



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

**Citation: 2015 TMOB 131**  
**Date of Decision: 2015-07-30**

**IN THE MATTER OF AN OPPOSITION**

<b>SoftLayer Technologies, Inc.</b>	<b>Opponent</b>
<b>and</b>	
<b>Groupe iWeb Inc.</b>	<b>Applicant</b>
<b>1,499,754 for SMART LAYER</b>	<b>Application</b>

[1] On October 14, 2010, Group iWeb Inc. (the Applicant) filed application No. 1,499,754 to register the trade-mark SMART LAYER (the Mark). The application is based upon proposed use of the Mark in Canada in association with the following services, as revised by the Applicant during the examination of the application:

Dedicated server services, namely, hosting of digital content of others on dedicated servers; Software as a service, namely, server management tools for remotely controlling and managing servers and software applications located on a server. (the Services)

[2] SoftLayer Technologies, Inc. (the Opponent) is the owner of the trade-mark SOFTLAYER, which it alleges to have previously used in Canada in association with various services, including web hosting, cloud computing, and related internet infrastructure services, such as telecommunications, data storage and network security management services. The detailed list of the Opponent's alleged services is attached hereto under Schedule "A".

[3] The Opponent has opposed the application for the Mark under section 38 of the *Trade-marks Act*, RSC 1985, c T-13 (the Act), based upon the grounds that (i) the application does not conform with the requirements of sections 30(e) and (i) of the Act; (ii) the Applicant is not the person entitled to registration of the Mark under sections 16(3)(a) and (c) of the Act in view of the Opponent's prior use of its trade-mark SOFTLAYER and trade-name, respectively; and (iii) the Mark is not distinctive within the meaning of section 2 of the Act.

[4] For the reasons explained below, the application ought to be refused.

#### The record

[5] The statement of opposition was filed by the Opponent on May 28, 2012. The Applicant filed and served a counter statement on July 31, 2012 denying each of the grounds of opposition set out in the statement of opposition. I shall note at this point of my decision that I am disregarding those portions of the counter statement that constitute legal argument.

[6] As its evidence in chief, the Opponent filed a certified copy of its application for the trade-mark SOFTLAYER filed on May 28, 2012 under No. 1,579,383 and an affidavit of its Vice President – Strategic Planning Todd Mitchell, sworn February 27, 2013 (the Mitchell affidavit). Mr. Mitchell was not cross-examined on his affidavit.

[7] As its evidence, the Applicant filed an affidavit of Pierre-Luc Toupin, Vice President Finance of both the Applicant and iWeb Technologies inc. (iWeb Technologies) sworn June 27, 2013 (the Toupin affidavit) and an affidavit of Guillaume Lachance, a lawyer with the firm representing the Applicant in the present proceeding, sworn the same day (the Lachance affidavit). Messrs. Toupin and Lachance were both cross-examined on their affidavits and the transcripts of their cross-examinations as well as the answers to undertakings of Mr. Lachance are of record.

[8] On March 24, 2014, the Opponent filed as evidence in reply under section 43 of the *Trade-marks Regulations*, SOR/96-195.1 (the Regulations) the affidavit of its Vice President, Sales Operations Frederic Greer, sworn March 21, 2014 (the Greer affidavit). Mr. Greer was not cross-examined on his affidavit. I wish to note at this point of my decision that I will not have

regard to the Greer affidavit in my analysis below since I find that it does not constitute proper reply evidence. Suffice it to say that this affidavit has been filed to rebut the statement made in paragraph 14c of Mr. Toupin's affidavit pertaining to the parties' target clientele and could have been filed as part of the Opponent's evidence in chief under section 41 of the Regulations [see *Prouvost SA v Haberdashers Ltd* (1987), 18 CIPR (3d) 232 (TMOB)]. In fact, similar evidence was presented in the Mitchell affidavit. In any event, nothing turns on the evidence introduced through the Greer affidavit.

[9] The statement of opposition was amended with leave of the Registrar on September 12, 2014 so as to correct typographical errors.

[10] Both parties filed written arguments and were represented at a hearing.

#### The parties' respective burden or onus

[11] The Opponent has the initial evidentiary burden to establish the facts alleged to support each ground of opposition. Once that burden is met, the legal burden or onus that the Mark is registrable remains on the Applicant, on a balance of probabilities [see *John Labatt Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 (FCTD); and *Dion Neckwear Ltd v Christian Dior, SA et al* (2002), 20 CPR (4th) 155 (FCA)].

#### Analysis

##### Ground of opposition based on non-entitlement under section 16(3)(a) of the Act

[12] The Opponent has pleaded that the Applicant is not the person entitled to registration of the Mark under section 16(3)(a) of the Act because, as of the date of filing of the application, the Mark was confusing with the trade-mark SOFTLAYER that had been previously used and made known in Canada by the Opponent, in association with the Opponent's services set out in Schedule "A" hereto.

[13] An opponent meets its evidentiary burden with respect to a section 16(3)(a) ground if it shows that as of the date of filing of the applicant's application, its trade-mark had been previously used or made known in Canada and had not been abandoned as of the date of

advertisement of the applicant's application [section 16(5) of the Act]. The Opponent has met its evidentiary burden as per my review below of the salient points of the Mitchell affidavit.

The Mitchell affidavit

[14] Mr. Mitchell states that the Opponent was founded in 2005 in Dallas, Texas and is now a leading global provider of cloud infrastructure [para 8 of the affidavit].

[15] More particularly, Mr. Mitchell states that the Opponent is the largest privately-held infrastructure-as-a-service provider in the world. The Opponent provides on-demand data center and hosting services from 13 data centers throughout the world, and it currently has more than 25,000 customers and 100,000 servers [para 8 of the affidavit].

[16] Mr. Mitchell states that the Opponent has used the trade-mark SOFTLAYER in the United States since at least as early as June 2005. The Opponent began offering its services worldwide, including in Canada, in January 2006. Mr. Mitchell explains that given the nature of the Opponent's business, it is able to offer its services to customers virtually anywhere, provided they have sufficient Internet access, without the need for bricks and mortar operations in those locations [paras 5, 9 and 10 of the affidavit].

[17] As indicated above, the Opponent is the owner of Canadian trade-mark application No. 1,579,383 for the trade-mark SOFTLAYER. Except for a few services that have been further particularized, the statement of services covered by this application matches the statement of services for which use in Canada has been alleged by the Opponent in its statement of opposition. Mr. Mitchell collectively refers to these services as the Opponent's services and I will do the same [para 3 of the affidavit].

[18] Mr. Mitchell provides a chart setting out the Opponent's annual revenues (in U.S. dollars) derived from customers in Canada from 2006 to 2012. Given the confidential nature of the Opponent's exact revenue figures, he explains that he has underestimated the actual figures. These revenues have been constantly increasing since 2006, from US\$400,000 in 2006 to US\$11,500,000 in 2012, for a total of approximately US\$35,200,000 in sales in Canada in seven years since use of the trade-mark SOFTLAYER started [para 11 of the affidavit]. I note that no

breakdown of sales for each of the Opponent's services is provided.

[19] Mr. Mitchell explains that the vast majority of the Opponent's sales in association with the Opponent's SOFTLAYER services, including those made in Canada, are made through the Opponent's website available at <http://www.softlayer.com>. He attaches as Exhibits E through L printouts of the home page of such website for the years 2006 to 2013, all displaying the trade-mark SOFTLAYER [paras 12 to 20 of the affidavit].

[20] The Opponent's website was not only accessible to Canadians, but was in fact visited 95,252 times from persons located in Canada in 2011, and 90,948 times in the period starting in January 2012 and up to February 21, 2013 [para 22 of the affidavit].

[21] Mr. Mitchell states that the Opponent uses various methods of advertising in Canada, namely through the Internet (primarily through banner ads and animated graphic interchange format (GIFs)), at trade shows, industry conferences and through incubator programs. He explains that the Opponent participates in incubator programs by partnering with various Canadian companies (called Accelerators) or through its own incubator program called Catalyst. He also attaches as Exhibits M through O examples of the advertising materials that have been used throughout the years in Canada [paras 23, 24, 27 and 28 of the affidavit].

[22] Mr. Mitchell further states that the Opponent has spent in excess of \$1,000,000 per year globally on Internet advertising since 2010, and all of that advertising displays the SOFTLAYER trade-mark. Since 2010, the Opponent has spent over \$5,000,000 globally on advertising of all types, and again, all of said advertisement displays the SOFTLAYER trade-mark [para 30 of the affidavit].

[23] As the Opponent's evidentiary burden has been satisfied, the Applicant must therefore establish, on a balance of probabilities, that there was not a reasonable likelihood of confusion between the Mark and the Opponent's SOFTLAYER trade-mark as of the material date of October 14, 2010.

#### The test for confusion

[24] The test for confusion is one of first impression and imperfect recollection. Section 6(2)

of the Act provides that the 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.

[25] Thus, this section does not concern the confusion of the trade-marks themselves, but of the goods or services from one source as being from another.

[26] In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those listed at 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 the trade-marks have 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. This list is not exhaustive and all relevant factors are to be considered. Further, all factors are not necessarily attributed equal weight as the weight to be given to each depends on the circumstances [see *Mattel, Inc v 3894207 Canada Inc* (2006), 49 CPR (4th) 321 (SCC); *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée* (2006), 49 CPR (4th) 401 (SCC); and *Masterpiece Inc v Alavida Lifestyles Inc* (2011), 92 CPR (4th) 361 (SCC) for a thorough discussion of the general principles that govern the test for confusion].

#### Consideration of the section 6(5) factors

##### The inherent distinctiveness of the trade-marks and the extent to which they have become known

[27] I assess the inherent distinctiveness of the parties' marks as about the same.

[28] Each mark is made up of ordinary English language words, namely the word "layer" combined with a qualifier: the word "smart" on the one hand and the word "soft" on the other.

[29] In his affidavit and cross-examination, Mr. Toupin asserts that, in the field of computing, the term "layer" is used to define, among others, the programming of different functional components that interact sequentially and hierarchically [Toupin affidavit, para 14*b*; Exhibit PLT-5; transcript at p. 37]. As I may refer myself to dictionaries to determine the

meaning of a word, I have consulted dictionaries in the field of information technology. I note that Mr. Toupin's assertions are corroborated by, among others, the following definitions for the word "layer":

*Dictionary of Computer Science – The Standardized Vocabulary, ©ISO/AFNOR, 1997:*

1. <hypermedia and multimedia> Container of one or more tracks that may be related to one another.
2. In distributed data processing, a group of services, functions and protocols that is complete from a conceptual point of view, that is one of a set of hierarchically arranged groups, and that extends across all computer systems that conform to the same network architecture.

layer (in OSI):

In the open systems interconnection reference model, one of seven conceptually complete, hierarchically arranged groups of services, functions, and protocols that extend across all open systems.

*The Computer Glossary – The Complete Illustrated Dictionary, Eight Edition, Alan Freedman, AMACOM, ©1998, 1995, 1993, 1991, 1989, 1983, 1981 The Computer Language Company Inc.; and The Computer Desktop Encyclopedia, Second Edition, Alan Freedman, AMACOM, ©1999 The Computer Language Company*

- (1) In computer graphics, one of several on-screen "drawing boards" for creating elements within a picture. Layers can be manipulated independently, and the sum of all layers make up the total image.
- (2) In communications, a protocol that interacts with other protocols to provide all the necessary transmission services. See OSI.

*Cyber Dictionary – Your guide to the Wired World, David Morse, ©1996 Knowledge Exchange, LLC.*

- (1) In communications, a protocol working together with other protocols to provide transmission services.
- (2) In computer graphics, a drawing board on the screen that you use to create a picture.

*Microsoft Computer Dictionary, Fifth Edition, ©2002 Microsoft Corporation.*

The protocol or protocols operating at a particular level within a protocol suite, such as IP within the TCP/IP suite. Each layer is responsible for providing specific services

or functions for computers exchanging information over a communication network (such as the layers in the ISO/OSI reference model) and information is passed from one layer to the next. Although different suites have varying numbers of levels, generally the highest layer deals with software interactions at the application level, and the lowest governs hardware-level connections between different computers.

[30] I further note that the words “smart” and “soft” are defined as follows:

“smart”:

(of a device) capable of independent and seemingly intelligent action. – *Oxford Canadian Dictionary, Second Edition, 2006.*

*adj.* A synonym for intelligent. – *Microsoft Computer Dictionary, supra.*

“soft”:

*adj.* In computing, temporary or changeable. – *Microsoft Computer Dictionary, supra.*

In computer science, *soft* is used to describe things that are intangible. For example, you cannot touch *software*. It’s like music – you can see musical scores and touch CDs and tapes, but the music itself is intangible. Similarly, you can see software instructions (programs), and touch floppy discs on which the programs are stored, but the software itself is intangible.

*Soft* is also used to describe things that are easily changed or impermanent. In contrast, *hard* is used to describe things that are immutable. – *Random House Personal Computer Dictionary, Philip E. Margolis, ©1996*

Flexible and changeable. – *The Computer Glossary, supra;* and *The Computer Desktop Encyclopedia, supra.*

[31] Not only are both marks made up of ordinary English language words, but these words have a meaning in the field of communications and computing services. Accordingly, I find that they are relatively weak.

[32] The strength of a trade-mark may be increased by means of it becoming known through promotion or use.

[33] The extent to which the Mark has been used and become known in Canada cannot be considered under the present ground of opposition as the application is based upon proposed use of the Mark and evidence filed through the Toupin affidavit further shows that use of the Mark by the Applicant, if any, started after the material date of October 14, 2010.



[34] By comparison, as per my review above of the Mitchell affidavit, there is evidence that the Opponent's trade-mark SOFTLAYER had been previously used and become known in Canada as of the filing date of the Applicant's application for the Mark. While the evidence, as introduced by Mr. Mitchell, does not necessarily enable me to determine the extent to which the trade-mark SOFTLAYER had become known in Canada as of the material date in association with *each* of the Opponent's services listed in Schedule "A" attached hereto, a fair reading of the Mitchell affidavit and accompanying exhibits leads me to conclude that the Opponent's trade-mark SOFTLAYER has been used significantly in Canada since the year 2006 in association with, generally speaking, web hosting, cloud computing and related internet infrastructure services, such as telecommunications, data storage and network security management services, thereby reinforcing the distinctiveness of the Opponent's trade-mark.

[35] Thus, I find that this factor, which is a combination of inherent distinctiveness and acquired distinctiveness, favours the Opponent.

The length of time the trade-marks have been in use

[36] In view of my comments above, this factors also favours the Opponent.

The nature of the goods, services or business; and the nature of the trade

[37] There is a clear overlap between the Applicant's Services and the Opponent's services as evidenced by the Mitchell affidavit discussed above. In fact, the Applicant itself acknowledges at page 16 of its written argument that the nature of the services favours the Opponent as the services of the parties are in the same general field of hosting and related computing services and are web-based services.

[38] However, the Applicant, relying on the evidence introduced through the Toupin affidavit, submits that the nature of the parties' trade differ because the Applicant targets the market of small businesses companies and its customers are individuals or small businesses companies while the Opponent's customers are medium and large businesses companies. The Applicant further submits that because of the market targeted, the prices for its services are much lower than those of the Opponent. I disagree with the Applicant's position.

[39] As pointed out by the Opponent, and as ultimately conceded by the Applicant at the hearing, the Opponent's market is not restricted to medium and large businesses companies. Suffice it to recall that the Mitchell affidavit shows that the Opponent offers its services to start-up businesses [see paras 27 and 28 of the Mitchell affidavit and Exhibit O]. Likewise, the Applicant's market is not restricted to individual or small businesses companies. Suffice it to say that Mr. Toupin conceded on cross-examination that the Applicant's market includes not only small businesses but also medium businesses and that the Applicant would not decline servicing large businesses companies, as per the following passage found at pages 41 and 42 of the transcript of his cross-examination:

*Q. Donc, vous, vous ne visez pas du tout les moyennes entreprises et les grandes entreprises?*

*R. C'est sûr qu'une offre est toujours plus large qu'un simple serveur, mais le marché type d'iWeb est le SMB, bien, "small and medium business".*

*Q. Si une moyenne entreprise ou une grande entreprise vient vous voir, vous allez dire non, pas ici?*

*R. Donc, oui, on va répondre à la demande de tout client qui vient nous voir, mais le marché cible qu'on « target » est beaucoup plus le marché de la petite entreprise.*

*Q. Donc, si l'opposante offrait ses services à des petites entreprises, là ce serait le même marché?*

*R. On se trouverait à être un peu plus dans le même marché, effectivement.*

*Q. Ou si elle offrait ses services dans la gamme de prix que vous offrez les vôtres, ce serait le même marché?*

*R. Oui, effectivement.*

The degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them.

[40] As noted by the Supreme Court in *Masterpiece, supra*, at paragraph 49, "the degree of resemblance, although the last factor listed in [section] 6(5) [of the Act], is the statutory factor that is often likely to have the greatest effect on the confusion analysis [...] if the marks or names do not resemble one another, it is unlikely that even a strong finding on the remaining factors

would lead to a likelihood of confusion”.

[41] Moreover, as previously mentioned, it is well-established in the case law that likelihood of confusion is a matter of first impression and imperfect recollection. In this regard, “[w]hile the marks must be assessed in their entirety (and not dissected for minute examination), it is still possible to focus on particular features of the mark that may have a determinative influence on the public’s perception of it” [see *Pink Panther Beauty Corp v United Artists Corp* (1998), 1998, CanLII 9052 (FCA), 80 CPR (3d) 247 (FCA), at para 34]. Even though the first word or portion of a trade-mark is generally the most important for the purpose of distinction, the preferable approach is to first consider whether any aspect of the trade-mark is particularly striking or unique [see *Masterpiece*, above, at paragraph 64].

[42] Applying those principles to the present case, I find there is a fair degree of resemblance between the parties’ marks.

[43] As acknowledged by the Applicant in its written argument, even though the Opponent’s trade-mark SOFTLAYER is written in one word only, it is in fact composed of two words. The parties’ marks share the same “architecture” in that they are both made of the identical word “layer” appearing in the second portion of the mark combined with a one syllable qualifier appearing in the first portion, namely the word “smart” on the one hand and the word “soft” on the other.

[44] While the words “smart” and “soft” appear in the first portions of the parties’ marks, I find that they are at the utmost equally dominant with the word “layer” given their highly suggestive connotation in the context of the parties’ services [re my comments above under the section 6(5)(a) factor]. There is also similarity between the overall ideas suggested by the parties’ marks in that both qualifiers “smart” and “soft” refer to characteristics that are associated with “layers” in the field of information technology.

#### Additional surrounding circumstances

#### Dilution of the terms “soft” and “layer” on the Canadian register and marketplace

[45] The Applicant submits that in the fields of computers, the Internet, telecommunications and information technologies, among others, use of the words “soft” and “layer” in trade-marks is widespread.

[46] To support its factual allegations, the Applicant relies on the Lachance affidavit that purports to introduce into evidence the results of various searches conducted on the register of trade-marks as well as various third party websites.

[47] State of the register evidence is introduced to show the commonality or distinctiveness of a mark or portion of a mark in relation to the register as a whole. Evidence of the state of the register is only relevant insofar as inferences may be made on it concerning the state of the marketplace, and inferences about the state of the marketplace can only be drawn when a significant number of pertinent registrations are located [see *Ports International Ltd v Dunlop Ltd* (1992), 41 CPR (3d) 432 (TMOB); *Welch Foods Inc v Del Monte Corp* (1992), 44 CPR (3d) 205 (FCTD); and *Maximum Nutrition Ltd v Kellogg Salada Canada Inc* (1992), 43 CPR (3d) 349 (FCA)].

[48] Both in its written argument and at the hearing, the Opponent has objected to the admissibility of the Lachance affidavit.

[49] Relying primarily on the decision in *Cross-Canada Auto Body Supply (Windsor) Ltd v Hyundai Auto Canada* (2006), 53 CPR (4th) 286 (FCA), the Opponent submits that the Lachance affidavit is inadmissible in its entirety as it comes from an employee of the Applicant’s agent, and relates directly to a contentious issue. In the alternative, the Opponent submits that little weight, if any, should be given to the affidavit since it does not show use of the marks located by the owners of the listed marks in Canada.

[50] By contrast, the Applicant submits that the Lachance affidavit is admissible as it does not comprise any contentious opinion evidence whatsoever. More particularly, the Applicant submits that the Opponent blames Mr. Lachance for having exercised his judgment. The Applicant submits that the parameters of the state of the register search conducted by Mr. Lachance have been provided and that the evidence introduced through this search cannot be qualified as having been fabricated. However, it did concede at the hearing that the state of the marketplace evidence

introduced through the Lachance affidavit ought to be given little weight, if any, as it is flawed in many ways.

[51] The Federal Court of Appeal makes it clear that “it is not good practice for a law firm to cause its employees to act as investigators for the purpose of having them later give opinion evidence on the most crucial issues in the case” [*Cross-Canada, supra*, at para 4]. While the Court is less clear on how solely non-opinion evidence furnished by a firm’s employee should be treated, it does state that “it is improper for a solicitor to compromise his independence by acting in a proceeding in which a member of his firm has given affidavit evidence on a point of substance” [*Cross-Canada, supra*, at para 7].

[52] For the purpose of determining the admissibility or weight to be given to the Lachance affidavit, I will first go over that affidavit. In so doing, I adopt most of the summary found in the Opponent’s written argument.

[53] As indicated above, Mr. Lachance is a lawyer with the firm representing the Applicant. On cross-examination, he admitted to having worked in this matter, including by drafting the counter-statement [Lachance transcript p. 7].

[54] Mr. Lachance conducted searches on the Canadian trade-marks database for marks containing the word “soft” and the keyword “computer” for goods and services and obtained 239 hits. A list of his results is attached to his affidavit as Exhibit GL-1.

[55] Mr. Lachance states that he then proceeded to choose 10 marks from the list of 239 marks and attaches the printouts for these marks to his affidavit as Exhibit GL-2.

[56] Mr. Lachance states that he then conducted searches on Google Canada for these 10 marks and attaches the printouts of the websites that he located from this search as Exhibit GL-3.

[57] Mr. Lachance conducted the same search on the Canadian trade-marks database for marks containing the word “layer” and used the keyword “software” for the goods and services, and obtained 34 results. A list of his results is attached to his affidavit as Exhibit GL-4.

[58] Mr. Lachance states that he then proceeded to choose 5 marks from the list of 34 marks

and attaches the printouts for these marks as Exhibit GL-5.

[59] Mr. Lachance states that he then proceeded to conduct searches on Google Canada for these 5 marks and attaches the printouts of the websites that he located from this search as Exhibit GL-6.

[60] I do not consider it necessary to rule on the admissibility of the portions of the Lachance affidavit relating to the state of the marketplace evidence introduced through Exhibits GL-3 and GL-6 because, even if I were to find them admissible, I would still find that no weight ought to be given to them since they provide little, if any, relevant or reliable evidence.

[61] Suffice it to say that there is no evidence that the results show use of the same marks located on the Trade-marks Office database and listed in GL-2 and GL-5; no evidence that these results show use of the marks by the owners of the respective marks in GL-2 and GL-5; and no evidence that such use was made in Canada. In fact, as indicated above, the Applicant did concede at the hearing that the state of the marketplace evidence introduced through Exhibits GL-3 and GL-6 is flawed in many ways.

[62] Likewise, I do not consider it necessary to rule on the admissibility of the portions of the Lachance affidavit relating to the state of the register evidence introduced through Exhibit GL-5 because, even if I were to find them admissible, I would still find that the number of pertinent registrations revealed by Exhibit GL-5 is simply insufficient by itself to draw inferences about the state of the marketplace.

[63] Exhibit GL-5 merely reveals one pertinent registration (LAYERX - registration No. TMA780,221 dated October 21, 2010) and one allowed application (NULAYER - application No. 1,568,878 based on use in Canada since May 2007). The remaining three marks (LAYER 7; LAYAR; and FANPLAYR) are not pertinent as they either relate to pending applications or do not include the word “layer”.

[64] This leaves us with the portions of the affidavit relating to the state of the register evidence introduced through Exhibit GL-2.

[65] Exhibit GL-2 reveals 10 registrations made up of the element “soft”, namely: STONESOFT (TMA601,161); SCIOSOFT (TMA839,537); SENSORSOFT (TMA527,262); YSOFT (TMA832,310); SOFTSYS (TMA494,901); INFOSOFT (TMA616,006); CRANSOFT (TMA761,292); SOFTCOM (TMA770,094); SOFTNET (TMA485,359); and SOFTLAB (TMA820,684).

[66] The Applicant does not dispute that Mr. Lachance did exercise his judgment in conducting this search and determining the search criteria. On cross-examination, Mr. Lachance explained that he did not go through each of the 239 hits listed under Exhibit GL-1. He felt this was not necessary and simply decided to attach under Exhibit GL-3 a sampling of 10 hits that he found were relevant to the present case [Lachance transcript, pp 9, 15-19]. I am reproducing below the most pertinent passage of his testimony on this point found on page 18:

*R. J'en ai regardé quelques autres mais ça revenait pas mal au même, donc j'ai arrêté après un certain temps. Je n'ai pas repassé à travers les 239 résultats si c'est votre question.*

*Q. C'est ça, vous en aviez 10 et puis vous avez arrêté, vous n'avez pas passé au travers les 239?*

*R. Ce n'est pas exactement ce que j'ai dit. Ce que j'ai dit c'est que j'en ai pris 10, effectivement, que j'ai identifié et puis que je vous ai donnés. J'aurais pu en prendre d'autres aussi, mais ceux-là me semblaient pertinents. Donc, à un certain moment donné, ça ne donne rien de sortir 70 résultats, là.*

[67] I agree with the Applicant that this does not render the portions of Mr. Lachance's affidavit relating to the state of the register evidence introduced through Exhibits GL-1 and GL-2 inadmissible. While there may be a subjective element to how the state of the register evidence is compiled, Mr. Lachance did set out the parameters of his search. The information presented in Exhibits GL-1 and 2 is essentially a reflection of existing trade-mark office records within those parameters. [See by analogy *Bacardi & Company Limited v Distribuidora Glasgow CA* 2010, TMOB 55 (CanLII)].

[68] As a result, I agree with the Applicant that 10 registrations are a significant basis from which to draw inferences about the state of the marketplace [see *Groupe Procycle Inc v Chrysler Group LLC* 2010 FC 918 (CanLII)]. In other words, I agree with the Applicant that, in the field

of computers and the like, use of the word “soft” in trade-marks is widespread.

#### Foreign registrations for the Mark

[69] The Applicant submits that it is the owner of a U.S. trade-mark registration as well as a Community trade-mark registration for the Mark [Toupin affidavit, para 14*d*]. However, no certified copy of any of these foreign registrations has been introduced into evidence. I further note that there is also no evidence that the Opponent owns a CTM registration for its trade-mark SOFTLAYER. The Mitchell affidavit refers only to the Opponent’s U.S. registrations for the SOFTLAYER trade-mark and alleged associated family of trade-marks made up of the term “layer” [Mitchell affidavit, paras 5 and 6]. (I note in passing that no such corresponding family of trade-marks has been referred to in Canada).

[70] In any event, the fact that the parties’ marks may coexist on foreign trade-marks registers is not binding upon the Registrar [see *Quantum Instruments Inc v Elinca SA* (1995), 60 CPR (3d) 264 (TMOB)]. Furthermore, while each of the Mitchell and Toupin affidavits makes allusion to the use of their respective marks in the United States, no direct evidence has been adduced of the coexistence of the trade-marks at issue in the American marketplace.

#### Coexistence of the parties’ marks without confusion in Canada

[71] The Applicant submits that the parties’ marks have coexisted without confusion since it first commenced using the Mark in Canada shortly after having filed the present application [Toupin affidavit, para 15].

[72] As explained before, the material date to consider the present ground of opposition is the date of filing of the application. Thus, coexistence of the parties’ marks that occurred after this material date cannot be considered.

#### Conclusion regarding the likelihood of confusion

[73] As indicated above, the Applicant bears the legal onus of establishing, on a balance of probabilities, that its application complies with the requirements of the Act. The presence of a legal onus on the Applicant means that if a determinate conclusion cannot be reached once all the



evidence is in, then the issue must be decided against the Applicant.

[74] The issue is not whether the Opponent ought to be afforded a monopoly over the word “layer” in Canada, but whether an individual having an imperfect recollection of the Opponent’s trade-mark SOFTLAYER as associated with the Opponent’s web hosting, cloud computing and related internet infrastructure services, would, as a matter of first impression and imperfect recollection, conclude that the Applicant’s Services that are offered under the Mark share a common source. I find that such a consumer would come to such a conclusion.

[75] Indeed, I am not satisfied that the Applicant had sufficiently distinguished its Mark from that of the Opponent as of the filing date of its application.

[76] As per my analysis above, the parties’ trade-marks share the same “architecture”. While I acknowledge that they are inherently relatively weak, the distinctiveness of the Opponent’s trade-mark SOTFLAYER has been increased by reason of the significant use made of it by the Opponent since the year 2006 in association with its web hosting, cloud computing and related internet infrastructure services. As the parties’ services and channels of trade are the same or clearly overlap, I am of the view that the Opponent’s evidence raises sufficient doubts as to the likelihood of confusion between the Applicant’s Services and the Opponent’s web hosting, cloud computing and related internet infrastructure services as of the filing date of the Applicant’s application.

[77] Accordingly, the section 16(3)(a) ground of opposition succeeds.

Ground of opposition based on non-distinctiveness of the Mark under section 2 of the Act

[78] The Opponent has pleaded that the Mark is not distinctive, within the meaning of section 2 of the Act, in that it does not distinguish, nor is it adapted to distinguish the Services of the Applicant from those of the Opponent.

[79] An opponent meets its evidentiary burden with respect to a distinctiveness ground if it shows that as of the filing date of the opposition (in this case May 28, 2012) its trade-mark had become known to some extent at least to negate the distinctiveness of the applied-for mark [see *Motel 6, Inc v No 6 Motel Ltd* (1981), 56 CPR (2d) 44 (FCTD)]. As per my review above of the

Mitchell affidavit, the Opponent has met its evidentiary burden.

[80] The difference in relevant dates affects my analysis above under the section 16(3)(a) ground of opposition in that the evidence of use of the Mark by the Applicant, if any, that occurred between the filing date of the application and the filing date of the opposition comes into play.

[81] Both in its written argument and at the hearing, the Opponent has submitted that the evidence of use of the Mark introduced through the Toupin affidavit raises serious issues that affect its admissibility and relevance.

[82] For the purpose of determining the admissibility or weight to be given to the Toupin affidavit, I will first go over that affidavit. In so doing, I adopt part of the summary found in the Opponent's written argument.

[83] Mr. Toupin states that iWeb Technologies is a wholly-owned subsidiary of the Applicant. He further states that the Applicant [TRANSLATION] "granted iWeb Technologies the right to use the Mark" [paras 1 and 5 of the affidavit].

[84] At pages 6 to 10 of the transcript of his cross-examination, Mr. Toupin explains that the Applicant is a holding company. The operating company, which is using the Mark in association with the applied-for Services, is iWeb Technologies. I will return to the relationship existing between the two later.

[85] Mr. Toupin states that the Applicant began using the Mark in association with the Services shortly after the application was filed (i.e. in October 2010). In support of his assertions of use he attaches to his affidavit as Exhibit PLT-1 what he describes as printouts from the Applicant's website available at <http://www.iweb.com> for the years 2010 to 2013. He adds that some of these printouts have been printed from the Internet archive Wayback Machine [para 6 of the affidavit]. Upon review of these printouts, I note that they all bear copyright notices referring to either iWeb Technologies or another entity named iWeb Inc. At page 10 of the transcript of his cross-examination Mr. Toupin asserts that the *iweb.com* domain name is owned iWeb Technologies. He further asserts at pages 19 to 21 that iWeb Inc. does not exist. It consists of the abbreviation of iWeb Technologies.

[86] Mr. Toupin states that the Applicant offers its Services in Canada as well as across the world through the website *http://www.iweb.com*. It offers its clients over 4000 servers in relation with the Mark. In support of his assertions, Mr. Toupin attaches as Exhibit PLT-2 a list of clients that have purchased the Services related to the Mark, as well as copies of five invoices that were issued by iWeb Technologies for these Services [para 7 of the affidavit]. As noted by the Opponent, the list of clients merely provides numbers with no names and only one invoice is for a Canadian client. At the hearing, the Applicant explained that it is possible to cross-reference the client numbers with the account numbers indicated on the invoices. It also explained that it chose to provide a few sample invoices for other countries of the world (namely, Argentina, Guatemala, India and Spain) to show the international client base of the Applicant.

[87] Mr. Toupin states that the Applicant is well known in Canada and across the world and has acquired notoriety in the field of servers and web hosting services. He attaches as Exhibit PLT-3 a list of official press announcements printed from the website *http://www.iweb.com* [para 8 of the affidavit]. Upon review of these press announcements, I note that they refer to either iWeb, iWeb.com, iWebGroup Inc. or iWeb Technologies. While they arguably support Mr. Toupin's testimony according to which the Applicant's business has experienced a tremendous growth over the last decade [pp 26 to 28 of the transcript of his cross-examination], none of them show the Mark.

[88] Mr. Toupin states that since 2010, the Applicant's Services in relation to the Mark have significantly increased. The Applicant estimates that the revenue generated from when they first began using the Mark totals approximately 13 million dollars. Since 2010, the Applicant has sold its Services to 8000 clients [paras 9 and 10 of the affidavit].

[89] Mr. Toupin states that the Applicant has spent an average of \$90,000 per year in advertising costs since it began using the Mark [para 11 of the affidavit]. However, as noted by the Opponent the only expenses were to purchase Google AdWords for the Mark and the equivalent on Yahoo! [pp 35 and 36 of the transcript of his cross-examination].

[90] Mr. Toupin states that the Applicant also developed a series of promotional banners in relation to its goods and services, which appear on the website *http://www.iweb.com* [para 12 of the affidavit, Exhibit PLT-4]. However, as noted by the Opponent none of these banners show

the Mark.

[91] Mr. Toupin then turns to the issue of the likelihood of confusion between the Mark and the Opponent's SOFTLAYER trade-mark. In so doing, he provides his personal opinion on this issue as well as refers to some of the additional surrounding circumstances discussed above under the section 16(3)(a) non-entitlement ground of opposition [such as the coexistence of the parties' marks in Canada and abroad; the meaning ascribed to the term "layer", etc.]. I am not prepared to accord any weight to his statements that constitute personal opinion. The likelihood of confusion is a question of fact and law to be determined by the Registrar based on the evidence of record in the present proceeding. As for his statements relating to the surrounding circumstances discussed above, my previous findings ultimately apply.

[92] Indeed, while I have no hesitation to conclude that the evidence of record does establish use of the Mark in Canada in association with the Services since the fall of 2010, I am not satisfied that I can reasonably infer that this use accrues to the benefit of the Applicant.

[93] Section 50 of the Act provides that 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 goods 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.

[94] In the present case, no public notice has been given and there is no clear statement that the Applicant has direct or indirect control over the character or quality of the Services, as is required under section 50 of the Act. In fact, Mr. Toupin provides no explanations whatsoever nor attaches any evidence showing any control by the Applicant on the use of the Mark by iWeb Technologies.

[95] At the hearing, the Applicant submitted that the existence of a licence and control over the character or quality of the Services performed in association with the Mark under such licence could be inferred. More particularly, it submitted that the Applicant and iWeb Technologies share common directors and officers and that Mr. Toupin is the person responsible

for the trade-marks matters of both entities. However, as conceded by the Applicant at the hearing, none of these facts are of record.

[96] At page 12 of the transcript of his cross-examination Mr. Toupin describes his functions as follows:

*Q. O.k. On va regarder le deuxième paragraphe. Vous dites: “Par mes fonctions, j’ai accès à tous les registres de la requérante et de iWeb Technologies.” Quelles sont vos fonctions?*

*R. Je suis vice-président finances.*

*Q. Détailler un peu.*

*R. Donc, je supervise l’ensemble du processus d’informations financières de la compagnie, je supervise l’ensemble des projets d’investissement de la compagnie. Donc, j’ai accès à l’ensemble des registres de l’entreprise.*

[97] I acknowledge that a trade-mark licence agreement need not be in writing and that control can sometimes be inferred. However, I do not believe that the mere facts that iWeb Technologies is a wholly-owned subsidiary of the Applicant and that Mr. Toupin acts as Vice-President Finance of both the Applicant and iWeb Technologies are sufficient in the present case to infer that the necessary control over the character or quality of the Services performed in association with the Mark exists. Corporate relationship alone is insufficient to satisfy the requirements of section 50 of the Act [see *MCI Communications Corp v MCI Multinet Communications Inc* (1995), 61 CPR (3d) 245 (TMOB); and *Dynatech Automation Systems Inc v Dynatech Corp* (1995), 64 CPR (3d) 101 (TMOB)]. Furthermore, this is not a case where it can be inferred from Mr. Toupin’s testimony that he acts as a common controlling officer overseeing, among other things, control over the character or quality of the Services performed by iWebTechnologies. I wish to stress that I do not question the sincerity of the Applicant, but the sufficiency of the evidence put forward by it.

[98] As the use of the Mark evidenced through the Toupin affidavit does not enure to the Applicant, my analysis above under the non-entitlement ground of opposition based on section 16(3)(a) of the Act applies to the non-distinctiveness ground of opposition.

[99] Accordingly, the non-distinctiveness ground of opposition succeeds.

Remaining grounds of opposition

[100] As I have already refused the application under two grounds, I will not address the remaining grounds of opposition.

Disposition

[101] Pursuant to the authority delegated to me under section 63(3) of the Act, I refuse the application under section 38(8) of the Act.

---

Annie Robitaille  
Member  
Trade-marks Opposition Board  
Canadian Intellectual Property Office

## Schedule "A"

### The Opponent's services

Providing online business account administration service for others in the field of web hosting; customer service in the field of web hosting services; customer service in the field of hosting websites, software applications, computer software, electronic databases, digital content, namely digital music, digital newspapers, digital magazines, digital books, web hosting of data, video and audio files, and business computer software applications of others accessible via the Internet; customer service in the field of leasing, configuring, updating, monitoring, optimizing, repairing and troubleshooting computer servers and other computer hardware that support hosted websites, software applications, computer software, electronic databases, digital content, and business computer software applications of others accessible via the Internet; customer service in the field of bandwidth provision to others; customer service in the field of managed data storage, backup and restoration; customer service in the field of network security management;

Telecommunications services, namely, providing multiple user access to a global computer network; telecommunication access services, namely, providing multiple user bandwidth and dedicated access to the Internet to enable electronic access to computer software, websites, software applications, electronic databases, digital content, and business computer software applications of others accessible via the Internet;

Hosting websites, software applications, computer software, electronic databases, digital content, namely digital music, digital newspapers, digital magazines, digital books, web hosting of data, video and audio files, and business computer software applications of others accessible via the Internet; hosting in the nature of leasing, configuring, updating, monitoring, optimizing, repairing and troubleshooting computer software that supports hosted websites, software applications, computer software, electronic databases, digital content, and business software applications of others accessible via the Internet; providing data backup and restoration services for hosted websites, software applications, computer software, electronic databases, digital content, and business computer software applications of others accessible via the Internet; network security management in the nature of firewall services, virtual private network services and virus protection; troubleshooting in the nature of diagnosing problems with computer servers and other computer hardware that support hosted websites, software applications, computer software, electronic databases, digital content, and business computer software applications of others accessible via the Internet; leasing computer servers and other computer hardware that support hosted websites, software applications, computer software, electronic databases, digital content, and business computer software applications of others accessible via the Internet; monitoring computer servers and other computer hardware, namely, technical monitoring of network systems that support hosted websites, software applications, computer software, electronic databases, digital content, and business computer software applications of others accessible via the Internet; configuring, namely, design of computer servers and other computer hardware that support hosted websites, software applications, computer software, electronic databases, digital content, and business computer software applications of others accessible via the Internet.

Hearing Date: 2015-06-16

Appearances

François Larose

For the Opponent

Robert Brouillette

For the Applicant

Agents of Record

Bereskin & Parr LLP

For the Opponent

Brouillette & Associés

For the Applicant