

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

Citation: 2015 TMOB 90
Date of Decision: 2015-05-26

**IN THE MATTER OF AN OPPOSITION
by Resource Priority One Corp. and
2420060 Ontario Corp. to application
No. 1,381,578 for the trade-mark I LOVE
SHOES in the name of Payless
ShoeSource Worldwide, Inc.**

FILE RECORD

[1] On January 31, 2008, Payless ShoeSource Worldwide, Inc. filed an application to register the trade-mark I LOVE SHOES, based on proposed use in Canada, and based on use and registration of the mark in the United States of America, in association with the services shown below:

(1) Retail shoe and fashion accessories store services; computerized on-line retail services in the field of footwear, apparel, purses, handbags, and backpacks, accessible via global computer networks. (2) Retail shops featuring shoes, belts, handbags and purses.

[2] The Examination Section of the Canadian Intellectual Property Office (“CIPO,” under whose aegis this Board also operates) objected to the application on the basis that the applied-for mark was confusing with the registered mark **Luvshoe’s** (registration No. TMA578,220) for use in association with shoes, boots, sandals and footwear accessories, as well as with the wholesale distribution of its goods. The applicant responded to the objection by submitting, among other things, that the “visual and aural aspects of the marks are very different” and that “the applicant’s services are provided only at its own PaylessShoe outlets or online through the applicant’s

website . . .” Presumably, the Examiner accepted the applicant’s submission (there is no indication on file) as the subject application proceeded to advertisement.

[3] The subject application was advertised for opposition purposes in the *Trade-marks Journal* issue dated March 20, 2011 and was opposed by Resource Priority One Corp., the owner of the cited mark **Luvshoe’s**, on August 30, 2011. The Registrar forwarded a copy of the statement of opposition to the applicant on September 22, 2011, as required by s.38(5) of the *Trade-marks Act*, R.S.C. 1985, c. T-13. The applicant responded by filing and serving a counter statement generally denying the allegations in the statement of opposition.

[4] Shortly before the oral hearing, the opponent requested, and was granted, leave to amend its statement of opposition to indicate that the marks it relied on had been transferred to 2420060 Ontario Corp., and to add the new owner as a joint opponent: see the Board ruling dated January 20, 2015. Of course, the pertinent materials in this case (aside from the amended statement of opposition), that is, the evidence, the transcripts of cross-examination, and the applicant’s written argument, refer to a single opponent. For the sake of consistency, I will do likewise and refer to a single opponent as well.

[5] The opponent’s evidence consists of the affidavits of Oi Fan Wendy Tse and Karl Strimbold. The applicant’s evidence consists of the affidavits of Pam Merten and Jessica Hinman, as well as a certified copy of registration No. TMA578,220. Mss. Merten and Hinman were cross-examined on their affidavits. The transcripts of their cross-examinations, exhibits thereto and replies to undertakings form part of the evidence of record. Only the applicant filed a written argument, however, both parties were represented at an oral hearing held on January 27, 2015.

[6] In paras. 2 and 3, above, I have shown the opponent’s mark **Luvshoe’s** as it is registered, that is, the first letter is capitalized, the remaining letters are in lowercase, and all letters are in bold font. However, the opponent refers to its registered mark as LUVSHOE’S and I will do likewise for the sake of consistency. I would add that, for the purposes of this opposition, there is essentially no difference between the marks LUVSHOE’S and **Luvshoe’s**; one is a variant of the other. Further, the opponent’s evidence shows that it used its mark LUVSHOE’S in script rather

than block letter form. Again, for the purposes of this opposition, there is essentially no difference between the marks LUVSHOE'S, **Luvshoe's** and *Luvshoe's*; they are all variants of the same mark.

MAIN ISSUE FOR DECISION

[7] At the oral hearing the parties were in agreement that the determinative issue for decision was whether the applied-for mark I LOVE SHOES is confusing with the mark LUVSHOE'S. The material times to assess the issue of confusion are (i) the date of filing of the application (January 31, 2008) with respect to grounds of opposition based on section 16 of the *Trade-marks Act*; the date of opposition (August 30, 2011) with respect to the allegation of non-distinctiveness pursuant to s.2 of the *Act*; and the date of my decision with respect to the ground of opposition based on section 12(1)(d): for a review of case law concerning material dates in opposition proceedings see *American Retired Persons v. Canadian Retired Persons* (1998), 84 CPR(3d) 198 at 206 - 209 (FCTD).

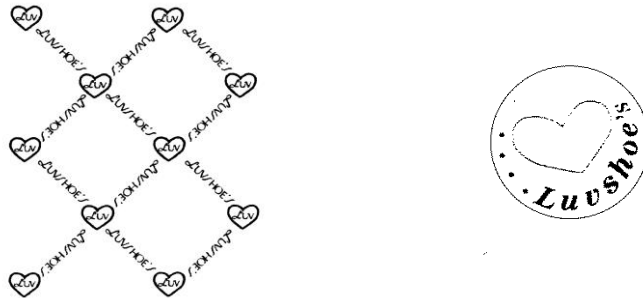
[8] Before assessing the issue of confusion, I will first discuss the parties' evidence, the evidential burden on the opponent, the legal onus on the applicant, the meaning of confusion within the context of the *Trade-marks Act*, and the factors to be considered in assessing the issue of confusion.

OPPONENTS' EVIDENCE

Oi Fan Wendy Tse

[9] Ms. Tse identifies herself as the Director and President of the opponent company Resource, which, at the date of her affidavit, was the sole opponent. Her affidavit therefore speaks in the singular rather than to joint opponents. I will summarize her evidence following her reference to a single opponent. The opponent was incorporated in 1998 and carries on business as LUVSHOE'S. Since 2003 it has been selling and distributing shoes, boots and sandals, as well as footwear accessories such as flower decorations for footwear, and other accessories including handbags and jewellery, under its mark and trade-name LUVSHOE'S. Such sales occur in every province of Canada and in over 1300 retail stores. The opponent sell goods only under the LUVSHOE'S label.

[10] Since August 2010 the opponent has also used its marks LUVSHOE'S Diamond Design and LUVSHOE'S Heart Design, shown below, in association with footwear and accessories.



[11] The opponent has been using the domain name www.luvshoe.com since 2004 to promote and advertise its business; the opponent's website homepage prominently displays its mark LUVSHOE'S (as shown in Exhibits B1 – B3). The opponent's footwear retails for about \$10 for flip-flops; in the range of \$35 to \$159 for sandals, shoes and boots; and handbags retail for \$69 to \$89.

[12] In paras. 11 to 19 of her affidavit, and in Exhibits C to P, Ms. Tse comprehensively describes and shows how the opponent's marks are used in association with its goods, mainly shoes. The mark LUVSHOE'S appears on the insole and shoe tread; on hang tags attached to boots; on shoeboxes containing the shoes sold to retail stores; on packing paper in the shoeboxes (that is, the LUVSHOE'S Diamond Design mark); on complimentary recycle shoe-bags; and on labels sewn or glued onto the insoles of shoes. In the case of handbags, the opponent's mark LUVSHOE'S is displayed on the handbag itself, on various tags or on ornaments attached to the bag. The mark LUVSHOE'S Heart Design has appeared on a zipper ornament since August 2010.

[13] Gross sales of LUVSHOE'S branded products, for the years 2004 – 2011 inclusive, ranged from a low of \$1.1 million in 2008 and 2011 to a high of \$1.6 million in 2005. Average yearly gross sales are about \$1.4 million.

[14] In paras. 26 to 47 of her affidavit, and in Exhibits S1 to FF, Ms. Tse comprehensively describes and illustrates the opponent's activities in advertising and promoting its mark LUVSHOE'S. Such activities include placing its mark on business cards, letterhead, envelopes and order forms; regularly attending trade shows (throughout Canada) where the opponent has a booth or stand with signage that displays the mark LUVSHOES; advertising under the mark LUVSHOE'S in various trade journals and newspapers, and sponsoring local events.

[15] Annual advertising and promotional costs for the period 2004 to 2011 inclusive ranged from a low of \$15,500 in 2011 to a high of \$70,000 in 2007. Average yearly advertising and promotional costs are about \$38,000.

Karl Strimbold

[16] Mr. Strimbold identifies himself as a lawyer with the firm representing the opponent. His affidavit serves to introduce into evidence, by way of exhibits, (1) a copy of the trade-mark application file for the applied-for mark I LOVE SHOES maintained by CIPO, and (2) documents from CIPO's database pertaining to the applied-for mark I LOVE SHOES.

APPLICANT'S EVIDENCE

Pam Merten - Affidavit Evidence

[17] Ms. Merten identifies herself as the President of Payless ShoeSource Canada LP ("Payless Canada) of which Payless ShoeSource Canada GP Inc. ("Payless GP") is a general partner. Payless Canada is an affiliate of the applicant.

[18] The applicant traces its roots to a company founded in 1956 in Topeka, Kansas by two cousins who sold shoes in a self-service environment. As of May 1996, the successor company was operating as Payless ShoeSource, Inc. ("PSSI"), which changed its name to Collective Brands, Inc. ("CBI") in 2007. CBI stores operate under the mark PAYLESS SHOESOURCE.

[19] The applicant is an affiliate of CBI and Payless Canada. There is an elaborate corporate structure of affiliated companies detailed by Ms. Merten in paras. 5 – 9 of her affidavit, however,

para. 10 suffices to establish that use of the applied-for mark by Payless Canada inures to the benefit of the applicant:

10. The Applicant owns the trade-marks in association with which CBI and its other affiliates operate its PAYLESS business under license in all countries, including in Canada. The PAYLESS SHOESOURCE retail stores in Canada are operated in association with trade-marks owned by the Applicant. Payless Canada is licensed by the Applicant to use those trade-marks in Canada. Under this license, the Applicant has the right to, and exercises control over the character and quality of the wares and services in association with which the Applicant's trade-marks are used in Canada by Payless Canada.

[20] The presence of PAYLESS SHOESOURCE stores in Canada is described in paras. 11 to 14 of Ms. Merten's affidavit, shown below:

11. PAYLESS SHOESOURCE stores in Canada are located in a variety of settings, from urban to rural, including regional malls, shopping centers, central business districts, free-standing buildings and other retailer locations through our store-within-a-store strategy.

12. The average size of a typical PAYLESS SHOESOURCE store in Canada is in range of twenty-five hundred to three thousand square feet (2500-3000 sq. ft). The average PAYLESS SHOESOURCE store in Canada carries approximately seven thousand (7,000) pairs of shoes. The footwear sold in PAYLESS SHOESOURCE stores in Canada includes all kinds of footwear, including men's, women's and children's shoes, hosiery, apparel and related personal accessories.

13. There are currently in excess of twelve hundred (1,200) full-time and six hundred (600) part-time employees of Payless Canada. Payless Canada's headquarters are located in Toronto, Ontario

14. Payless Canada is currently one of the largest retailers in Canada of footwear and related accessories, both in terms of volume of pairs of footwear sold and number of stores.

[21] The applied-for mark I LOVE SHOES was first used in Canada in March 2008 in association with footwear, accessories and related retail services. It appears on signs inside the store, on display materials in the stores, on bags and in advertising.

[22] The approximate annual Canadian sales of footwear and related accessories in Canadian PAYLESS SHOESOURCE stores has averaged about \$180 million for each of the years 2008 - 2012 (the figure for 2012 is a projected estimate) inclusive. The foregoing sales figures represent about 25 million pairs of footwear sold in association with the applicant's marks (i.e., including marks other than the applied-for mark) since 2008.

[23] At paras. 22 -25 of her affidavit, Ms. Merten asserts that no instances of actual confusion were brought to her attention, and discusses how the parties' businesses differ:

22. The Trade-mark co-exists with the LUVSHOE'S trade-mark (the "Opponent's Mark") and, to the best of my knowledge, has co-existed with it without confusion in Canada since Payless Canada first started using the Trade-mark in Canada in 2008. Were there any such instances of such confusion, they would likely have been brought to my attention or to the attention of my predecessor. I have checked to determine whether any such instances were reported. No instances of confusion between the Opponent's Mark and the Trade-mark have ever been brought to my attention directly or as a result of my checking our records.

23. I understand that the Opponent does not itself operate retail stores. In any event, I am not aware of any retail stores in Canada operated in association with the Opponent's Mark.

24. I understand that the Opponent asserts that it uses the Opponent's Mark in association with wholesale distribution of shoes, boots, sandals and footwear accessories. In Canada, neither the Applicant nor Payless Canada engage in the wholesale distribution of any products to third party retailers, particularly in association with the I LOVE SHOES trade-mark. All uses by the Applicant of the I LOVE SHOES trade-mark are at or in association with its own PAYLESS SHOESOURCE stores.

25. I understand that the Opponent asserts that it attends various trade shows in Canada. As a result of the fact that the Opponent[sic] does not sell its products to third party retailers, it[the applicant] does not attend footwear trade shows in Canada as an exhibitor.

Pam Merten - Transcript of Cross-examination

[24] Ms. Merten's testimony at cross-examination expands on her affidavit evidence and is fully consistent with her affidavit evidence. On cross-examination it became clear that the retail

sales figures which I have summarized in para. 22, above, include sales under marks belonging to the applicant other than the mark I LOVE SHOES, as well as sales of footwear under various third party brands including CHAMPION and DEXTER. That is, the sales figures are not exclusive to shoes branded I LOVE SHOES. In any event, given the phrasing in the affidavit, I would not have taken the sales figures to be exclusive to sales of goods under the applied-for mark even in the absence of cross-examination.

[25] One form of displaying the mark I LOVE SHOES in the applicant's stores, not mentioned in Ms. Merten's affidavit, is that the mark appears on the screen of the electronic card reader when a customer pays by entering the pin number of a credit or debit card.

[26] Ms. Merten also clarifies that it is unlikely that instances of confusion between the applied-for mark and the opponent's mark would not have been brought to her attention.

Jessica Hinman

[27] Ms. Hinman identifies herself as an articling student employed by the firm representing the applicant. She investigated a third party retailer of women's shoes namely, Town Shoes. Its website lists 52 stores in Canada, of which 35 are located in Ontario. Ms. Hinman's affidavit evidence suffices to establish that the third party is using the mark FOR THE LOVE OF SHOES in association with women's shoes and retail shoe store services. I am also prepared to infer from her evidence that the third party mark has a fair reputation in Ontario. There is nothing in her cross-examination testimony which deviates or detracts from her affidavit evidence.

EVIDENTIAL BURDEN AND LEGAL ONUS

[28] Analogous to other civil proceedings, there is (i) an evidential burden on the opponent to support the allegations in the statement of opposition and (ii) a legal onus on the applicant to prove its case.

[29] With respect to (i) above, in accordance with the usual rules of evidence, there is an evidential burden on the opponent to prove the facts inherent in its allegations pleaded in the statement of opposition: see *John Labatt Limited v. The Molson Companies Limited*, 30 CPR

(3d) 293 at 298 (FCTD). The presence of an evidential burden on the opponent with respect to a particular issue means that in order for the issue to be considered at all, there must be sufficient evidence from which it could reasonably be concluded that the facts alleged to support that issue exist. With respect to (ii) above, the legal onus is on the applicant to show that the application does not contravene the provisions of the *Trade-marks Act* as alleged by the opponent in the statement of opposition (for those allegations for which the opponent has met its evidential burden). 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.

MEANING OF CONFUSION

[30] Trade-marks are confusing when there is a reasonable likelihood of confusion within the meaning of section 6(2) of the *Trade-marks Act*, shown below:

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 . . . or performed by the same person, whether or not the goods or services . . . are of the same general class.

[31] Thus, section 6(2) does not concern the confusion of the marks themselves, but confusion of goods or services from one source as being from another source. In the instant case, the question posed by section 6(2) is whether consumers shopping for shoes would believe that the applicant's I LOVE SHOES stores were being operated by the opponent, or that the applicant was authorized or licensed by the opponent, whose shoes are sold under the mark LUVSHOE'S. The legal onus is on the applicant to show, on the usual civil balance of probabilities standard, that there would be no reasonable likelihood of confusion.

TEST FOR CONFUSION

[32] The test for confusion is one of first impression and imperfect recollection. Factors to be considered, in making an assessment as to whether two marks are confusing, are "all the surrounding circumstances including" those specifically mentioned in s.6(5)(a) to s.6(5)(e) of the *Act*: the inherent distinctiveness of the marks and the extent to which they have become

known; the length of time each has been in use; the nature of the wares, services or business; the nature of the trade; the degree of resemblance in appearance or sound of the marks or in the ideas suggested by them. This list is not exhaustive and all relevant factors are to be considered. Further, all factors do not necessarily have equal weight as the weight to be given to each depends on the circumstances: see *Gainers Inc. v. Tammy L. Marchildon and The Registrar of Trade-marks* (1996), 66 CPR(3d) 308 (FCTD). However, as noted by Mr. Justice Rothstein in *Masterpiece Inc. v. Alavida Lifestyles Inc.* (2011), 92 CPR(4th) 361 (SCC), although the degree of resemblance is the last factor cited in s.6(5), it is the statutory factor that is often likely to have the greatest effect in deciding the issue of confusion.

CONSIDERATION OF SECTION 6(5) FACTORS

Factor 1 - Inherent and Acquired Distinctiveness

[33] The opponent's mark LUVSHOE'S does not possess a high degree of inherent distinctiveness as it would be perceived as being comprised of two common words. In this regard, the first portion of the mark namely, LUV, would be understood as a colloquial spelling of the word "love." Further, the mark as a whole is suggestive of the opponent's goods namely, footwear. The opponent's mark is therefore a relatively weak mark. Similarly, the applied-for mark I LOVE SHOES is also a relatively weak mark.

[34] I conclude from Ms. Tse's evidence that the opponent's mark LUVSHOE'S had acquired a fair reputation in association with shoes as of the earliest material date January 31, 2008, and continued to accumulate distinctiveness to the later material dates (mid-2011 and the present) owing to on-going sales and advertising under the mark. The applied-for mark I LOVE SHOES did not begin to acquire distinctiveness until shortly after the earliest material date, that is, starting in March 2008. I conclude from Ms. Merten's evidence that the applicant's mark I LOVE SHOES had acquired a substantial reputation in association with shoe stores (that is, a retail service rather than with goods) as of the later material dates owing to on-going sales and advertising under the mark. Based on the evidence of record, I conclude that the applied-for mark had acquired a greater reputation than the opponent's mark at the later material dates.

[35] Considering inherent and acquired distinctiveness together, the first factor favours the opponent at the earliest material date but favours the applicant at the later material dates.

Factor 2 - Length of Time in Use

[36] The opponent commenced use of its mark in 2003 while the applicant did not begin to use its mark until 2008. The length of time that the parties' marks have been in use therefore favours the applicant, particularly as the earliest material date January 31, 2008. In this regard, beginning in March 2008, the applicant began to use its mark I LOVE SHOES to a greater extent than the opponent used its mark LUVSHOE'S. Consequently, the length of time that the parties' marks have been in use became a less significant factor at the later material dates.

Factors 3 & 4 - The Nature of the Parties' Goods, Services and Businesses

[37] As mentioned earlier, the opponent's shoes are sold under its mark LUVSHOE'S, through various third party retailers while the applicant sells shoes under its own brands, as well as various third party brands, through its numerous retail outlets operating under its mark I LOVE SHOES. The applicant's submissions on the third and fourth factors are found at paras. 63-67 of its written argument:

The nature of the wares, services or business

63. There is little overlap between the services of the Applicant and the wares or services[sic] Opponent. The evidence establishes that the Applicant and Opponent operate in different parts of the footwear trade. The Opponent does not itself operate retail footwear stores but appears to sell footwear and accessories at wholesale to unrelated retailers.

64. By contrast, the Applicant sells its products at its own stores across Canada in a variety of settings. There is no evidence that the Applicant's wares are sold anywhere other than at its own stores.

65. This factor favours the Applicant.

The nature of the trade

66. There is no evidence of overlap in the channels of trade between the Opponent and the Applicant or mutual customers. There is no evidence of overlap in terms of attendance at trade shows, or in where the parties advertise or otherwise.

67. As a result, this factor favours the Applicant.

[38] Ordinarily, retail shoe services and the opponents' goods (shoes) might be considered to be related and complementary. However, I agree with the applicant that in the circumstances of this case there is "little overlap" between the applicant's retail services and the opponent's shoes. I therefore agree with the applicant that the third and fourth factors favour the applicant.

Factor 5 - Resemblance

[39] The parties' marks resemble each other to high degree in ideas suggested, that is, the idea of "loving shoes." The marks also resemble each other to a fairly high degree in sounding, as the abbreviation LUV is identical in sounding to the full word LOVE. The marks in issue differ most in visual appearance owing to the three component phrase I LOVE SHOES and the one component term LUVSHOE'S, and also owing to the different spellings for the word "love." However, the marks resemble each other to a fair extent when all three aspects of resemblance are considered together. Thus, the usually most important factor in assessing the issue of confusion favours the opponent.

FURTHER CONSIDERATIONS

Weak Marks and Small Differences

[40] In the circumstances of this case there are further considerations which mitigate the advantage to the opponent given by the fifth factor. One circumstance is that comparatively small differences may suffice to distinguish between "weak" marks, that is, between marks of low inherent distinctiveness (see *GSW Ltd. v. Great West Steel Industries Ltd.* (1975), 22 CPR(2d) 154 (FCTD)), particularly where the opponent has not established that its mark has acquired distinctiveness to such an extent that the mark is entitled to a broadened scope of protection, i.e., outside the specific goods or services offered by the opponent. While the opponent has established a fair reputation for its mark at all material times, I do not find that the measure of such reputation is sufficient to broaden the scope of its weak mark. That is, the applicant cannot claim that the acquired distinctiveness of its mark extends to any significant extent into retail shoe store services.

Jurisprudence

[41] I have also taken guidance from a recently issued decision of this Board, *Breville Pty Limited v Keuring Green Mountain, Inc*, 2014 TMOB 248 (CanLII). In *Breville*, the owner of the marks YOUBREW and BREW IQ opposed the applied-for mark MYBREW intended for use in association with electric brewing machines. The Board noted as follows:

[27] In considering the degree of resemblance, the Supreme Court of Canada in *Masterpiece, supra*, sets out that resemblance is defined as the quality of being either like or similar (para 62) and that the approach to assessing resemblance should involve a consideration of whether there is an aspect of a trade-mark that is particularly striking or unique (para 64). In this case, there is nothing striking or unique about the word BREW given that the goods of each party relate to brewers and products to be used with them [see, for example, *Molson Companies Ltd v John Labatt Ltd* (1994), 58 CPR (3d) 527 (FCA)]. Similarly, the prefix component of the parties' marks (a personal pronoun) is not particularly striking or unique given that consumers often use brewing machines to make beverages for themselves.

[28] The parties' trade-marks therefore resemble each other to some extent in appearance and as sounded since they both share the suffix component BREW. While the parties' trade-marks YOUBREW and MYBREW suggest the same idea, a brewer which allows for customizing of an individual's beverages, there can be no monopoly in this type of idea [*American Assn of Retired Persons v Canadian Assn. of Retired Persons/Assoc Canadienne des Individus Retraités* (1998), 84 CPR (3d) 198 at para 34 (FCTD)]. (emphasis added)

[42] Similarly, in the instant case, the parties' marks resemble each other in appearance, sounding and ideas suggested since they share the components "shoes" and "love" (or its abbreviation "luv"). However, there is nothing particularly striking or unique in the components "luv" and "shoes," and there can be no monopoly in the idea of "loving shoes" in the shoe industry. Ms. Hinman's evidence underscores, at least to some extent, that the notion of "loving shoes" is an apt idea for marks for the shoe retail industry. Further, the first part of a mark is the more important for purposes of distinction (see *Conde Nast Publications Inc. v. Union des Editions Modernes* (1979), 46 CPR (2d) 183 (FCTD)) and in the instant case the first portion of the applied-for mark, that is, the word "I," contributes to differentiating the applied-for mark from the opponent's mark, at least visually and somewhat in sounding. Ms. Merten's evidence of no instances of actual confusion, despite contemporaneous use of the parties' marks in the marketplace, is another factor that weighs in favour of the applicant, although in the instant case it is of minor import.

[43] Having regard to the above discussion of the section 6(5) factors, jurisprudence and other considerations, I find that the balance of probabilities with respect to the issue of confusion weighs slightly in favour of the applicant at the earliest material date, and more decidedly in favour of the applicant at the later material dates, notwithstanding the resemblance between the parties' marks.

Disposition

[44] In view of the foregoing, the opposition to the mark I LOVE SHOES is rejected. This decision has been made pursuant to a delegation of authority by the Registrar of Trade-marks under section 63(3) of the *Trade-marks Act*.

[45] I would add that had the applicant provided evidence establishing use of the parties' marks in the same locales over a period of several years, then Ms. Merten's evidence of no instances of actual confusion would have been of greater probative value.

Myer Herzig, Member,
Trade-marks Opposition Board
Canadian Intellectual Property Office