

IN THE MATTER OF AN OPPOSITION by
HRB Royalty, Inc. to application no. 821,115
for the trade-mark EXPRESS FILE in the
name of Express File, Inc.

On August 20, 1996, Express File, Inc., the applicant, filed an application to register the trade-mark EXPRESS FILE based upon use of the trade-mark in Canada since at least January 31, 1992, and use and registration (No. 1,677,886) in the U.S., in association with electronic tax filing services. The applicant claimed the benefits of Section 14 of the Act on the basis of the registration of the trade-mark in the U.S.

The application was advertised for opposition purposes in the *Trade-marks Journal* of March 12, 1997. HRB Royalty, Inc., the opponent, filed a statement of opposition on April 29, 1997, and an amended statement of opposition on May 28, 1997. The applicant filed its counter statement on July 23, 1997. The opponent filed as its evidence the affidavit of Peter Premachuk. Although the applicant obtained an order for the cross-examination of Mr. Premachuk on his affidavit, it did not proceed with the cross-examination. As its evidence, the applicant filed the affidavits of Gary Porter and Joseph Grano, Jr. As both Mr. Porter and Mr. Grano were cross-examined on their affidavits, their cross-examination transcripts form part of the record of these proceedings. Only the opponent filed a written argument but both parties were represented at an oral hearing.

The first ground of opposition is that the application does not conform to the requirements of Section 30(b) of the Trade-Marks Act, R.S.C. 1985, c.T-13 (hereinafter "the Act") because the applied for mark could not have been used in Canada by the applicant or its predecessor-in-title since as early as January 31, 1992. The opponent submits as its second ground that in light of the foregoing, the applicant could not have been satisfied that it was entitled to use the mark in Canada pursuant to s.30(i) of the Act. The third ground of opposition is that the applicant is not entitled to registration of the mark pursuant to s.16(1) of the Act because the applicant has not used or made known the mark in Canada in association with the applied for services. As its fourth ground, the opponent maintains that the applicant is not entitled to registration of the mark pursuant to s.16(2)(b) of the Act because at the date of filing of the application, the applied for mark was confusing with the opponent's previously filed application for the trade-mark

EXPRESS FILE, Application No. 798, 808, which was based on proposed use of the mark in Canada in association with electronic tax filing services. The final ground of opposition is that the applied for mark is not distinctive pursuant to Section 38(2)(d) for the reasons already raised.

Opponent's Evidence

Premachuk Affidavit

Mr. Premachuk is the Assistant Vice-President of H & R Block Canada, Inc. He states that H & R Block Canada, Inc. is a controlled licensee of the opponent. He provides certified copies of five Canadian trade-mark registrations owned by the opponent for trade-marks that he refers to as consisting of the opponent's house mark "H&R BLOCK". Each of these identifies H & R Block Canada, Inc. as a former registered user.

Mr. Premachuk provides representative advertisements and promotional materials that bear the opponent's "H&R BLOCK" mark and discusses how many tax returns have been filed by his company and where the opponent's tax return preparation services are offered across Canada. Attached as Exhibit G to his affidavit are "representative samples of promotional materials bearing the opponent's mark, advertising and promoting income tax return preparation services that are offered in Canada". He states that the opponent has been using the EXPRESS FILE H&R BLOCK mark since January 1996.

Applicant's Evidence

Porter Affidavit and Cross-Examination

Mr. Porter, the President of the applicant, attaches as Exhibit A to his affidavit "representative samples of brochures advertising EXPRESS FILE electronic tax filing services that are offered in the U.S. by various controlled licensees to both American and Canadian citizens who file tax returns in the United States." I reproduce below paragraphs 6, 7, 10 and 11 of Mr. Porter's affidavit, which relate to the issue of the promotion and use of EXPRESS FILE services with respect to Canadian residents.

As Exhibit K to his affidavit, Mr. Porter provides what he states are representative samples of newspaper and newsletter ads. Mr. Porter also provides expenditure figures with respect to advertising the EXPRESS FILE service and net sales for the EXPRESS FILE service but gives no indication as to what proportion, if any, is attributable to Canada.

On cross-examination, Mr. Porter admitted that it was not possible to identify with precision the number of Canadian residents who have used and currently use the applicant's services because this information is confidential. He also confirmed that no financial institutions in Canada promoted or facilitated the applicant's services during the relevant period and at no time was there a tax return processing center in Canada. When asked whether the 1-800 customer service line that was referenced in the applicant's electronic tax filing kit worked from Canada, he stated that he did not know.

With respect to the alleged representative samples of newspapers and newsletter ads attached to his affidavit as Exhibit K, he clarified that what had been attached as Exhibit K to his affidavit were really examples of professional artwork the applicant provided to banks to enable them to promote the program in their newsletters and in the local newspapers. He had no knowledge of whether any of these advertisements appeared in Canadian newspapers. With respect to the expenditure figures for advertising that he provided at paragraphs 16 and 17 of his affidavit, he admitted that he did not know what proportion of these expenses could be attributable to Canada.

Grano Affidavit and Cross-Examination

Mr. Grano states at paragraph 1 of his affidavit that he was "directly responsible for instituting and establishing the Express File program" at Manufacturers and Traders Trust Company (the "Bank") in Buffalo, New York in 1991. From 1992 to 1995, he was the Branch Manager at two of the Bank's offices in New York. Mr. Grano states that the Bank was licensed by the applicant to provide electronic tax filing system services in association with the trade-mark EXPRESS FILE.

Mr. Grano attests that the Bank has branches in the upper New York State area, some of which are within minutes of the Canadian border and that, in his Bank capacities,

he was personally aware of some customers who resided in Canada and maintained accounts in the U.S. He states at paragraph 5 that the Bank advertised the applicant's EXPRESS FILE services by sending information to the Bank's customers, including those located in Canada. He further states that over 250,000 promotions were mailed to customers in January 1992. He explains that the EXPRESS FILE services were for making tax filings with the IRS and that Canadian customers were invited to either bring their completed tax filing kits back to the Bank or to mail the kits directly to the Bank's office.

On cross-examination, Mr. Grano was unable to provide any objective evidence as to the size of the Bank's Canadian customer base or the number of customers residing in Canada who received the applicant's promotional materials during the relevant period. For example, when asked about the 250,000 promotions that were mailed to customers in January of 1992, he stated that he was unable to indicate how many were sent to Canadian addresses. He did state, however, that "it wasn't unusual" to see 5-10% of the customer base at one of his Bank's branches being Canadian depending on the branch and its location.

When asked about specific facts about the operation of the applicant's EXPRESS FILE program, he admitted that it was difficult for him to recall certain aspects of the program because it had been 8 years since he had been involved with the program. (He had explained earlier in cross-examination that his involvement with the program was brief, from the fall to the winter of 1991, and essentially ended when the program was rolled out to customers in December, 1991.) Upon reviewing his affidavit evidence, he recalled that customers residing in Canada would have to have a bank account with the Bank to use the applicant's services.

Grounds of Opposition

At the oral hearing, the opponent withdrew the Section 30(i) and s.16(1)(a) grounds of opposition. These grounds will therefore not be considered.

The first ground of opposition is based on s.30(b) of the Act, the opponent alleging that the trade-mark has not been used by the applicant in Canada since January 31, 1992, in association with the services covered in the present application. While the legal burden is on the applicant to show that its application complies with Section 30 of the Act, there is an initial evidential burden on the opponent to establish the facts relied upon by it in support of its Section 30 grounds (see Joseph E. Seagram & Sons Ltd. v. Seagram Real Estate Ltd., 3 C.P.R. (3d) 325 at 329-330; and John Labatt Ltd. v. Molson Companies Ltd., 30 C.P.R. (3d) 293). The evidential burden on the opponent with respect to the s.30(b) ground in particular, however, is a light one (see Tune Masters v. Mr. P.'s Mastertune, 10 C.P.R. (3d) 84 at 89) and the opponent may rely upon the applicant's evidence to meet its initial evidential burden.

In the present case, the opponent submits that the applicant's evidence fails to establish that the applicant's electronic tax filing services are or were performed at the relevant time in Canada in the manner contemplated by Section 4(2) of the Act. Section 4(2) of the Act provides as follows:

A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.

The jurisprudence has established that s.4(2) contemplates that the services advertised in Canada must be performed in Canada and that mere advertising of services without performance of the services does not constitute use of the mark in Canada (see Porter v. Don the Beachcomber, 48 C.P.R. 280 and Marineland v. Marine Wonderland and Animal Park Ltd., 16 C.P.R. (3d) 97). At the very least, it must be shown that the trade-mark owner is offering and is prepared to perform the services in Canada (see Wenward (Canada) Ltd. v. Dynaturf Co., 28 C.P.R. (2d) 20 at 25)).

The applicant submits that the evidence in the present case shows that Canadians can access the applicant's services from Canada. In this regard, the applicant argues that the services begin in Canada with the completion of the application form once the electronic tax filing kit has either been picked up at the U.S. bank or been received by mail. Since Mr. Grano testified that the applicant's promotional materials went to all of the Bank's depositors, and since Mr. Grano testified that 5-10% of the Bank's depositors were Canadian, the applicant submits that this is sufficient to show that the applicant's services were advertised in Canada. The applicant went on to state that once the forms have been completed, Canadians have the option to either mail the electronic tax filing kit back to the U.S. bank or drop it off there directly in order for the tax return to be forwarded to the applicant's offices where the return is processed and then transmitted to the IRS. The applicant also submits that there is no authority that says that the entire service has to be performed in Canada.

In reply, the opponent submitted that not one part of the applicant's chain of services were available in Canada as of the relevant date. The opponent submitted that even if promotional inserts describing the applicant's services may have been mailed out to Canadians, the evidence shows that the applicant's electronic tax filing kits were not mailed out to Canadians but rather had to be picked up by customers at the Bank in the U.S. Further, the opponent pointed to the fact that the applicant's forms could be picked up at the Bank and filled out anywhere and not necessarily at the customer's residence. The opponent also noted that even if the evidence shows that Canadians could complete the forms in Canada, this does not constitute use of the applicant's "electronic tax filing services" in Canada.

The opponent further submitted that the applied for service was really a U.S. service designed for Americans. In this regard, the opponent noted that once taxpayers complete the applicant's electronic filing kit and return it either by mail or in person to a financial institution in the U.S., the kit is forwarded by the U.S. financial institution to the applicant's processing center in Michigan where the applicant's electronic tax filing services are performed in order to transmit the tax returns to the IRS. The applicant does not have a tax processing center in Canada and no financial institutions in Canada have ever been licensed to offer the applicant's services. Further, the applicant's tax software

program could not accept returns filed with a Canadian address. Finally, Mr. Porter was not even certain that the applicant's 1-800 customer service line that was referred to in the electronic tax filing kit was accessible by Canadians

In the recent unreported TMOB decision Express File, Inc. v. HRB Royalty, Inc. (Application No. 797,808; December 7, 2001), which is currently under appeal, the two preliminary issues considered by the Board included whether Express, File Inc. (i.e. the opponent in that case) had established that its activities with respect to Canada predated HRB Royalty, Inc.'s (i.e. the applicant in that case) filing date for its mark (i.e. November 21, 1995) and whether Express File, Inc.'s activities amounted to use pursuant to Section 4(2) of the Act. In her analysis of whether Express File Inc. had shown use of its EXPRESS FILE mark in Canada, Hearing Officer Bradbury made the following comments at p. 6 of her decision:

If I were to accept that the opponent's services were advertised in association with its trade-mark in Canada prior to November 21, 1995, the opponent would then have to establish that its services were either performed in Canada or were available to be performed in Canada prior to such date [see *Wenward (Canada) Ltd. v. Dynaturf Co.*, 28 C.P.R. (2d) 20] .

As we do not have any evidence showing that any Canadian residents actually used the opponent's services, the question becomes whether the services were available to be performed in Canada. I conclude that they were not. True, someone in Canada was able to order the services from Canada, but the services would not then have been performed in Canada. Clearly, the opponent electronically files tax returns in the United States, not in Canada. A Canadian resident may instruct a U.S. bank to electronically file his/her tax return but all of the services are done in the United States, not Canada. The evidence suggests that the bank itself does not do the filing but rather acts as a drop-off point, within the United States, for the completed kits that are used to employ the opponent's electronic tax filing services. It is noted that Canadian residents must use an American address in order to avail themselves of the opponent's services.

The present case is not like the situation in *Wenward*, but approaches more the situation in *Porter v. Don the Beachcomber*, 48 C.P.R. 280. To illustrate this, I reproduce the following extract from page 25 of the *Wenward* decision:

“The applicant filed in evidence copies of letters to inquiries made from various parts of Canada for constructing and resurfacing of tennis courts which letters clearly indicate that the applicant was prepared to send its crews to construct and resurface tennis courts and other recreational surfaces in various parts of Canada if the applicant were awarded any contracts. In this case, the applicant was willing and able to provide services when contracted for in Canada whereas in the *Beachcomber* case referred to above, the applicant only offered its services at its own facilities, and these facilities only existed in the United States.”

The fact that someone in Canada could order the opponent's services does not convince me that the services were available in Canada. I doubt that the opponent's licensees would claim that they are performing banking services in Canada even though they send various materials to Canadian

residents to promote services that they offer with respect to bank accounts in the U.S., some of which I imagine Canadian residents could arrange for by phone or letter.

...

In summary, there are two preliminary issues: whether the opponent has established that its activities with respect to Canada predated the applicant's filing date and whether its activities amounted to use pursuant to Subsection 4(2). It is my conclusion that the opponent has not successfully addressed either issue.

I therefore agree with the applicant that the opponent has failed to establish prior use of EXPRESS FILE in Canada.”

I consider the findings of Hearing Officer Bradbury to be on all fours with the present case. If anything, in the present case further facts were revealed on cross-examination that support a finding that the opponent has not shown that its services were used in Canada in the manner contemplated by s.4(2) of the Act by the relevant date which in this case is January 31, 1992. At best, the evidence in the present case shows that some Canadians may have received the opponent's promotional materials by the relevant date, but there is no evidence to show that the applicant's electronic tax filing services were performed or available to be performed in Canada as of that date. In this regard, I agree with the opponent that even if Canadians had filled out forms while in Canada in order to use the opponent's services in the U.S., such activity does not constitute use of the applied for services “electronic tax filing services” in Canada. I therefore find this ground of opposition to be successful.

The outstanding grounds of opposition turn on the issue of the likelihood of confusion between the applied for EXPRESS FILE mark and the opponent's EXPRESS FILE H&R BLOCK mark, an application for which was previously filed in Canada for use in association with the electronic filing of tax returns. The material dates for assessing the s.16(2) ground and non-distinctiveness grounds are, respectively, the applicant's filing date (i.e. August 20, 1996), and the date of opposition (i.e. May 28, 1997). Nothing turns on which material date is considered in this case.

In assessing whether there would be a reasonable likelihood of confusion between the trade-marks at issue, the Registrar must have regard to all the surrounding circumstances, including, but not limited to, the criteria which are specifically enumerated

in subsection 6(5) of the Trade-marks Act. Further, the Registrar must bear in mind that the legal burden is upon the applicant to establish that there would be no reasonable likelihood of confusion between the trade-marks of the parties as of the material dates noted above.

With respect to Section 6(5)(a) of the Act, the applied for mark EXPRESS FILE is inherently weak as it is suggestive of the applicant's electronic tax filing services. The opponent's mark, on the other hand, possesses a higher degree of inherent distinctiveness because it includes the distinctive components H&R BLOCK. As for the extent to which the trade-marks have become known, I am satisfied from the applicant's evidence that its mark may have acquired some reputation in Canada as a result of the applicant's promotional materials having been mailed to various Canadians who had bank accounts in the U.S. I am also satisfied from the evidence furnished that the opponent's mark has also become known to some extent in Canada.

As for Section 6(5)(b) of the Act, the opponent's mark has been in use since January, 1996, while the applicant has not shown use of its mark in Canada. This factor therefore favours the opponent.

With respect to the parties' services and channels of trade, the applicant's electronic tax filing services are virtually identical to the opponent's electronic filing of tax returns. The parties' channels of trade would therefore presumably overlap.

As for Section 6(5)(e) of the Act, the parties' marks are similar in appearance, and sound because of the common use of the words EXPRESS FILE. The ideas suggested by both marks are also similar as both marks suggest a service that enables the customer to file something quickly. The only difference in idea suggested is that the opponent's mark associates such a service with one entity in particular, i.e. H&R BLOCK.

Having regard to the above and, in particular, to the degree of resemblance between the marks at issue as applied to identical services that could travel through same channels of trade, I find that the applicant has failed to meet the legal burden on it in

respect of the issue of confusion. Consequently, the applicant is not the person entitled to registration of the mark EXPRESS FILE, and the applicant's mark is non-distinctive.

In view of the above, and having been delegated by the Registrar of Trade-marks by virtue of Subsection 63(3) of the Act, I refuse the applicant's application pursuant to Subsection 38(8) of the Act.

DATED AT GATINEAU, QUEBEC, THIS 9TH DAY OF May, 2002.

C.R. Folz
Member,
Trade-Marks Opposition Board