

**IN THE MATTER OF AN OPPOSITION
by MEXX International B. V. to application
No. 735,241 for the trade-mark T. J. MAXX
filed by NBC Fourth Realty Corp.**


On August 17, 1993, the applicant, NBC Fourth Realty Corp., filed an application to register the trade-mark T. J. MAXX for the following wares based on proposed use in Canada:

clothing for women, men, children and infants, namely, bathing suits, beach robes, blouses, coats, dresses, shoes, sandals, boots, slippers, socks, gowns, caps, hats, visors, bonnets, hosiery, jackets, lingerie, neckties, scarves, sleepwear, pants, shirts, shorts, suits, sweaters, tops, underwear and vests.

The application was advertised for opposition purposes on January 29, 1997.

The opponent, MEXX International B. V. (“MEXX International”) filed a statement of opposition on May 23, 1997, a copy of which was forwarded to the applicant on June 17, 1997. The first ground of opposition is that the applicant’s application does not conform to the requirements of Section 30(i) of the Trade-marks Act in that the applicant could not have been satisfied that it was the person entitled to use the applied for trade-mark because (1) the opponent’s trade-marks MEXX and MEXX & Design are well known around the world and (2) the applicant is aware of the opponent and its marks in view of trade-mark opposition proceedings involving the two parties in other countries.

The second ground of opposition is that the applied for trade-mark is not registrable pursuant to Section 12(1)(d) of the Act because it is confusing with the following registered trade-marks owned by the opponent:


<u>Reg. No.</u>	<u>Trade-mark</u>	<u>Wares</u>
334,906	MEXX	<p>(1) printed matter, namely, magazines, catalogues, newsletters, newspapers, video-sleeves, style sheets, postcards, colour cards, press-release sets, posters, advertising sets, windowstanding boards, retail-promotion maps, polybags, X-mas cards, answering-cards, yearbooks, trend reports, advertising campaign books, hang tags, labels, outdoor signs, indoor signs, stickers and boards, merchandising aids, and give-aways; photographs; plastic bags; office equipment, namely, computer software; men's and women's clothing, namely, pants, shorts, Bermuda shorts, sweat shirts, cardigans, sweaters, T-shirts, jackets, blazers, suits, vests, coats, raincoats, scarves, belts, socks, gloves; men's trousers, shirts, ties; women's skirts, dresses, blouses; footwear, namely, men's and women's shoes; headgear, namely, caps and hats.</p> <p>(2) children's clothing, namely, pants, shorts, skirts, waistcoats, singlets, t-shirts, sweatshirts, cardigans, blouses, jackets, dresses, jumpsuits, scarves, caps, hats, swimwear, mittens, headbands, culottes, shawls, jogging suits, sleep wear, underwear, sweaters, socks, suspenders, tights, beach shirts, body warmer, Bermuda shorts, vests, belts, blazers, coats, ties, cummerbunds, spencer, and children's shoes.</p>
337,047		(same as above)

374,394	MEXX	soaps, perfumery, essential oils, cosmetics, namely, hand lotions, hand creams, body lotions, body creams, lipstick, and nail polish; hair, lotions, dentifrices; jewellery, precious stones, horological and chronometric instruments, namely, clocks, watches, and stopwatches; leather and imitations of leather, and goods made from these materials, namely, handbags, shoulder bags, school bags, toilet bags, briefcases and belts; trunks and travelling bags, umbrellas, parasols.
433,299	MEXX	sunglasses; bed and bath linen, namely, towels.
442,683	MINI MEXX	clothing, namely, pants, dungarees, salopettes, shorts, skirts, culottes, Bermudas, dresses, sweatshirts, T-shirts, singlets, sweaters, cardigans, jackets, parkas, snow suits, jumpsuits, overalls, bathing robes, jogging suits, sleep wear, underwear, suspenders, socks, tights, leggings, gloves, mittens, scarves; footwear, namely, shoes and slippers; and headgear, namely, caps and headbands.
466,266	MEXX	writing instruments, namely, ball-point pens, pencils, stationery, namely, school agendas, ring binders, exercise books, metal boxes, rulers and erasers.

472,051	MEXX	soaps, perfumery, namely, toilet water, perfume, and cologne; essential oils; cosmetics, namely, eyeshadow, mascara, blushers, eyeliners, face powder, camouflage, sticks, lotions, creams, lipsticks; nail-care products, namely, nail polish, artificial nails, preparations for reinforcement of the nails, nail files; hair lotions, dentifrices; jewellery, precious stones, horological and chronometric instruments, namely, clocks, watches and stopwatches; leather and imitations of leather, and goods made of these materials, namely, handbags , shoulder bags, school bags, toilet bags, briefcases, belts and girdles; trunks and travelling bags, umbrellas, parasols.
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The third ground of opposition is that the applicant is not the person entitled to registration pursuant to Section 16(3) of the Act because, as of the applicant’s filing date, the applied for trade-mark was confusing with the above-noted registered trade-marks previously used in Canada by the opponent and with the following two previously used trade-marks for which the following applications had been filed:

<u>Appl’n. No.</u>	<u>Trade-mark</u>	<u>Wares</u>
684,312 (now registered)	M E X X	spectacles, sunglasses; bed and bath linen, namely, bed covers, quilt covers, pillow cases, quilt sets, cushions, sheets, blankets, mattress covers, towels, flannels, bath mats, tablecloths, valances, curtains and dressing screens.

803,917 (now abandoned)		soaps, namely, toilet soaps; cosmetics, namely, hand lotions, hand creams, body lotions, body creams, lipsticks, nail polish; goods made of leather and imitations of leather, namely, handbags, shoulder bags, schoolbags, toilet bags, briefcases, belts; clothing, namely, men's, women's and children's clothing, namely, pants, shorts, Bermuda shorts, sweatshirts, cardigans, sweaters, T-shirts, jackets, blazers, suits, vests, coats, raincoats, scarves, belts, socks, gloves, men's trousers, shirts, ties, women's skirts, dresses, blouses; footwear, namely, men's, women's and children's boots, shoes and slippers; headgear, namely, caps and hats.
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The fourth ground of opposition is that the applicant's trade-mark is not distinctive because it is confusing with one or more of the opponent's trade-marks noted above which have been used in Canada.

The applicant filed and served a counter statement. As its evidence, the opponent filed certified copies of eight of its trade-mark registrations. It also submitted the affidavits of Arun Mehta and Joseph Nezri. Both Messrs. Mehta and Nezri were cross-examined on their affidavits and the transcripts of those cross-examinations together with the exhibits thereto and the replies to undertakings given form part of the record of this proceeding.

As its evidence, the applicant submitted the affidavits of Cindy Faykos and Sally Orviss. As evidence in reply, the opponent submitted an affidavit of Theresa Roy. Both parties filed a written argument but no oral hearing was conducted.

The Opponent's Evidence

In his affidavit, Arun Mehta identifies himself as the Corporate Vice President of MEXX International, the management arm of the MEXX group of companies which sell MEXX brand clothing in various countries. MEXX International is owned by MEXX Group B. V. which owns at least twenty subsidiaries which manage the sale of MEXX clothing in individual countries throughout the world.

In some countries, MEXX brand clothing is not sold by a MEXX subsidiary but rather by independent licensees of MEXX International. In Canada, that function is served by MEXX Canada Inc. ("MEXX Canada") which serves as the exclusive distributor of MEXX products in Canada. MEXX Canada is not owned or controlled by MEXX International or MEXX Group B. V. Instead, it operates under a Service Contract dated January 31, 1985 which grants it exclusive rights within Canada and a license to use the MEXX marks (see Exhibit A to the Mehta cross-examination).

MEXX International is the "head office" for MEXX Canada for all management issues (see paragraph 8 of the Mehta affidavit). All design and promotion for MEXX products in Canada emanates from MEXX International (see page 29 of the Mehta transcript). MEXX International receives orders from its various subsidiaries and licensees and contracts out production of the required clothing to manufacturers around the world, primarily in Europe and the Far East. The subsidiaries and licensees are required to buy only through approved buying agents who purchase from the approved manufacturers. Article 3(c) of the Service

Contract states that MEXX Canada will use MEXX International's approved buying agents and will not manufacture or order any MEXX products from other parties.

In his affidavit, Joseph Nezri identifies himself as the President of MEXX Canada. According to Mr. Nezri, sales of MEXX branded clothing in Canada by his company since 1985 have totalled in excess of \$312 million with a rough average of about \$20 million of sales per year. Sales of MEXX clothing are made through retail department stores such as Eaton and The Bay and a network of over 800 clothing boutiques across Canada. Promotional expenses for the MEXX marks have averaged about \$2 million a year with total expenditures since 1985 exceeding \$28 million. The sales activities of MEXX Canada appear to be primarily in association with the trade-mark MEXX alone or in a particular design format although Mr. Nezri did provide evidence of use of the mark XX BY MEXX as well. There is no evidence of any use of the mark XX alone by the opponent or MEXX Canada.

On cross-examination, Mr. Nezri stated that MEXX products sold in Canada only refer to the mark MEXX and are essentially anonymous as to source. There is no reference on the tags or labels to MEXX Canada (see page 24 of the Nezri transcript). However, retailers are invoiced and MEXX Canada's name appears on the invoices (see page 25 of the Nezri transcript and the reply to the first undertaking given).

On cross-examination, Mr. Nezri admitted that MEXX Canada does, in fact, have some MEXX product manufactured for it by a Canadian manufacturer in Montreal which is not

part of the worldwide MEXX operation. But it appears that most of the MEXX clothing sold by MEXX Canada is acquired through purchases from approved buyers dealing with approved manufacturers in Europe and the Far East. Pages 16-17 of the Nezri transcript are reproduced below:

Q. Do you manufacture any of the products that you sell?

A. Here in Canada?

Q. Yes.

A. Few.

Q. Which ones would those be?

A. Like items, what kind of....?

Q. Yes.

A. It could be sweaters.

Q. Sweaters?

A. Yes. What can we produce here...we can produce a few pants, some knits, knit tops.

Q. Sorry, knit....?

A. Knit tops, that's it.

Q. That's it. And where are those made?

A. Here in Montreal, in Quebec.

Q. But not, is it part of MEXX Canada?

A. No, no, no, it's outside. It's given to a....

Q. Outside.

A. Yes.

Q. And you contract with these outside people to build these? The people that manufacture these products....

A. Yes.

Q.you contract with them?

A. Yes, we give them contracts. If we want one thousand (1,000) shirts, so they'll do one thousand (1,000) shirts for us.

Q. And they'll apply the labels?

A. Sure, it's a complete product.

Q. And the label will say MEXX?

A. Yes, Sir, yes.

Q. And who would check the quality and characteristics of the products, these products that are made in Canada?

A. Ourselves.

Q. You would?

A. Not me personally, but my team, yes.

Q. Someone in MEXX Canada?

A. Yes, yes.

Q. Would you also send samples to MEXX International?

A. No.

Q. So these, basically you make them, you check them, you sell them?

A. Yes, Sir.

Q. Okay. And they go out with the MEXX trade-mark on them?

A. Yes.

The Applicant's Evidence

The Faykos affidavit was submitted to evidence marketplace use by other traders of trade-marks incorporating the letters XX. In this regard, Ms. Faykos effected a few purchases and examined a web site. The web site offered for sale various items including a t-shirt in association with the trade-mark DOS EQUIS XX. However, there is no evidence that any Canadians have purchased any such t-shirts. Furthermore, as shown by the Roy affidavit submitted by the opponent as reply evidence, the mark DOS EQUIS XX is primarily used for beer and any t-shirt sales are likely simply subsidiary, promotional sales. In any event, the mark DOS EQUIS XX bears little resemblance to the marks at issue in the present opposition.

In paragraphs 11-12 of her affidavit, Ms. Faykos makes reference to a visit to a MARVELLOUS MAXX store in Toronto by a Jeff Pervanas. That evidence is hearsay and is inadmissible in this proceeding.

Ms. Faykos also states that she purchased a deodorant bearing the trade-mark ARRID XX at a Toronto drug store and noted that other ARRID XX deodorants were on sale. Given that the relevant wares in this opposition are clothing items and given the limited resemblance

between ARRID XX and the marks at issue, this evidence is of no relevance.

Ms. Faykos appended as exhibits to her affidavit a toque and a shirt bearing the trade-mark LEXX. However, there is no evidence showing the extent of Canadian sales of such items. Furthermore, the evidence introduced by the Roy affidavit suggests that LEXX clothing items are sold simply as subsidiary promotional items related to a television series entitled “Lexx” produced by Salter Street Films Limited.

Finally, Ms. Faykos attended at a store called XXXY in Toronto where she purchased six items of clothing. The clothing items are appended as exhibits to her affidavit and each one has a label bearing the trade-mark XXXY.

The Orviss affidavit was submitted to evidence the state of the trade-marks register respecting marks of record which incorporate the suffix XX. Ms. Orviss states that she conducted a computerized search of the “CD-NAMESEARCH CORP. Canadian Trade Mark Data Base on CD-ROM.” However, she did not indicate how that data base is compiled and maintained. Thus, in view of the decision in Sta-Rite Industries Inc. v. GSW Inc. (1999), 87 C.P.R.(3d) 300 at 305 (F.C.T.D.), the results of that search are inadmissible.

Had the search results evidenced by the Orviss affidavit been admissible, they would have revealed about 15 clothing registrations for trade-marks incorporating the suffix XX. Such state of the register evidence is only relevant insofar as one can make inferences from it

about the state of the marketplace: see the opposition decision in Ports International Ltd. v. Dunlop Ltd. (1992), 41 C.P.R.(3d) 432 and the decision in Del Monte Corporation v. Welch Foods Inc. (1992), 44 C.P.R.(3d) 205 (F.C.T.D.). Also of note is the decision in Kellogg Salada Canada Inc. v. Maximum Nutrition Ltd. (1992), 43 C.P.R.(3d) 349 (F.C.A.) which is support for the proposition that inferences about the state of the marketplace can only be drawn from state of the register evidence where large numbers of relevant registrations are located.

In the present case, had the Orviss search results been admissible, I would have been prepared to conclude that at least some third party clothing trade-marks incorporating the suffix XX are in use in the marketplace. However, given that none of the marks located bear much resemblance to the marks at issue in this case, the Orviss evidence would have had little relevance, in any event.

The Grounds of Opposition

As for the first ground, it does not raise a proper ground of opposition. Apart from the fact that the opponent failed to prove its supporting allegations of fact with evidence, the mere fact that the applicant may have been aware of the opponent and its trade-marks does not preclude the applicant from truthfully making the statement required by Section 30(i) of the Act. The opponent did not allege that the applicant was aware that its mark was confusing with the opponent's trade-marks. Thus, the first ground is unsuccessful.

As for the second ground of opposition, the material time for considering the circumstances respecting the issue of confusion with a registered trade-mark pursuant to Section 12(1)(d) of the Trade-marks Act is the date of my decision: see the decision in Conde Nast Publications Inc. v. Canadian Federation of Independent Grocers (1991), 37 C.P.R.(3d) 538 at 541-542 (T.M.O.B.). Furthermore, the onus or legal burden is on the applicant to show no reasonable likelihood of confusion between the marks at issue. Finally, in applying the test for confusion set forth in Section 6(2) of the Act, consideration is to be given to all of the surrounding circumstances including those specifically set forth in Section 6(5) of the Act.

Considering first the opponent's registration No. 334,906 for the trade-mark MEXX and Section 6(5)(a) of the Act, I consider that the opponent's mark is a coined word and is therefore inherently distinctive. Since the mark is the phonetic equivalent of the abbreviation "mex", there may be a minor suggestive connotation to the mark relating to the country of Mexico. Thus, the opponent's mark could not be characterized as an inherently strong mark. Based on the opponent's evidence and the sales and advertising figures attested to, I am prepared to conclude that the trade-mark MEXX has become known throughout Canada.

As for the applicant's mark T. J. MAXX, it, too, appears to be a coined phrase and is therefore also inherently distinctive. However, T. J. MAXX would likely be perceived as an individual's name and thus the mark is not inherently strong. There being no evidence of use or advertising of the applicant's mark, I must conclude that it has not become known at all in Canada.

The length of time the marks have been in use clearly favors the opponent. As for Sections 6(5)(c) and 6(5)(d) of the Act, there is a significant overlap in the wares of the parties since the present application covers clothing items and many of the wares in the opponent's registration are clothing items. Presumably, the trades of the parties would, or could, be the same.

As for Section 6(5)(e) of the Act, I consider that there is a fair degree of resemblance between the marks both phonetically and visually. Although the first component of a mark is often the most important element, as noted by the opponent, initials such as T. J. are inherently very weak. Thus, in this case, consumers would more likely center on the second component of the applicant's mark (i.e. - the word MAXX) which is quite similar to the opponent's registered mark MEXX.

As an additional surrounding circumstance, the opponent relied on its evidence of use of its trade-mark XX BY MEXX which it says helps to emphasize the similarities between the marks at issue. However, the minimal evidence of use of that mark in Canada does little to advance the opponent's case.

As noted, the applicant sought to rely on state of the register evidence to establish that XX is a common suffix for clothing marks such that consumers would be used to seeing that component and would therefore distinguish such marks based on their other elements.

However, as discussed, the applicant's state of the register evidence is inadmissible. Furthermore, even if it had been admissible, it would not have advanced the applicant's case to any significant extent.

The applicant also sought to rely on state of the marketplace evidence as introduced by the Faykos affidavit. However, as discussed, most of the evidence adduced by Ms. Faykos is either inadmissible or irrelevant. The only evidence of note presented by Ms. Faykos was the availability of XXXY clothing items at a store in Toronto. However, given the limited evidence of use of that mark and the marginal resemblance to the marks at issue, that evidence is of little assistance in the present case.

Finally, the applicant sought to rely on the Nezri cross-examination to establish that the opponent's registered mark MEXX is not distinctive of any one trader given MEXX Canada's unlicensed and unauthorized use of the mark. In considering the question of the distinctiveness of the opponent's trade-mark in this case, I have been guided by my previous opposition decision in MCI Communications Corp. v. MCI Multinet Communications Inc. (1995), 61 C.P.R.(3d) 245 and the following excerpt from page 254 of the reported decision:

The applicant contended that the opponent has not shown that such use inures to its benefit pursuant to the provisions of Section 50(1) of the Act. Section 50(1) reads as follows:

50. (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed

always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.

I agree with the applicant's position. As admitted at page 8 of the undertakings to the first Willey cross-examination, there was no formal license agreement between MCIC and MCII. It was therefore incumbent on the opponent to evidence facts from which it could be concluded that an informal licensing arrangement existed and that the opponent had direct or indirect control of the character or quality of the services provided pursuant to that licensing arrangement. The opponent contends that it has met that burden by showing that MCIT and MCII are its wholly-owned subsidiaries. That fact alone is, in my view, insufficient to establish the existence of a license within the meaning of Section 50. There must also be evidence that the opponent controls the use of its trade-marks by its subsidiaries and takes steps to ensure the character and quality of the services provided. The Gradoville affidavit evidences some monitoring by the opponent's trade-mark counsel of the subsidiaries' use of MCI trade-marks to ensure proper trade-mark usage. However, she did not evidence any control of the character or quality of the services provided by the subsidiaries.

In the present case, it appears that most of MEXX Canada's sales are of MEXX clothing items legitimately acquired from authorized manufacturers through approved buying agents. The evidence establishes that MEXX International monitors the character and quality of such goods such that MEXX Canada's sales of those goods in Canada, either as a licensee or as an exclusive distributor, constitute use of the mark MEXX in Canada by MEXX International.

On the other hand, Mr. Nezri admitted on cross-examination that MEXX Canada also has MEXX clothing items manufactured for it by an unauthorized manufacturer and that MEXX International does not monitor the character or quality of those goods. Thus, sales of such unauthorized goods would not inure to the benefit of the opponent but would likely constitute use of the mark MEXX by MEXX Canada. The question then becomes what is the

extent of this potentially non-distinctive use and is it sufficient to jeopardize the distinctiveness of the opponent's mark.

A fair reading of pages 16-17 of the Nezri transcript suggest that the extent of MEXX Canada's unauthorized or unlicensed manufacture of MEXX products is limited. Mr. Nezri states that such manufacture relates only to a few items and the level of such sales would be minimal. The applicant argues otherwise but it failed to pursue the cross-examination to more fully establish its case. It is not enough for the applicant to have Mr. Nezri admit that there is some unauthorized use of the mark MEXX without asking him the extent of that use. If the applicant had done so and Mr. Nezri had refused to answer, then appropriate negative inferences could have been drawn. Thus, I am left with an evidential record which suggests that any unauthorized use of the mark MEXX by MEXX Canada was insufficient to have affected the distinctiveness of the opponent's mark. This is particularly so in the present case where the trade-mark MEXX is consistently presented to the consumer as being anonymous as to source.

In applying the test for confusion, I have considered that it is a matter of first impression and imperfect recollection. In view of my conclusions above, and particularly in view of the similarities between the wares, services and marks of the parties, I find that, on a balance of probabilities, the applicant has not discharged the burden on it to show that the marks at issue are not confusing. In other words, I find that I am left in a state of doubt respecting the issue (i.e. - the probabilities one way or the other are equal) and I must therefore

resolve that doubt against the applicant. The second ground of opposition based on registration No. 334,906 is therefore successful. It is therefore unnecessary to consider the remaining aspects of the second ground.

As for the third ground of opposition, the opponent has evidenced use of its trade-mark MEXX and the design version of that mark in association with clothing items prior to the applicant's filing date. It did not, however, evidence prior use of those marks for other wares nor did it evidence prior use of its other marks. Thus, those aspects of the third ground of opposition are unsuccessful. As for the two applications relied on, application No. 803,917 was filed after the applicant's filing date and therefore cannot support a ground of prior entitlement pursuant to Section 16(3)(b). Application No. 684,312 was filed prior to the applicant's filing date and was pending as of the applicant's advertisement date. However, that application does not cover clothing items and is therefore not particularly relevant.

Since the opponent has evidenced prior use of its trade-marks MEXX and MEXX Design for clothing items, that aspect of the third ground remains to be decided on the issue of confusion between those two marks and the applicant's proposed mark. The material time for considering the circumstances is the applicant's filing date. Furthermore, the onus or legal burden is on the applicant to show that the marks at issue are not confusing. Finally, in applying the test for confusion set forth in Section 6(2) of the Act, consideration is to be given to all of the surrounding circumstances including those specifically set forth in Section 6(5) of the Act.

For the most part, my conclusions respecting the issue of confusion for the second ground of opposition are also applicable to the third ground. The only difference of note is that the opponent's marks may not have been quite as well known in Canada as of the earlier material date. Nevertheless, given the similarities in the wares, trades and marks of the parties, I find that the applicant has not satisfied the onus on it to show that its proposed mark was not confusing with the opponent's previously used marks MEXX and MEXX Design. Thus, the third ground is successful insofar as it is based on prior use of those two marks for clothing.

As for the fourth ground of opposition, the onus or legal burden is on the applicant to show that its mark is adapted to distinguish or actually distinguishes its wares from those of others throughout Canada: see Muffin Houses Incorporated v. The Muffin House Bakery Ltd. (1985), 4 C.P.R.(3d) 272 (T.M.O.B.). Furthermore, the material time for considering the circumstances respecting this issue is as of the filing of the opposition which, in this case, is May 23, 1997: see Re Andres Wines Ltd. and E. & J. Gallo Winery (1975), 25 C.P.R.(2d) 126 at 130 (F.C.A.) and Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. (1991), 37 C.P.R.(3d) 412 at 424 (F.C.A.). Finally, there is an evidential burden on the opponent to prove the allegations of fact in support of its ground of non-distinctiveness.

The fourth ground essentially turns of the issue of confusion between the applicant's proposed mark and the opponent's previously used trade-marks MEXX and MEXX Design. For the reasons noted above, I find that the applicant failed to satisfy the onus on it to show

that its mark was not confusing with the opponent's marks as of the filing of the present opposition. Thus, the applicant's mark was not distinctive as of that date and the fourth ground is also successful.

In view of the above, and pursuant to the authority delegated to me under Section 63(3) of the Act, I refuse the applicant's application pursuant to Section 38(8) of the Act.

DATED AT GATINEAU, QUEBEC, THIS 15th DAY OF OCTOBER, 2003.

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