent on March 26, 2012.

[10] The grounds of opposition include: non-registrability (section 12(1)(d)); non-entitlement (sections 16(1)(a), 16(1)(b) and 16(1)(c)); non-distinctiveness (section 2); and non-compliance (sections 30(a), 30(b) and 30(i)).

[11] The Applicant served and filed a counterstatement denying each of the allegations set out in the statement of opposition on July 13, 2012.

[12] In support of its opposition, the Opponent filed nine affidavits: the affidavit of Michael Louis Kline, sworn November 12, 2012 (the Kline affidavit); the affidavit of James MacLeod, sworn October 22, 2012 (the MacLeod affidavit); the affidavit of Dr. John K. Chambers, sworn November 13, 2012 (the Chambers affidavit); the affidavit of Cliff Swaters, sworn October 16, 2012 (the Swaters affidavit); the affidavit of Elizabeth Futo, sworn October 18, 2012 (the Futo affidavit); the affidavit of Lawrence Tim Sinke, sworn October 17, 2012 (the Sinke affidavit); the affidavit of Gordon Ripley, sworn October 18, 2012 (the Ripley affidavit); the affidavit of Dewi Roach, sworn November 12, 2012 (the Roach affidavit); and the affidavit of Caitlin Russell, sworn November 13, 2012 (the Russell affidavit).

[13] Notably, certified copies of the applications and registrations for the Opponent's trademarks as identified in Schedules "A" and "B" to the statement of opposition were included in Exhibit 34 to the Kline affidavit and a Certificate attesting to the Canadian registration of the Opponent's business names was included in Exhibit 10 to the Kline affidavit.

[14] Only Mr. Kline, Dr. Chambers and Ms. Russell were cross-examined on their affidavits. Copies of the transcripts of their cross-examinations, together with any exhibits and answers to undertakings have been made of record.

[15] As evidence in support of its application, the Applicant filed the affidavit of Zhang Tian, sworn November 27, 2013 (the Tian affidavit) and the affidavit of Dane Penney, sworn November 29, 2013 (the Penney affidavit). Both of the affiants were cross-examined and the transcripts of their cross-examination, together with exhibits and answers to undertakings have been made of record.

[16] As evidence in reply, the Opponent filed the affidavit of Meredith Bacal, sworn October 29, 2014 (the Bacal affidavit) and the affidavit of Adam Greenberg, sworn October 30, 2014 (the Greenberg affidavit). Neither of these affiants was cross-examined.

[17] Both parties filed written arguments and attended a hearing on March 1, 2016.

III Onus and Material Dates

[18] The applicant in an opposition proceeding bears the legal onus of establishing on a balance of probabilities that its application complies with the requirements of the Act. However, there is an initial evidential burden on an opponent to adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exist [see *John Labatt Limited v The Molson Companies Limited* (1990), 30 CPR (3d) 293 (FCTD) at 298].

[19] The material dates with respect to the grounds of opposition are as follows:

- sections 38(2)(a)/30 - the filing date of the application [*Georgia-Pacific Corp v Scott Paper Ltd* (1984), 3 CPR (3d) 469 (TMOB) at 475];

- sections 38(2)(b)/12(1)(d) - the date of my decision [*Park Avenue Furniture Corporation v Wickes/Simmons Bedding Ltd and The Registrar of Trade Marks* (1991), 37 CPR (3d) 413 (FCA)];

- sections 38(2)(c)/16(1)(a), (b) and (c) - the claimed date of first use in the application;

- sections 38(2)(d)/2 - the date of filing of the opposition [*Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* (2004), 2004 FC 1185 (CanLII), 34 CPR (4th) 317 (FC)].

IV Evidence

IV.1 Opponent's Evidence

Kline Affidavit

[20] Mr. Kline identifies himself as the Senior Vice President, Legal and Corporate Affairs, of LoyaltyOne, Inc. ("Loyalty"), formerly known as Loyalty Management Group Canada Inc. [para 1]. Loyalty has an exclusive license to use and sub-license in Canada, the Opponent's trademarks (as set out in the statement of opposition), which Mr. Kline refers to collectively as the AIR MILES Marks [para 1]. The Opponent exercises control over the character and quality of the goods and services in association with which Loyalty uses the AIR MILES Marks in Canada. Further, public notice is given in advertising, publications, direct mailings and on Loyalty's

website, that the AIR MILES Marks are the property of the Opponent and are used under license in Canada by Loyalty [paras 5-8, Exhibits 1-3].

[21] Loyalty has provided an incentive reward program in Canada in association with the AIR MILES Marks since 1992 [para 9]. The program involves licensed users (“Program Sponsors”) issuing AIR MILES reward miles as an incentive to customers to purchase the Program Sponsors’ goods and services [para 10]. The Program Sponsors pay fees to Loyalty based on the number of AIR MILES reward miles that they issue [para 11]. Loyalty, on its own behalf and on behalf of the Opponent, has direct or indirect control of the character and quality of the goods and services provided in association with the AIR MILES Marks [para 12]. Further, Program Sponsors are required to indicate in all advertising, promotional and other material depicting any of the AIR MILES Marks that the Opponent is the owner of the Marks and that AIR MILES Marks are used under license [para 13].

[22] At various points in time since 1994, AIR MILES reward miles have been available at over 100 retail banners operated by Program Sponsors. For example, Westjet, Northwest Airlines Inc., Holiday Inn Hotels, Budget Car and Truck Rental, Metro, Sobeys, The Liquor Control Board of Ontario, Boston Pizza, Goodyear, Shell, Sport Chek, Hudson’s Bay Company, Rona, Primus, Century 21 and Bank of Montreal. The AIR MILES Marks are displayed by Program Sponsors to show that they issue AIR MILES reward miles in exchange for customers’ patronage [para 14].

[23] Members of the public enrol in the AIR MILES reward program as “Collectors” [para 15]. An individual’s status as a Collector is evidenced by an AIR MILES card featuring an account number particular to the Collector. When a Collector makes a qualifying purchase, the Collector presents his or her card and the Collector is credited with reward miles that can be accumulated and redeemed for services such air travel, hotel accommodation, car rental, vacation packages, cruises, etc. and for a wide array of merchandise [paras 16, 65-73; Exhibits 6-8 and 27-31]. In addition, credit card and financial services have also been and continue to be a component of the AIR MILES reward program [paras 74-79; Exhibits 6-8, 32 and 33].

[24] The use of the AIR MILES reward program and the AIR MILES marks in Canada has been extensive. In paragraph 32, Mr. Kline states that by 1994, one billion AIR MILES reward

miles had been issued to Collectors in Canada and by 1998 one million redemption transactions had been processed in Canada. These numbers steadily increased and by 2007, twenty-six billion AIR MILES reward miles had been issued to Collectors in Canada and twenty-seven million redemption transactions had been processed in Canada [para 32].

[25] Since the beginning of 2000, over 65% of Canadian households have had a Collector, representing over 9 million enrolled individual Collectors [para 33]. The AIR MILES reward program launch in 1992 was supported by an extensive advertising campaign [para 36-38; Exhibits 11-13].

[26] Since at least as early as 1994, Loyalty and its Program Sponsors have together spent millions of dollars in advertising the AIR MILES reward program in print, in electronic media and on radio and television in Canada. The advertising always refers to the AIR MILES marks and the identity of the Opponent as owner and Loyalty as its licensee [para 34].

[27] Mr. Kline provides background pertaining to the advertising and promotion of the AIR MILES reward program in paragraphs 38 to 47 of his affidavit. Specific details, along with numerous exhibit materials have been provided in paragraphs 48 to 64 and Exhibits 15 to 26 of his affidavit.

[28] From 1998 to the present, Loyalty itself has spent over \$15 million annually on advertising the AIR MILES reward program [para 42]. Total advertising spend was significantly higher than this, as it does not take into account advertising and promotion by Program Sponsors [para 42].

[29] Loyalty's revenues from the operation of the AIR MILES reward program in Canada have consistently exceeded \$100 million per year since 2000 [para 33].

[30] From my review of the exhibits attached to Mr. Kline's affidavit, it appears that the marks which are most often used are the word mark AIR MILES and various logos such as or similar to the one shown below, which are registered marks relied upon by the Opponent in the statement of opposition:



[31] Mr. Kline’s testimony permits me to conclude that the use of AIR MILES, discussed above, inures to the benefit of the Opponent by virtue of section 50 of the Trade-marks Act. I would further note that use of the above sort of logo also qualifies as use of AIR MILES *per se* [*Registrar of Trade-marks v. Compagnie Internationale* (1985) 4 CPR(3d) 523 (FCA); *Nightingale Interloc v. Prodesign Ltd.* (1984), 2 CPR(3d) 535 (TMOB); *Air Miles International Trading BV v Cathay Pacific Airways Limited*, 2012 TMOB 80 (CanLII) at paras 9-10].

[32] Mr. Kline also attaches to his affidavit, certified copies of the Opponent’s registrations for its various AIR MILES Marks used in association with the AIR MILES reward program that incorporate the words AIR and MILES, including AIR MILES [para 80; Exhibit 34].

MacLeod, Futo, Roach, Ripley, Sinke and Swaters affidavits

[33] As noted by both of the parties, these affidavits collectively provide additional information and exhibits about the use and promotion of the AIR MILES Marks in Canada, as well as supporting evidence about the reputation that the AIR MILES Marks have in Canada.

[34] Ms. Futo identifies herself as an employee of a marketing and survey company located in Toronto, Ontario [paras 1 to 5]. The company was commissioned by Loyalty in 2005 and 2006 to conduct studies/surveys to track levels of awareness and of membership in various reward programs and credit card programs in the Canadian market [para 6]. The questions that were asked during the surveys and the survey results are attached as Exhibits 1 to 6 of Ms. Futo’s affidavit. The first question asked in the survey was “Which one name comes to mind when you think of programs where you collect points or miles for purchases you make, and the points can be redeemed for free rewards?” The results indicate that the AIR MILES reward program was by far the best known.

[35] Mr. Swaters identifies himself as an employee of a marketing and survey research organization located in Toronto, Ontario during the period June 2000 to June 2004 [paras 1 to 5]. The company was commissioned by Loyalty's predecessor, in December 2001, to conduct a survey similar to the one conducted by Ms. Futo, discussed above. The results of the survey, as well as copies of the questions asked, are attached as Exhibits 1-4 to Mr. Swaters' affidavit. The results indicate that the AIR MILES reward program was by far the best known of several reward programs offered in Canada in December 2001.

[36] Mr. Ripley identifies himself as the Executive Vice President, Client Service, of Corsential ULC in Toronto, Ontario [para 1]. He states that his company has been conducting quantitative consumer and business surveys across the United States and Canada for over 30 years [para 2]. Mr. Ripley attests to his credentials and to the regularity of the manner in which the surveys referred to in the Swaters and Futo affidavits were conducted [paras 5 to 9].

[37] Mr. Sinke identifies himself as the president of a marketing, data collection and survey research organization located in Mississauga, Ontario [para 1]. He states that in 2008, 2009, 2010 and 2011, his company was commissioned by Loyalty to conduct similar surveys to those which were described in the Futo and Swaters affidavits [paras 6 to 8]. The results of these surveys and copies of the questions asked are attached as Exhibits 1 to 12 of his affidavit [paras 9 to 20]. The results show significant brand awareness and "top of mind" awareness for AIR MILES.

[38] Mr. Roach identifies himself as an employee of Loyalty [para 1]. He provides information pertaining to an extensive television and radio campaign in Canada in relation to the AIR MILES reward program that ran from January, 2002 to December, 2004 [paras 8 and 9; Exhibit 1]. Mr. Roach provides the approximate dates of the broadcasts, identifies the stations on which the advertisements were broadcast and provides details pertaining to the "gross rating points", "reach" and "frequency" of the broadcasts, to assist in determining the size of the audience that heard the radio advertisements [paras 9 to 14].

[39] Mr. MacLeod identifies himself as the President and Chief Executive Officer of BBM Canada, a broadcast research company [para 1]. He confirms the accuracy of the calculation of the estimated audience sizes for broadcasts of certain radio spots in the radio commercial campaign that was discussed in the Roach affidavit [paras 7 to 9; Exhibits 1 and 2].

Russell Affidavit

[40] Ms. Russell identifies herself as an articulated student-at-law at the law firm of the agent for the Opponent [para 1]. Exhibit 1 of the Russell affidavit consists of print-outs which were obtained from the Applicant's *airchina.ca* website on November 13, 2012 under the menu heading "phoenix miles" [para 3]. The mark which is the subject of the 276' application appears on the print-outs, but the Mark does not. Ms. Russell states that when she attempted to select "communications" under the menu headings on that website, she was redirected to the Applicant's *phoenixmiles.com* website, which was not operable and also to the Applicant's *airchina.com.cn* website [para 4; Exhibit 2]. During cross-examination, Ms. Russell confirmed that she did not make any further attempts to access the inoperable website to see if it had become operable [Q's 27-29]. Exhibit 3 to the Russell affidavit consists of print-outs obtained from the Applicant's *airchina.com.cn* website, which were also printed on November 13, 2012. They show the Mark, but not the mark that is the subject of the 276' application. Notably, they make reference to the Applicant's flights and feature an "award ticket inquiry" where a search can be performed for flights.

[41] Exhibit 4 consists of print-outs obtained from the "about us" section of the Applicant's *airchina.com.cn* website on November 13, 2012 [para 6].

[42] Exhibit 5 consists of a print-out relating to the Applicant's *airchina.com* website which was obtained from the wayback machine and shows part of a timeline and part of a calendar. Ms. Russell has not explained what the print-out represents and part of its text is cut-off.

Chambers Affidavit

[43] Mr. Chambers was retained by the agent for the Opponent as an "expert linguist" to provide an opinion as to the degree of resemblance (if any) between the trade-marks AIR MILES and PHOENIX MILES in appearance and/or sound and/or the ideas suggested by them [paras 1 to 8]. Mr. Chambers makes the following statements:

- The trade-mark AIR MILES does not literally state the service it provides or that is associated with it [para 10];

- A number of the Opponent’s trade-marks collate other words with the words AIR MILES and/or collate other words with the word MILES. Because of AIR MILES, the collocation of a modifier with the head noun MILES is established as a name for a loyalty reward program. In my opinion, a person familiar with but not an expert in the AIR MILES trade-mark/the AIR MILES group of trade-marks, would have a general first impression that the wares and/or services associated with other MILES formative trade-marks that do not contain a descriptive or distinctive qualifier are either provided by the Opponent or are authorized or approved by the Opponent [paras 10 and 11];

[44] Dr. Chambers further opines that the other elements in the Mark do not lessen the likelihood of a consumer making a mental link between PHOENIX MILES and AIR MILES because the “swoosh” design element “further invokes flight imagery and provides another putative but erroneous link with the flight imagery used by AIR MILES’ [para 12] and because the Chinese characters in the Mark will be seen as “merely decorative”, with the translation of those characters (“Best friends of Air China”) being read as “third party endorsement”, which serve to reinforce an authorization or approval by the Opponent [para 13].

[45] In its written argument, the Applicant pointed out that Dr. Chambers made a number of relevant admissions regarding these findings during cross-examination. Most notably, he admitted that:

- the conclusion that there is linguistic parallelism between the terms PHOENIX MILES and AIR MILES is one that a “linguistically astute” member of the opposition board would be able to reach [Q’s 198-200];
- the alleged link between PHOENIX MILES and AIR MILES in a consumer’s mind is merely a “possible” link and empirical measurement would be required to know the extent of the likelihood of that link being made by consumers [Q’s 128-129];

- while the term AIR MILES does not “literally state the service it provides or that it is associated with it”, the word “MILES” in the phrase “air miles” or “reward miles” can have a metaphorical meaning akin to “points” [Q’s 111-119]; and
- Dr. Chambers is not an expert in semiotics (the study of signs), such as the “swoosh” in the Mark and had not considered the possibility that it could be seen as something other than flight imagery [Q’s 136-140].
- Dr. Chambers does not speak Chinese, nor does he independently know whether the Chinese characters in the Mark actually mean “Best friends of Air China”. He performed the linguistic analysis of the import of those words based on the English translation provided, rather than the Chinese characters themselves [Q’s 178-192].

IV.2 Applicant’s Evidence

Tian Affidavit

[46] Ms. Tian is the Sales Manager of the Air China Limited Office in Vancouver, B.C. She has held this position since 2012. Her responsibilities include the promotion of Air China Limited’s business and the PhoenixMiles Frequent Flyer Program in Canada. As a result of her responsibilities, she is familiar with the use of the Applicant’s AIR CHINA and PHOENIX Design trade-marks, as well as its trade-marks consisting of or including the term PhoenixMiles (discussed in further detail below) in Canada. She states that all of the information contained in her affidavit is either known to her personally or was obtained from the records of Air China Limited, to which she has access [para 1].

[47] In paragraphs 2 to 4 of her affidavit, Ms. Tian provides some background information regarding the Air China Limited. According to Ms. Tian, the Applicant’s route network extends throughout Asia to the Middle East, Western Europe, and North America from its main hub at Beijing Capital International Airport. It operates 284 passenger routes, including 72 international routes, 15 regional routes and 197 domestic routes, covering 29 countries and regions, and 145 cities.

[48] Each year, approximately 200,000 customers arrive in or depart from Canada in Air China aircraft. For example, in 2013, 188,580 customers arrived in or departed from Vancouver in Air China aircraft [para 5; Tian transcript, Q 48 , Tian Undertakings, No. 2 – correcting typographical error in para 5 of Tian affidavit]. In 2010, the revenue generated from these trips was in excess of US\$225 million [para 5]. In paragraph 5, Ms. Tian provides a breakdown of the total annual revenue generated by services offered by Air China between 2004 and 2012 in North America. The figures range from between US\$365,500,000 (2004) to US\$1,136,400,000 (2012). According to Ms. Tian, a significant portion of the revenue is generated by services offered in Canada.

[49] In paragraphs 6 to 11 of her affidavit, Ms. Tian provides details pertaining to the Applicant's use of the AIR CHINA and PHOENIX Design trade-marks and trade-names in Canada. As the Opponent has correctly pointed out, these trade-marks are not the subject of this opposition proceeding. Nevertheless, Ms. Tian explains that the Applicant's primary business is the transportation of people and goods by aircraft and states that the Applicant has operated its business in Canada in association with these trade-marks and trade-names since 1988. She states that they are displayed on the Applicant's fleet of airplanes, at check-in counters, kiosks and ticketing counters in Canada, as well as on complimentary personal care products available during flights and on blankets, pillows, tableware, etc. used during in-flight service [paras 7-11; Exhibits A-C].

[50] In paragraph 12, Ms. Tian explains that the Applicant operates a frequent flyer reward program called PhoenixMiles. The program was launched in 1994. According to Ms. Tian, it has grown steadily for nearly 20 years and as of December 31, 2012, it had 19.97 million members. Ms. Tian states that Air China customers have been able to collect and redeem reward miles for flights to and from Canada since 1994 [para 13]. Notably, Ms. Tian has not indicated what, if any, portion of the revenues referred to in paragraph 5 of her affidavit relates to travel by Canadians in connection with the Applicant's PhoenixMiles frequent flyer program.

[51] According to Ms. Tian, Canadian residents have been members of the PhoenixMiles frequent flyer program since October 1995 and as of October 2012, the program had 49, 582 members in Canada [para 13].

[52] Ms. Tian states that Air China has operated its PhoenixMiles Frequent Flyer Program in Canada, China and other markets since 1994 under the name PhoenixMiles and in association with trade-marks consisting of or including that term, including those shown below:



(the subject of Application No. 1,494,276 for Guo-Hang-Zhi-Yin in Chinese Characters and PhoenixMiles)

(the Mark)



(the subject of Application No. 1,488,588 for PHOENIXMILES & DESIGN)

Ms. Tian refers to the aforementioned marks collectively in her affidavit as the “PhoenixMiles marks” and unless otherwise indicated, I will do the same [paras 15-17; Tian transcript Q’s 24-26].

[53] According to Ms. Tian, these marks are displayed on cards issued to members of the PhoenixMiles Frequent Flyer Program, which enable the members to collect and redeem reward miles. Attached as Exhibit D is a printout from the PhoenixMiles website that shows the manner in which the PhoenixMiles marks are currently displayed on different member cards, including those issued to Canadians. Ms. Tian states that these cards are representative of the member cards that have been issued in Canada since 1995 [para 19]. Approximately 50, 000 of these cards are currently held by members in Canada [para 19].

[54] Notably, the cards shown in the website printouts attached as Exhibit D show a modified version of the Mark (the Chinese characters have been shifted slightly, the component parts are reversed and one of the Applicant’s AIR CHINA trade-marks, appears in close proximity) and the website print-outs themselves show a modified version of the mark which is the subject of

the 276' application (the Chinese characters have been shifted over and one of the Applicant's AIR CHINA trade-marks appears in close proximity). Despite these and other minor modifications, I am of the view that the marks remain recognizable and I consider such use to constitute use of the applied for trade-marks [*Canada (Registrar of Trade Marks) v Cie internationale pour l'informatique CII Honeywell Bull, SA* (1985), 4 CPR (3d) 523 (FCA); *Nightingale Interloc Ltd v Prodesign Ltd* (1984), 2 CPR (3d) 535 (TMOB)].

[55] I note that during cross-examination, Ms. Tian also confirmed that some of the cards shown in Exhibit D, are joint cards, in the sense that they function as both a membership and credit card, which enables members to accrue miles while making purchases [Tian transcript, Q 124]. By way of an undertaking, Ms. Tian confirmed that the word mark PhoenixMiles is used by the Applicant on co-branded credit cards issued by several banks (including, UnionPay and Industrial and Commercial Bank of China) and she provided further examples of such cards [Tian undertaking #4].

[56] While Ms. Tian does not specify how many Canadians have actually departed Canada on the Applicant's flights using miles accumulated as part of its PhoenixMiles frequent flyer program, given the large number of card holders, the number of years the program has been in operation and the number of flights which are operated out of Canada by the Applicant each year, I consider it reasonable to infer that at least some redemptions have occurred in Canada since the inception of the program.

[57] According to Ms. Tian, the PhoenixMiles marks are also displayed on websites operated by Air China, including the Applicant's website for Canadian consumers: www.airchina.ca [para 20]. Ms. Tian states that Canadian consumers can use this website to book flights, check the status of flights, check flight times and check-in for flights [para 20]. The website also provides information on many different topics related to flying and travel generally. Attached as Exhibit E are representative print-outs from this website. I note that the mark which is the subject of the 276' application is prominently displayed thereon. However, the Mark is not. According to Ms. Tian, in each of the years 2009-2011, between 140,000 and 300,000 visitors accessed the Applicant's website [para 21]. Notably, Ms. Tian does not specifically state how many of these

visitors were Canadian. Instead, she simply indicates that she believes that most of them would have been located in Canada or otherwise interested in the Applicant's services in Canada.

[58] Ms. Tian states that the Applicant has actively advertised and promoted its business in Canada since 1988. Advertising expenditures for North America for the years of 2004 to 2009 are provided in paragraph 23 of Ms. Tian's affidavit. Although Ms. Tian does not provide a breakdown for each year for Canada, she does state that a significant portion of the expenditures each year were made in Canada and that a significant portion was in connection with the PhoenixMiles Frequent Flyer program. The figures range from US\$367,419 (2007) to US\$507,599 (2004). Notably, Ms. Tian does not state the extent to which the PhoenixMiles marks have appeared in the Applicant's advertising in Canada, nor does she provide a breakdown of expenditures for each of the PhoenixMiles marks individually. Furthermore, I note that Ms. Tian's affidavit was sworn in 2013 and she has not provided any advertising figures beyond 2009 or attempted to provide any explanation for their absence in her affidavit.

[59] During cross-examination, Ms. Tian explained that the advertising that the Applicant spends money on in North America includes local print media, such as the Vancouver Sun, the Globe and Mail and online media for news and radio [Tian transcript, Q's 199-204]. This includes advertising for the PhoenixMiles frequent flyer program.

[60] Ms. Tian states that the Applicant's www.airchina.ca website links to the Applicant's main PhoenixMiles website which is located at: ffp.aircina.com.cn. Attached as Exhibit F1 are representative printouts from this website. Attached as Exhibit F2 is a printout of a manual provided to elite members of the PhoenixMiles Frequent Flyer Program, which is available for download from the website. No information has been provided regarding the number of Canadians who have visited these pages or downloaded the manual. The same modified versions of the Applicant's PhoenixMiles marks which were shown in Exhibit D also appear in these exhibits.

[61] According to Ms. Tian, the Applicant advertises its business extensively in a variety of publications distributed in Canada [para 24]. Attached as Exhibit G are copies of representative advertisements that have been published in Canadian publications. Ms. Tian states that these advertisements have displayed the PhoenixMiles marks from time to time since 1994 [para 24].

However, I note that the samples shown in Exhibit G only appear display the AIR CHINA and PHOENIX Design marks, rather than the PhoenixMiles marks. I also note that no circulation figures for these publications have been provided.

[62] In paragraph 25, Ms. Tian states that despite the extensive and longstanding operation of PhoenixMiles frequent flyer program in Canada and the extensive and longstanding use of the PhoenixMiles trade-marks in Canada in association with that program, and despite having made inquiries specifically in this regard within her company, she is not aware of any instances in which Canadian consumers have contacted Air China with the mistaken understanding that the PhoenixMiles frequent flyer program is associated with the AIR MILES reward program of the Opponent.

Penney Affidavit

[63] Mr. Penney is a searcher employed by the agent for the Applicant [para 1]. His affidavit consists of print-outs he made from various webpages, search results from a database of Canadian newspapers and the particulars of two trade-marks registered in Canada [paras II-V; exhibits A-D]. I will discuss these in more detail below.

[64] Exhibit A consists of webpages from the websites for a number of airlines, including: United Airlines; Delta Air Lines; U.S. Airways; AIR CANADA; and others. Many of the websites appear to provide a feature to enable passengers to book travel and make reference to routes departing to and from Canadian cities. Many of them also make reference to “miles” or “mileage” within the context of frequent flyer reward or customer loyalty programs. In some instances, the references appear in text describing or promoting the programs. In other instances, the terms are used to reference the programs themselves. Examples of how some of these terms are used in these webpages are set out below:

- webpages from the United Airlines website make reference to a loyalty reward program called “MileagePlus”, that allows members to “earn award miles” and “use award miles” for travel and everyday purchases and activities [Exhibit A, pages 7-13];

- webpages from the Delta Air lines website make reference to a loyalty reward program called “SkyMiles” and mentions the ability of customers to “earn miles”, “pay with miles” and “redeem miles” [Exhibit A, pages 16-82];
- webpages from the U.S. Airways website make reference to a frequent flyer program called “Dividend Miles” and mentions ways to “earn and use miles” [Exhibit A, pages 85-89].
- Webpages from the Air Canada website make reference to its Aeroplan Program, which enables customers to earn and redeem “Aeroplan Miles” [Exhibit A, pages 91-101];
- Webpages from the Lufthansa website make reference to a “Miles & More” program for members [Exhibit A, pages 130-132]; and
- Webpages from the Cathay Pacific Airways website make reference to an “Asia Miles” travel reward program and mentions that members can “earn Asia Miles towards flight awards, upgrades, companion tickets and other lifestyle awards”.

[65] Notably, Mr. Penney did not attempt to ascertain whether the frequent flyer or loyalty programs associated with the aforementioned websites allow Canadian participation.

[66] Attached as Exhibit B to Mr. Penney’s affidavit are print-outs of articles from a large number of other websites, showing references to “frequent flyer programs”, “loyalty programs”, “frequent flyers”, “frequent flyer miles”, and earning, redeeming or using “miles”. The vast majority of the print-outs in Exhibit B appear to come from Canadian on-line sources such as Macleans.ca, Newswire.ca, CBC News – cbc.ca, Life-In-Toronto.com, National Post, CTV, Toronto Star, and others.

[67] In paragraph IV of his affidavit, Mr. Penney states that he was also asked to conduct a search of Canadian newspapers for the phrase “frequent flyer miles” for 2013 and the previous 5 years. To conduct this search, Mr. Penney accessed a database of over 5000 news sources, including newspapers, magazines, blogs and transcripts. The results of his search of Canadian newspaper articles showing where the use of “frequent flyer miles” appeared in each of articles

located are attached as Exhibit C to his affidavit. Mr. Penney's search located a large number of such articles. A number of the articles located make reference to airlines, some of which were previously identified in Exhibit A to Mr. Penney's affidavit.

[68] Exhibit D to Mr. Penney's affidavit consists of the particulars for two trade-mark registrations (TMA778,060 and TMA777,825) for trade-marks incorporating the word "miles", which cover services in the nature of a "frequent flyer program", "transportation of passenger, freight, goods by air, land and sea" and various other services.

[69] I am not prepared to infer from Exhibits A to D of the Penney affidavit that Canadians are accustomed to seeing trade-marks incorporating the word "miles" in the marketplace. As mentioned previously, Mr. Penney did not attempt to ascertain the extent to which any of the frequent flyer or loyalty programs associated with the websites featured in Exhibit A allow for Canadian participation, nor has he provided any details pertaining to the extent to which Canadians have viewed or accessed any of the websites in question. In addition, Exhibit D suggests that Mr. Penney was only able to locate two Canadian registrations for trade-marks incorporating the term "miles" for use in connection with goods or services which are the same as or related to those of the parties.

[70] That being said, due to the large number of references that Mr. Penney managed to locate on-line with respect to customer loyalty or frequent flyer programs and terms such as "miles" in Canadian sources (such as newspapers), I am prepared to infer that customer loyalty or frequent flyer programs and terms such as "miles" are commonly used in the trade and referred to in the media in Canada and that consequently, Canadian consumers would be familiar with such programs and terms. In fact, at the hearing, the Opponent conceded that the words "miles" and "points" are often used interchangeably by consumers in a descriptive sense to describe a type of currency or collectible within the context of a reward or loyalty program.

IV.3 Reply Evidence

Bacal Affidavit

[71] Ms. Bacal is an articling student for the agent for the Opponent's law firm. Her affidavit is responsive to Ms. Tian's evidence regarding the issuance of co-branded credit cards with the Applicant's PhoenixMiles word mark on them. Ms. Bacal attaches the results of online searches and telephone and email inquiries that she made in an attempt to determine whether UnionPay and Industrial and Commercial Bank of China are licensed to carry on business in Canada. She reports that UnionPay is not a federally regulated financial institution in Canada [paras 3-19, Exhibits 3-18], but that Industrial and Commercial Bank of China is federally regulated in Canada [paras 6-7; Exhibits 4-5]. Given that it is the Applicant's word mark PhoenixMiles and not the Mark which appears on the co-branded credit cards, I do not find Ms. Bacal's evidence to be of much assistance. At most, it shows that there is an association between the Applicant's loyalty program and banking or financial institutions.

Greenberg Affidavit

[72] Mr. Greenberg is the Director of Strategy for the Opponent's AIR MILES® reward program and he is responsible for competitive intelligence on behalf of the Applicant's licensee LoyaltyOne [para 3]. Mr. Greenberg conducted various online investigations and searches and attached printouts of webpages from the websites of UnionPay and Industrial and Commercial Bank of China [paras 6-11, Exhibits A-F]. Mr. Greenberg states that through his searches and investigations he was unable to find any notice or reference to PHOENIX MILES being a trademark of Air China Limited or that it was being used under license by any other party [para 12].

V Analysis of Grounds of Opposition

Non-compliance – Section 30(i)

[73] The Opponent has alleged that the Applicant could not have been satisfied that it was entitled to use the Mark in Canada at the time of filing of the application in light of the other allegations raised in the statement of opposition.

[74] Section 30(i) of the Act merely requires that an Applicant declare in its application that it is satisfied that it is entitled to registration of its trade-mark. Where an applicant has provided the requisite statement, a section 30(i) ground should only succeed in exceptional cases, such as where there is evidence of bad faith on the part of the applicant [*Sapodilla Co Ltd v Bristol-Myers Co* (1974), 15 CPR (2d) 152 (TMOB) at 155]. This is not an exceptional case and I note that mere knowledge of the existence of an opponent's trade-mark does not in and of itself support an allegation that an applicant could not have been satisfied of its entitlement to use a mark at the time that it filed its application [*Woot, Inc v WootRestaruants Inc Les Restaurants Woot Inc* 2012 TMOB 197 (CanLII)].

[75] Accordingly, the section 30(i) ground of opposition is rejected.

Non-compliance - Section 30(a)

[76] The Opponent has pleaded that the application does not contain a statement in ordinary commercial terms of each of the specific services in association with which the Mark has been used. The Opponent submits that the application for the Mark appears to cover generic airline transportation and related services, while the evidence suggests that the Applicant is actually using the Mark in association with the operation of a customer loyalty or frequent flyer program service. The Opponent is therefore of the view that the description of the services in the application for the Mark is not in ordinary commercial terms as it is too vague, undefined, overly broad, inaccurate or not specific enough.

[77] I am of the view that the services as set out in the application for the Mark have been defined with sufficient specificity and expressed in ordinary commercial terms. Notably, they are described in a similar or in some cases, identical, manner in the Canadian Intellectual Property Office's *Goods and Services Manual*. Furthermore, I note that whether a mark is properly associated with the services as set out in an application is more appropriately the subject of a section 30(b), 30(d) or 30(e) ground of opposition, as the case may be [*SALT Branding, LLC Limited Liability Company California v Salt Creative Group, Inc*, 2015 TMOB 207 (CanLII)].

[78] Accordingly, the section 30(a) ground of opposition is rejected.

Non-compliance – Section 30(b)

[79] The Opponent has pleaded that the application for the Mark does not comply with section 30(b) of the Act because the Applicant has not used the Mark in Canada since the date claimed in the application, namely, October 1, 1995, in association with each of the classes of services described in the application. The Opponent elaborated on the basis for this ground in its written argument and at the hearing, by submitting that the evidence suggests that the Mark is being used in association with the operation of a customer loyalty or frequent flyer program service, and not in association with the generic air transportation and related services that are covered by the application for the Mark.

[80] The initial burden on an opponent is light respecting the issue of non-conformance with section 30(b) of the Act because the facts regarding an applicant's first use are particularly within the knowledge of an applicant [*Tune Masters v Mr P's Mastertune Ignition Services Ltd* (1986) 10 CPR (3d) 84 (TMOB) at 89]. The Opponent can meet its initial burden under section 30(b) by reference not only to its own evidence but also to the Applicant's evidence [*Labatt Brewing Company Limited v Molson Breweries, a Partnership* (1996), 68 CPR (3d) 216 (FCTD)]. However, the Opponent may only successfully rely upon the Applicant's evidence to meet its initial burden if the Opponent shows that the Applicant's evidence puts into issue the claims set forth in the Applicant's application [*Corporativo de Marcas GJB, SA de CV v Bacardi & Company Ltd* 2014 FC 323 at paras 30-38 (CanLII); *Garbo Group Inc v Glamour Secrets Pro Inc*, 2016 TMOB 59 (CanLII) at para 48].

[81] In the present case, the only evidence filed by the Opponent that is relevant to this ground of opposition is the Russell affidavit. At the time her affidavit was sworn, Ms. Russell was an articulated student-at-law at the law firm of the agent for the Opponent [para 1]. She visited and obtained print-outs from various websites of the Applicant [Exhibits 1-4] and also accessed the wayback machine and printed out a page which was partially cut-off and left unexplained in her affidavit [Exhibit 5]. With the possible exception of Exhibit 5, which is not particularly helpful, all of Ms. Russell's evidence post-dates the material date for assessing this ground of opposition. Interestingly, Exhibit 3 to the Russell affidavit consists of print-outs obtained from the

Applicant's *airchina.com.cn* website that show the Mark and make reference to the Applicant's flights and feature an "award ticket inquiry" where a search can be performed for flights.

[82] Notably, Ms. Russell did not provide any details pertaining to what the parameters for her searches were or how she selected which pages to print from the various websites of the Applicant. Thus, there is no way to know from her affidavit whether she performed exhaustive searches for all uses of the Applicant's trade-marks on its various websites and only managed to come up with only what was included in the exhibits to her affidavit or whether she located more examples and was selective in terms of what went into her affidavit. She was asked a number of questions regarding how she selected the pages that she printed during cross-examination and she confirmed that she was told to print only certain pages and simply did so [Q's 9-13].

[83] I am therefore left to consider whether the Tian affidavit filed by the Applicant is sufficient to enable the Opponent to meet the initial evidential burden upon it so as to put the section 30(b) ground of opposition into issue. I am of the view that it is not.

[84] The Opponent submits that the Applicant has filed an application to cover generic air transportation, travel and related services, but failed to provide any documentary evidence showing use of the Mark in Canada in connection with any of those services that falls within the material date for assessing this ground of opposition. Furthermore, the Opponent points out that the Applicant's affiant (Ms. Tian) has unequivocally stated that the Applicant operates a frequent flyer program service in association with the Mark [paras 15-16].

[85] The Opponent seems to be of the view that because the Applicant is using the Mark in association with the operation of a frequent flyer program and Ms. Tian has clearly stated this to be so in her affidavit, the Applicant cannot also be said to be using the Mark in association with what Ms. Tian has identified in paragraph 7 of her affidavit as being the Applicant's primary business or services or any of the other services listed in the application for the Mark. In order to meet its initial evidential burden, the Opponent therefore appears to rely upon a combination of what is missing from the Applicant's evidence and its own interpretation of what the evidence suggests the Applicant is doing with the Mark. In my view, this is not sufficient.

[86] At the hearing, the Applicant conceded that there are gaps in Ms. Tian's affidavit and that her evidence is deficient in many respects, but submitted that nothing in her affidavit would suffice to put a section 30(b) ground of opposition into issue. I agree.

[87] While it's true that the Opponent's initial burden is light under section 30(b) because it has limited access to information regarding use relative to the Applicant, its burden is not eliminated altogether. There remains an evidential burden on the Opponent to establish facts which, if true, would support a finding that the Applicant had not used the Mark in Canada prior to the filing date in association with the services set out in the application as it has claimed [*John Labatt, supra; Dion Neckwear Ltd v Christian Dior SA et al* (2002), 2002 FCA 29 (CanLII), 20 CPR (4th) 155 (FCA)].

[88] I acknowledge that the operation of a customer loyalty or frequent flyer program can constitute a service in its own right. However, an applicant is under no obligation to include all of its services, core or otherwise, in an application for its trade-mark.

[89] In my view, there is a close relationship or link between airline, transportation and related travel services offered by airlines such as the Applicant and customer loyalty or frequent flyer reward programs which are offered by those same airlines. By their very nature, such programs can unquestionably serve to promote an airline's core services or business and there is nothing precluding a trade-mark from functioning in association with such services and in association with the operation of a reward or loyalty program at the same time. Notably, at the outset of Ms. Tian's cross-examination, the Opponent's agent advised that it was its intention to delineate questions pertaining to the Applicant's airline services from those pertaining to its frequent flyer/loyalty program and the Applicant's agent took the position that they can't necessarily be separated [Tian transcript, Q's 38-40].

[90] The fact that the Applicant's evidence discusses use of the Mark within the context of its frequent flyer program does not lead to an automatic conclusion that the Mark is not used (or was not used at the material date) in a manner that would also constitute use in association with its primary and other services as set out in the application for the Mark. There is nothing in the evidence to suggest that the Applicant's frequent flyer program would not, on its face, serve to advertise and promote the Applicant's services as set out in the application for the Mark.

[91] In the absence of any Opponent's evidence that could reasonably support this particular ground of opposition, the Applicant in this case was not required to adduce any evidence of its own to clearly explain or establish how its Mark was used at the material date in connection with the services set out in its application, either via its use in connection with its loyalty reward program or otherwise. While lacking in many respects, I do not consider the gaps and deficiencies in the Applicant's evidence overall sufficient to put the section 30(b) ground into issue.

[92] Accordingly, the section 30(b) ground of opposition is unsuccessful.

Registrability - Section 12(1)(d)

[93] The Opponent has pleaded that the Mark is not registrable because it is confusing with numerous of its registered trade-marks, as identified in Schedule "A" to the statement of opposition. Some of these include, for example: AIR MILES TMA443,821; AIR MILES & DESIGN TMA740,714; AIR MILES & DESIGN TMA 511,005; AIR MILES & DESIGN TMA798,252; MEGA MILES TMA496,228; and AIR MILES TRAVEL AND MORE & Design TMA552,635. Most, but not all of the marks identified in the statement of opposition consist of or contain AIR MILES.

[94] I will begin by focusing on the mark AIR MILES, *per se* (i.e. TMA6443,821), as I do not consider any of the Opponent's other marks to be significantly more similar to the Mark than this particular mark and the evidence suggests that the Opponent has acquired substantial reputation in this mark in the various manners in which it has been used. Thus, in my view, it represents the Opponent's strongest case for a likelihood of confusion.

[95] The material date to assess a section 12(1)(d) ground of opposition is the date of my decision [*Park Avenue Furniture Corporation v Wickes/Simmons Bedding Ltd and The Registrar of Trade Marks* (1991), 37 CPR (3d) 413 (FCA)].

[96] The Opponent has filed certified copies of its registrations as part of its evidence and I have exercised my discretion to check the register to confirm that registration No. TMA443,821

for AIR MILES is extant [*Quaker Oats Co of Canada v Menu Foods Ltd* (1986), 11 CPR (3d) 410 (TMOB)].

[97] The Opponent has therefore met its initial burden with respect to this ground and the Applicant must establish on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the Opponent's AIR MILES trade-mark.

Test for Confusion

[98] The test for confusion is one of first impression and imperfect recollection. Section 6(2) of the Act indicates that use of a trade-mark causes confusion with another trade-mark if the use of both trade-marks in the same area would be likely to lead to the inference that the goods or services associated with those trade-marks are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class.

[99] The test is to be applied as a matter of first impression in the mind of a casual consumer somewhat in a hurry who sees the Mark in association with the Applicant's services at a time when he or she has no more than an imperfect recollection of the AIR MILES trade-marks and does not pause to give the matter any detailed consideration or scrutiny, nor to examine closely the similarities and differences between the marks [*Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée*, 2006 SCC 23 at para 20]. The question to be posed is whether this individual would be likely to conclude that the Applicant's services are manufactured, sold, leased, hired or performed by the Opponent, either by itself or through its licensee.

[100] In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in section 6(5) of the Act, namely: (a) the inherent distinctiveness of the trade-marks and the extent to which they have become known; (b) the length of time each has been in use; (c) the nature of the goods, services or business; (d) the nature of the trade; and (e) the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them. These enumerated factors need not be attributed equal weight [*Mattel, Inc v 3894207 Canada Inc* (2006), 49 CPR (4th) 321 (SCC) and *Masterpiece Inc v Alavida Lifestyles Inc* (2011), 92 CPR (4th) 361 (SCC)].

Section 6(5)(a) – inherent distinctiveness and extent to which the marks have become known

[101] The Opponent's trade-mark AIR MILES possesses a fairly low degree of inherent distinctiveness. It is comprised of two common words and while it does not clearly describe the character or quality of its associated services, the inclusion of the word MILES does render it somewhat suggestive, since "miles" is commonly used to refer to a type of collectible, point or currency that can be accumulated and redeemed for rewards, including air travel rewards.

[102] The Mark also includes the word MILES, but I consider it to be more inherently distinctive than the Opponent's trade-mark in view of the other elements that are present in it, particularly, the word PHOENIX, the phoenix design, the arrow design and the Chinese characters. Unlike the word AIR, which is a fairly common word that may be perceived as being descriptive of a type of travel associated with the Opponent's MILES, the word PHOENIX in the Mark has no immediately apparent meaning in connection with the Applicant's services.

[103] A trade-mark may also acquire distinctiveness by means of it becoming known through promotion or use. In this case, based upon the evidence before me, I am able to conclude that the Opponent's AIR MILES trade-mark has become very well known, if not famous.

[104] It is clear from the Opponent's evidence that there has been extensive promotion and use of its AIR MILES trade-mark in Canada. Since the beginning of 2000, over 65% of Canadian households have had a Collector, representing over 9 million enrolled individual Collectors [para 33]. From 1998 to the present, Loyalty itself has spent over \$15 million annually on advertising the AIR MILES reward program and total advertising was significantly higher than this, as it does not take into account advertising and promotion by Program Sponsors [para 42]. Loyalty's revenues from the operation of the AIR MILES reward program in Canada have consistently exceeded \$100 million per year since 2000 [para 33].

[105] The Applicant's evidence shows that its Mark has become known in Canada to some extent, but to nowhere near the extent to which the Opponent's AIR MILES trade-mark has become known. As of October 2012, the Applicant's reward program had 49,582 members in Canada [Tian affidavit, para 13]. Moreover, due to the lack of detail provided in Ms. Tian's

affidavit, it is difficult to assess the extent to which the Mark has been used and become known in association with the specific services that are set out in the application.

[106] Due to the substantial acquired distinctiveness it has in its AIR MILES trade-mark, overall, I find that this factor, which is a combination of the inherent distinctiveness of the parties' trade-marks and the extent to which they have become known, favours the Opponent.

Section 6(5)(b) – the length of time each has been in use

[107] The Opponent's incentive reward program has been operated in Canada in association with the AIR MILES trade-mark since 1992 [Kline affidavit, para 9]. According to Ms. Tian, the Applicant has operated its frequent flyer program in Canada, China and other markets in association with the Mark since 1994 and Canadian residents have been members of the program since October 1995, which is the claimed date of first use in the application for the Mark. Accordingly, this factor also favours the Opponent.

Sections 6(5)(c) and (d) – the nature of wares, services or business and trade

[108] When considering sections 6(5)(c) and (d) of the Act, it is the statement of goods in an application for a mark and the statement of goods in an opponent's registration that governs the assessment of the likelihood of confusion under section 12(1)(d) of the Act [*Henkel Kommanditgesellschaft auf Aktien v Super Dragon Import Export Inc* (1986), 12 CPR (3d) 110 (FCA) and *Mr Submarine Ltd v Amandista Investments Ltd* (1987), 19 CPR (3d) 3 (FCA)]. 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. Evidence of the parties' actual trades is useful in this respect [*McDonald's Corp v Coffee Hut Stores Ltd* (1996), 68 CPR (3d) 168 (FCA); *Procter & Gamble Inc v Hunter Packaging Ltd* (1999), 2 CPR (4th) 266 (TMOB); and *American Optical Corp v Alcon Pharmaceuticals Ltd* (2000), 5 CPR (4th) 110 (TMOB)].

[109] In the present case, the registration for the Opponent's trade-mark AIR MILES (registration No. TMA443,821) covers "advertising and promotion of wares and services of others; organization, operation and supervision of sales and promotional incentive schemes". By

contrast, the application for the Mark covers “operation of an airline; air transportation services for persons, cargo and freight; travel planning, travel scheduling and travel agency services, namely, arranging, organizing, providing information about and making reservations for the transport of passengers and goods by road, rail, sea and air, arranging, organizing, providing information about and making reservations for hotel accommodation, meals, sight-seeing tours and entertainment and providing charter air services; chauffeur services; operation of a shipping business, namely, pickup, packaging, storage, transportation and delivery of miscellaneous goods for others”.

[110] While these services are not the same, as previously mentioned in my analysis under the section 30(b) ground of opposition, there is a very close relationship between them.

[111] The Opponent submits that it is clear that both the Applicant and the Opponent essentially operate the same sort of customer reward programs, within some of the same service sectors (i.e. the travel services sector and banking and financial services sectors).

[112] The Applicant has not even attempted to differentiate between the parties’ respective services. It has simply acknowledged that both parties use their trade-marks in connection with customer loyalty reward programs, but points out that the Opponent’s evidence does not identify any current sponsors in the airline field, whereas the Applicant is an airline and offers its loyalty reward program in connection with its offering of air travel and related services. Notably, the Opponent’s evidence shows that it has had at least some sponsors in the airline field in the past.

[113] Although they are different, I consider the parties’ services to be closely aligned. In view of the foregoing, I find that the sections 6(5)(c) and (d) factors also weigh in favour of the Opponent in this case.

Section 6(5)(e) – the degree of resemblance between the trade-marks

[114] It is well-established that when considering the degree of resemblance between trade-marks, the trade-marks must be considered in their totality and it is not correct to lay them side by side and carefully compare and observe the similarities or differences among their elements. It is also not correct to dissect the marks.

[115] In *Masterpiece*, the Supreme Court observed that even though the first word of a trade-mark may be the most important, for the purpose of distinctiveness [*Conde Nast Publications Inc v Union des éditions modernes* (1979), 46 CPR (2d) 183 (FCTD)], the preferable approach when comparing marks is to begin by determining whether there is an aspect of the trade-mark that is particularly striking or unique [*Masterpiece*, supra at para 49].

[116] In the present case, I do not consider any one particular aspect of the Opponent's trade-mark to be more striking or unique. The Opponent's trade-mark consists of a simple combination of the common words AIR and MILES. The mark as a whole is suggestive of a type of travel associated with a collectible or form of currency (i.e. miles) commonly offered in connection with a customer loyalty or reward program. While the Mark also contains the word "miles", it does not immediately suggest the idea of "miles" associated with "air" travel. Notably, "phoenix" is the name of a mythical bird, as well as the name of a city in the United States [*Canadian Oxford English Dictionary (2d)*]. Thus, as a matter of immediate first impression, I do not find that the parties' marks suggest the same idea.

[117] Due to the addition of the words AIR CHINA, PHOENIX, the Chinese characters and the design components in the Mark, none of which are present in the Opponent's trade-mark, I also consider the parties' marks to be quite different in appearance and sound. For those who are unable to understand them, the Chinese characters under PHOENIXMILES (beside the arrow design) and those which are under the words AIR CHINA (under the phoenix design) introduce a foreign or unknown element into the Mark. For those who are able to recognize and understand such characters, I find it likely that they would be perceived as signifying a connection with AIR CHINA. I consider it reasonable to make such an inference since the characters translate into "Best Friends of Air China" and "Air China Ltd.", the Applicant is Air China Limited, and it is in the business of operating flights between Canada and China.

[118] I acknowledge that Dr. Chambers has expressed a different view regarding how the Chinese characters in the Mark would be perceived and the degree of resemblance between the parties' marks. However, for many of the reasons identified by the Applicant and previously discussed, I am not prepared to attribute a great deal of weight to his evidence [*Masterpiece* supra at paras 75-79; *R v Mohan*, 1994 CanLII 80 (SCC), [1994] 2 SCR 9].

[119] In summary, the only common element between the parties' marks is the word MILES and in my view, the manner in which it appears in both parties' marks does not result in there being much similarity between them. Overall, I assess the degree of resemblance between the parties' trade-marks in appearance, sound and suggested idea to be quite low.

[120] I therefore find that this factor in the confusion analysis strongly favours the Applicant.

Surrounding Circumstance

State of the Register and Marketplace

[121] As a surrounding circumstance, the Applicant submits that the evidence shows that the Opponent's AIR MILES trade-mark co-exists in the Canadian marketplace with numerous other marks for loyalty rewards programs that include the words MILES or MILEAGE, including Air Canada's AEROPLAN MILES loyalty reward program and other marks used by airlines that service Canada. The Applicant submits that this co-existence negates any proprietorial significance. As previously discussed, at I am not prepared to infer from the Penney affidavit that Canadians are accustomed to seeing trade-marks incorporating the word "miles" in the marketplace. Mr. Penney did not identify a large number of marks of this nature in his affidavit and the extent to which the marks he did locate have become known to Canadians is unknown.

[122] I am prepared to infer from the Penney affidavit that the word "miles" is often used in a descriptive sense to describe a type of currency or collectible within the context of a reward or loyalty program. The Opponent conceded as much in its written argument and at the hearing.

Fame/Family of Opponent's AIR MILES Trade-marks and Trade-names

[123] As further surrounding circumstances, the Opponent submits that it must be taken into account that AIR MILES is famous and part of a large family of marks. The Opponent submits that its marks should be granted a wider ambit of protection in view of their fame and because they form part of a large family of marks. The Opponent points out that the Registrar has repeatedly found that the AIR MILES family of trade-marks and trade-names has an "almost overwhelming reputation" [*Air Miles International Trading BV v Deutsche Lufthansa AG*, [2010]

TMOB 198 at para 73; *Air Miles International Trading BV v SeaMiles, LLC* [2009] TMOB 67; *Air Miles International Trading BV v Rent Check Corporation* 2011 TMOB 253 at para 43].

[124] The evidence in this case does not lead me to any different conclusion with respect to how well-known the Opponent's AIR MILES trade-marks are in Canada and I have certainly taken this into account in my decision. However, with respect to the Opponent's submissions concerning its "family" of marks, I note that the Opponent raised a similar argument before the Registrar in past cases and the Registrar found it to be without merit.

[125] In *Air Miles International Trading BV v Deutsche Lufthansa AG* [*supra* at para 66], Member Bradbury (on behalf of the Registrar) commented as follows:

The Opponent has submitted that it has a family of "miles" marks. It has registered a large number of marks that incorporate the word "miles" and Mr. Kline has provided evidence of the Opponent's use of the following "miles" marks: AIR MILES TRAVEL AND MORE & Design, MEGA MILES, YOUR MILES, and AIR MILES GOLD. However, I have difficulty with the Opponent's submission that it has a family given that the common feature of such alleged family is a word that the Opponent admits is a word that is common to its industry. It is contradictory that a word that is common to the trade can form the basis of a family. "The family of marks doctrine is the antithesis of the common to the trade analysis. In the former, all the marks with the common characteristic are owned by one entity; in the latter scenario, the marks exhibiting the common characteristic are owned by different entities." [Joliffe and Gill, *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed. (Carswell) at chapter 8] Whether or not there was sufficient evidence to find that there has been common adoption of "miles" in trade-marks, I would still find that the Opponent cannot benefit from the family of marks doctrine in view of the generic meaning of "miles" in the parties' field.

[126] I find Member Bradbury's comments to be equally applicable in the present case.

Absence of Instances of Actual Confusion

[127] As a further surrounding circumstance, the Applicant submits that I should take into account the fact that there have been no reported instances of actual confusion despite a lengthy period of co-existence between the parties' trade-marks.

[128] An adverse inference concerning the likelihood of confusion may be drawn when concurrent use on the evidence is extensive and no evidence of confusion has been given by an

opponent [*Christian Dior SA v Dion Neckwear Ltd* 2002 FCA 29 (CanLII), 2002, 20 CPR (4th) 155 (FCA) at para. 19].

[129] I am not prepared to draw an adverse inference concerning the likelihood of confusion in this case. The lack of evidence of actual confusion may be explained by the different ways in which the parties operate. In this regard, I note that the Opponent's reward program is centered around third party retailers, whereas the Applicant purports to use its Mark in connection with the promotion of its own airline transportation and related services. In addition, as the Opponent has pointed out, reports of actual confusion may not be readily available due to how the Opponent carries on its business (i.e. with third party retailers being one of the primary points of interface or contact with the consumer during transactions) [*Mattel Inc v 3894207 Canada Inc* [2006] 1 SCR 772; *Loblaws v Tritap Food Broker* (1999), 3 CPR (4th) 108 (TMOB) at para 116].

Conclusion on Likelihood of Confusion

[130] In *Masterpiece Inc v Alavida Lifestyles Inc et al* [supra], the Supreme Court of Canada clearly indicated that the most important factor amongst those listed under section 6(5) of the Act is often the degree of resemblance between the parties' trade-marks [see also *Beverley Bedding & Upholstery Co v Regal Bedding & Upholstering Ltd* (1980), 47 CPR (2d) 145 (FC), at 149, affirmed (1982), 60 CPR (2d) 70 (FCA)]. If the parties' trade-marks do not resemble one another, it is unlikely that even a strong finding on the remaining factors would lead to a likelihood of confusion.

[131] In *Air Miles International Trading BV v Deutsche Lufthansa AG* [supra at para 74], in which the application for the applied for mark MILES & MORE covered services including "administration of incentive reward programs promoting the use of airlines", Member Bradbury (on behalf of the Registrar) commented as follows:

It has been said that the most crucial or dominant factor in determining the issue of confusion is the degree of resemblance between the trade-marks (see *Beverley Bedding & Upholstery Co. v. Regal Bedding & Upholstering Ltd.* (1980), 47 CPR (2d) 145 (FCTD) at 149, affirmed 60 CPR (2d) 70 (FCA)). In the present case, at first blush the differences between AIR MILES and MILE[sic] & MORE might seem sufficient to make confusion unlikely. However, it is my view that the Opponent has established an almost

overwhelming reputation in its AIR MILES mark and, even though “miles” is a term [synonymous with “points”] employed in the associated industry, I am concerned that the Applicant has not chosen a mark that is sufficiently different from the Opponent’s well known mark nor acquired a sufficient reputation in its inherently weak mark to make confusion unlikely.(emphasis added)

[132] Notably, in the aforementioned case, Member Bradbury also found that the Opponent had associated its AIR MILES mark with the words/mark TRAVEL AND MORE [*Air Miles International Trading BV v Deutsche Lufthansa AG, supra* at para 67].

[133] In the present case, the Opponent has established that it has been using its trade-mark for a lengthier period of time than the Applicant and that its trade-mark has become extremely well-known, if not famous in Canada. As was the case in *Air Miles International Trading BV v Deutsche Lufthansa AG*, the Opponent in this case has managed to establish an almost overwhelming reputation in its AIR MILES trade-mark. In addition, although the services in the application for the Mark and those which are covered in the Opponent’s AIR MILES registration differ on their face, I still find there to be a relationship between them and I still consider there to be some parallels in the parties’ trades.

[134] That being said, I do not share the concern that has been expressed by Member Bradbury in *Air Miles International Trading BV v Deutsche Lufthansa AG*, above. In the present case, I am of the view that the Applicant has succeeded in choosing a mark that is sufficiently different from the Opponent’s well known AIR MILES trade-mark. Overall, the degree of resemblance between the parties’ trade-marks in this case is so low, that as a matter of first impression, I do not consider it likely that a consumer would confuse the source of the parties’ services. I therefore find that the Applicant has succeeded to establish on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the Opponent’s AIR MILES trade-mark.

[135] Accordingly, the section 12(1)(d) ground of opposition is unsuccessful.

Entitlement/ Distinctiveness - Sections 16(1)(a), 16(1)(b), 16(1)(c) and 2

[136] Although the material dates for the section 16 and distinctiveness grounds of opposition fall earlier than today’s date, the different dates do not result in a different outcome. For reasons

similar to those set out in my analysis under section 12(1)(d) of the Act, to the extent that the Opponent has met its initial burden for each of these grounds, the Applicant has also met its legal onus to establish, on a balance of probabilities, that there is no likelihood of confusion between the parties' trade-marks Accordingly, the sections 16(1)(a), 16(1)(b), 16(1)(c) and distinctiveness grounds of opposition are also unsuccessful.

[137] I would add that the Opponent's pleading under its distinctiveness ground of opposition included an allegation that the Mark is not distinctive because it has not been used in association with the services in the application and/or has been abandoned. Even if I were to find this ground to have been properly pleaded, in the absence of any submissions from the Opponent, it is impossible to ascertain what, if any, evidence it relies upon to support it. It is therefore rejected.

VI Disposition

[138] In view of the foregoing, pursuant to the authority delegated to me under section 63(3) of the Act, I reject the opposition pursuant to section 38(8) of the Act.

Lisa Reynolds
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office

**TRADE-MARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD**

HEARING DATE: 2016-03-01

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