

**IN THE MATTER OF AN OPPOSITION
by C-Gem Seafoods Inc. to application No.
1169682 for the trade-mark C GEM &
Design filed by Pêcheries Belle-Ile Fisheries
Ltée Ltd.**

On March 3, 2003, Pêcheries Belle-Ile Fisheries Ltée Ltd. (the “Applicant”) filed an application to register the trade-mark C GEM & Design (the “Mark”), shown below, based upon use of the Mark in Canada by the Applicant since 1981. The statement of wares currently reads: “fresh, frozen and processed fish, namely snow crab and lobster”.



The application was advertised for opposition purposes in the Trade-marks Journal of December 31, 2003.

On May 28, 2004, C-Gem Seafoods Inc. (the “Opponent”) filed a statement of opposition against the application. The Applicant filed and served a counter statement, in which it denied the Opponent’s allegations. The Opponent was granted leave to file an amended statement of opposition dated December 13, 2004, by way of Office letter dated February 2, 2005.

The Applicant filed amended applications on January 18th, 2005, and February 14, 2007. The application, as most recently amended, is based on use by the Applicant and its predecessors-in-title Bay Chaleur Packers Ltd. (“**BCLP**”), Les Produits de Peche M.O. Duguay Limitee – M.O. Duguay Fish Products Limited (“**M.O.D.**”) and C-Gem Exports Limited (“**CGE**”).

The Opponent’s evidence consists of the affidavits of Rudolphe LeBreton and Doris Paulin. The Applicant’s evidence consists of the affidavits of Jean Pierre Hebert, Anatole Godin, Brian

Paquette, Allan White and Donna MacEwen.

Although the Opponent requested an order for the cross-examinations of the Applicant's affiants, such request was denied by way of Office letter dated April 12, 1997, since it was requested after the parties had been given notice to file their written arguments (see Rule 44(2)). By way of the same letter, the Registrar also rejected the Opponent's request to withdraw the notice for written arguments. Consequently, no affiants were cross-examined.

Both the Applicant and the Opponent filed a written argument. An oral hearing was conducted at which both parties were ably represented.

The grounds of opposition, as amended, are as follows:

1. The application does not comply with the requirements of Section 30(b) in that:
 - (i) the Applicant has not used the trade-mark C-GEM Design in Canada since the alleged date of first use claimed in Application No. 1,169,682, namely, April 1981. Without restricting the generality of the foregoing, the Opponent states that the Applicant, Pecheries Belle-Ile Fisheries Ltee. Ltd. was incorporated under the laws of New Brunswick on October 31, 1988; and
 - (ii) if the alleged date of use of April, 1981, was by one or more predecessors-in-title to the Applicant, the said predecessors-in-title were not named in the Applicant's application either at the time application 1,169,682 was filed or at the time application 1,169,682 was opposed by the Opponent herein.
2. The application does not comply with the requirements of section 30(i) because the Applicant could not be satisfied that it was entitled to register the trade-mark C-GEM Design in Canada in view of its knowledge of the prior or concurrent use in Canada of the trade-mark and trade-name C-GEM by the Opponent and by C-GEM EXPORTS LIMITED in association with seafood.
3. The trade-mark applied for is not distinctive in that it does not distinguish nor it is adapted to distinguish the wares of the Applicant from seafood including fish, snow crab and lobster of the Opponent and of C-GEM EXPORTS LIMITED, which said seafood

has been marketed and sold in Canada in association with the trade-marks and trade-names C-GEM, C-GEM SEAFOODS, C-GEM SEAFOODS INC., C-GEM EXPORTS and C-GEM EXPORTS LIMITED.

Onus and Material Dates

The Applicant bears the legal onus of establishing, on a balance of probabilities, that its application complies with the requirements of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the “Act”). There is however an initial burden on the Opponent to adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exist (see *John Labatt Ltd v. Molson Companies Ltd.* (1990), 30 C.P.R. (3d) 293 (F.C.T.D.) at 298; *Dion Neckwear Ltd. v. Christian Dior, S.A. et al.* (2002), 20 C.P.R. (4th) 155 (F.C.A.)).

The material dates that apply to the grounds of opposition are as follows:

- s. 30 - the filing date of the application (see *Georgia-Pacific Corp. v. Scott Paper Ltd.* (1984), 3 C.P.R. (3d) 469 (T.M.O.B.) at 475);
- non-distinctiveness - the date of filing of the opposition (see *Metro-Goldwyn-Mayer Inc. v. Stargate Connections Inc.* (2004), 34 C.P.R. (4th) 317 (F.C.T.D.)).

Preliminary Issue

By way of letter dated January 16, 2006, the Applicant’s agent stated that the affidavit of Anatole Godin, sworn December 16, 2005, had improperly sworn exhibit jurats. Attached to the Applicant’s agent’s letter are the properly sworn exhibit jurats to the affidavit of Anatole Godin. The Registrar, by letter dated February 21, 2006, provided the Opponent with three weeks to make submissions respecting the filing of properly sworn exhibits to the affidavit of Anatole Godin. By letter dated May 11, 2006, the Registrar noted that the Opponent did not file any submissions and that ruling on this evidentiary matter would be made at the decision stage.

The absence of a notarization on an exhibit or an incorrectly notarized exhibit will not necessarily be fatal if there is no objection raised by the other party or if the objection is raised at such a late stage of the opposition that the party which submitted the evidence has little or no

opportunity to correct the deficiency (see *Maximillian Fur Co. Inc. v. Maximillian For Men's Apparel Ltd.* (1983), 82 C.P.R. (2d) 146 at 149). In the present case, the party who submitted the evidence attempted to correct the deficiencies in the affidavit of Mr. Godin almost immediately upon its discovery. Further, although the Opponent was given an opportunity to raise an objection to the filing of the properly sworn jurats, it did not do so. I am therefore prepared to accept, as evidence, the filing of the properly sworn exhibits.

I also note that the exhibits have not been properly numbered and one of the exhibits referred to in his affidavit has not been submitted. In this regard, Mr. Godin had referred to two different documents as Exhibit B to his affidavit and three different documents as Exhibit C. Since the copy of the N.B. Corporate Affairs Registry Database General Information Results for 605036 N.B. Inc. was not submitted with either his original affidavit or with the properly sworn exhibits filed January 16, 2006, the only Exhibit B of record is the Offer to Purchase and Agreement of Purchase and Sale. As for Exhibit C, for sake of clarity, I will refer to the Confirmatory Assignment as Exhibit C1 to his affidavit and the Undertakings and Statement of Adjustments as Exhibit C2.

Overview of Evidence

The evidence of the Applicant and the Opponent (both fish processing plants in the small village of Bas-Caraquet, New Brunswick) contradict each other with respect to their relationship with **CGE**, a former fish processing plant in Bas-Caraquet. Both parties are of the opinion that **CGE** is their predecessor-in-title. As a result, both parties have applied for the Mark, believing it to be theirs.

The present case involves the application for the Mark by the Applicant, filed March 3, 2003, based on use in Canada since 1981. As evidenced by the Applicant in the present case, the Opponent has also applied to register the mark C-GEM, by way of Application No. 1169779, filed March 6, 2003, and based on proposed use in Canada.

The Opponent's main arguments supporting its grounds of opposition may be summarized as follows. First, the Opponent argues that **CGE** is not the predecessor-in-title to the Applicant

because **CGE** transferred all of its assets, including the Mark, to **605036 N.B. Inc.** (whose name was amended to the Opponent on or about February 18, 2003). In the alternative, the Opponent argues that **CGE** is not the predecessor-in-title to the Applicant because the Mark was not properly assigned to the Applicant and therefore the Applicant is not the owner of the Mark.

The determination of the outcome of the grounds of opposition will depend on my conclusions regarding the documents surrounding the sale of **CGE** and the alleged assignment of the Mark to the Applicant. Before addressing these arguments, however, it will be helpful to summarize the evidence of the Applicant concerning its chain of title. After that I will discuss the documents surrounding the sale of **CGE** and the Confirmatory Assignment from **CGE** to the Applicant.

Applicant's Chain of Title

The timeline for the Mark, as best as I can understand it from the evidence of the Applicant, is as follows:

- 1969-1989: **BCPL** processed, packaged and sold crab meat in association with the Mark
- 1981 – 1988/1989: **M.O.D.** processed, packaged and sold crab meat in association with the Mark under license from **BCPL**.
- 1988: the Applicant bought **M.O.D.**'s assets
- 1989: **BCPL** was put into receivership
- 1989: the Applicant allegedly began processing, packaging and selling crab meat in association with the Mark (under license from **BCPL**)
- 1991: the assets of **BCPL** were sold to **047375 N.B. Inc.** (which consisted of the shareholders Thomas Duguay, Simon Gionet, Edna Lanteigne, Allain

Gionet, Jacques Lanteigne, Robert Ross, Anatole Godin, Albert Noel and Jean Pierre Le Bouthillier).

1991: **047375 N.B. Inc.** became **CGE**

On or about

Jan. 10, 2003: **CGE** sold all of its assets, except the Mark, to **058400 N.B. Ltd.** (the corporate entity for fish processors residing in Newfoundland including Pat Quinlan, Derrick Philpott and Robin Qunlan); closing was scheduled for February 15, 2003.

February 4, 2003: **CGE** assigned the Mark to the Applicant

Between Jan. 13

& Feb. 15, 2003: **054800 N.B. Ltd.** was replaced as the purchaser by **605036 N.B. Inc.** (a company incorporated pursuant to the laws of New Brunswick and having as its shareholders Pat Quinlan, Derrick Philpott and Robin Quinlan, all residents of Newfoundland).

The documents surrounding the sale of CGE

Mr. Rodolphe LeBreton identifies himself as the manager of the Opponent. His evidence is that on or about January 28th, 2003, **605036 N.B. Inc.** was incorporated for the specific purpose of acquiring a crab plant owned by **CGE** located in the village of Bas-Caraquet in New Brunswick. Subsequent to its incorporation, it acquired all commercial assets, land and buildings owned by **CGE** on or about Feb. 6, 2003, for the total amount of \$2,500,000. A copy of the Bill of Sale dated February 4, 2003, signed by **CGE** is attached to his affidavit as Exhibit B, although I note that the amount on the bill of sale was for \$1,470,000. Mr. LeBreton further states that on or about February 10, 2003, **CGE's** secretary treasurer, Jacques Lanteigne, signed a Consent on behalf of **CGE** acknowledging that the company did not have any objection to a company being incorporated under the name of C-Gem Seafoods Inc. In view of this consent, **605036 N.B. Inc.** changed its name to C-Gem Seafoods Inc. on or about February 18, 2003.

The evidence from Mr. Godin, director of **CGE**, is that the terms of the offer to Purchase and Agreement of Purchase and Sale (attached as Exhibit B to this affidavit) were negotiated by himself and Jacques Lanteigne on behalf of **CGE** and by Rodophe LeBreton, on behalf of the fish processors Pat Quinlan, Derrick Philpott and Robin Quinlan, via the corporate entity **054800 N.B. Ltd.** He also claims that the agreement was executed by the wife of Rodophe LeBreton, Therese Allain, on January 10, 2003.

More importantly, he states that the trade-marks of **CGE** were specifically excluded from the Offer to Purchase and Agreement of Purchase and Sale because **CGE** was going to transfer ownership of its trade-marks to the Applicant. Further, the document attached to his affidavit entitled "Offer to Purchase and Agreement of Purchase and Sale" has the purchase of brand, brand names, trade-marks, logos and other corporate or product information crossed out from what the parties agree that the total purchase price is for. Further, the agreement also specifically states that the purchase price was for the purchase of all licenses, permits and goodwill, which are also referred to as being included in the purchase price of \$2,500,000 as per the Statement of Adjustments attached as Exhibit C2 to his affidavit. I will mention here the Applicant's agent argument that the fact that brand, brand names, trade-marks, logos and other corporate or product information were specifically crossed out from the agreement while "licenses, permits and goodwill" were specifically included in the agreement suggests that such items were considered to be separate and apart from one another as opposed to one and the same.

Mr. Godin further deposes that subsequent to the execution of the agreement of purchase and sale (Jan. 13, 2003) and prior to the closing date for such sale of Feb. 15, 2003, **054800 N.B. Ltd.** was replaced as the purchaser by **605036 N.B. Inc.**, a company incorporated pursuant to the laws of N.B. and having as its shareholders Pat Quinlan, Derrick Philpott and Robin Quinlan (i.e. the same fish processors who were part of the company **054800 N.B. Ltd.**). Finally, he states that the corporate records of **CGE** do not include a copy of nor any reference to the consent to use the C-Gem Seafoods Inc. name as evidenced by Mr. LeBreton.

I agree with the Applicant that the Opponent's evidence relating to the purchase of **CGE**'s assets is, for the most part, consistent with the Applicant's evidence. In this regard, the evidence is consistent that **CGE**'s crab plant was sold in early 2003 for \$2.5 million dollars.

The parties' evidence is conflicting, however, regarding to whom the plant was sold to. The Opponent's evidence is that the plant was sold to **605036 N.B. Inc.** while the Applicant's evidence is that the plant was originally sold to **054800 N.B. Ltd.**, and this company was replaced as the Purchaser by **605036 N.B. Inc.** prior to the closing date.

In *Siebruck Hosiery Ltd. v. Just Hosiery Inc.* (1996), 66 C.P.R. (3d) 398 (T.M.O.B.), Board Member Herzig made the following comments concerning the conflicting evidence before him:

In the absence of cross-examination, there is little to assist me in determining the legitimacy of the parties' conflicting allegations. However, I prefer Mr. Lazar's testimony to that of Stephen and Paul Harbour because it is more detailed and more comprehensive, leaves fewer questions unanswered, and because the exhibits to Mr. Lazar's affidavit corroborate his testimony to a greater extent than do the exhibits attached to Mr. Harbour's affidavit."

Similarly, in the present case, there is little to assist me in determining the legitimacy of the parties' conflicting evidence with respect to the company to whom the plant was sold. I prefer Mr. Godin's testimony to that of Mr. LeBreton because it is more detailed with respect to the sale of the plant in particular, and the exhibits to his affidavit corroborate his testimony to a greater extent than the exhibits attached to Mr. LeBreton's affidavit. Further, I have no evidence from the Opponent to contradict Mr. Godin's testimony that both companies are comprised of the same shareholders. In addition, the content of both the Opponent's and the Applicant's documents surrounding the sale of **CGE** are also consistent with Mr. Godin's testimony. Accordingly, I consider it reasonable to infer that **054800 N.B. Ltd.** was replaced as the Purchaser of **CGE** by **605036 N.B. Inc.**

Whether or not the Opponent's purchase of **CGE**'s assets included the Mark, however, is a matter which would be better decided by the Courts. I would point out, that in my view, the following evidence supports the Applicant's argument that the Mark was not included in the sale of **CGE** to the Opponent:

- 1) Mr. Godin's testimony that the trade-marks of **CGE** were specifically excluded from the Agreement of Purchase & Sale because **CGE** was going to transfer ownership of its trade-marks to the Applicant;
- 2) the Offer to Purchase and Purchase and Sale Agreement specifically crossed out the purchase of brand, brand names, trade-marks, logos and other corporate or product information;
- 3) the Bill of Sale attached to Mr. LeBreton's affidavit did not refer to **CGE**'s trade-mark; and
- 4) the Opponent requested consent from **CGE** to incorporate under the name C-Gem Seafoods Inc. shortly after its acquisition of the crab plant.

Confirmatory Assignment

Assuming that the Mark was not sold to the Opponent along with the rest of **CGE**'s assets, it was up to the Applicant to show that the Mark was properly assigned to it.

Mr. Godin deposes that on February 4, 2003, **CGE** assigned all of its rights, title and interest in and to the Mark, subject to the approval of the board of directors, to the Applicant. Although Mr. Godin states that a duly executed Confirmatory Assignment of the Mark was attached as Exhibit C1 to his affidavit, the Confirmatory Assignment which was attached was not executed. The Applicant's agent argues that it was not executed because Mr. Godin did not have the approval of the board of directors at the date of his affidavit. An executed copy of said Confirmatory Assignment, from which the Applicant's agent argues it can be inferred that the approval of the board of directors had been obtained, was attached to the affidavit of Ms. MacEwen as Exhibit A. The wording of the Confirmatory Assignment is set out below:

CONFIRMATORY ASSIGNMENT

WHEREAS C-Gem Exports Limited, whose principal office or place of business is Industrial Park, Bas Caraquet, New Brunswick, is the owner of the trade-mark identified in Schedule A hereto;

AND WHEREAS C-Gem Exports Limited assigned and transferred all of its right, title and interest in and to the said trade-mark and all of the applications and the registrations in respect thereof to Pêcheries Belle-Ile Fisheries Ltée Ltd. for good and valuable consideration on February 4, 2003.

NOW, THEREFORE, C-Gem Exports Limited hereby confirms the aforesaid assignment and does hereby sell, transfer and assign to Pêcheries Belle-Ile Fisheries Ltée Ltd all of its right, title and interest in and to the trade-mark identified in Schedule A hereto, including the applications and registration in respect thereof and all goodwill associated with said trade-mark to Pêcheries Belle-Ile Fisheries Ltée Ltd., the aforesaid assignment and transfer having been made on and effective as of February 4, 2003. subject to the approval of the board of directors of C-Gem Exports Limited.

IN WITNESS WHEREOF C-Gem Exports Limited has executed this document through its duly authorized officer at Caraquet New Brunswick, this 16th day of December, 2005.

The Opponent submits that the Confirmatory Assignment was conditional upon the approval from the Board of Directors. In view that there is no evidence that the approval from the Board of Directors was actually obtained, the Opponent submits that an unfavourable inference must be drawn with the result that the assignment is not valid.

I agree with the Opponent that the Confirmatory Assignment was conditional upon the approval of the Board of Directors and there is no evidence that such approval was obtained. Further, I am not prepared to draw the inference that the approval of the Board of Directors has been obtained as the Applicant has suggested. Consequently, I am not satisfied that the Mark was properly assigned from CGE to the Applicant.

Grounds of Opposition

Section 30(b) Ground

The initial burden on the Opponent is light respecting the issue of non-conformance with s. 30(b), because the facts regarding the Applicant's use are particularly within the knowledge of the Applicant (*Tune Masters v. Mr. P's Mastertune Ignition Services Ltd.* (1986), 10 C.P.R. (3d) 84 (T.M.H.O.) at 89). This burden may be met by reference not only to the Opponent's evidence but also to the Applicant's evidence (*Labatt Brewing Co. v. Molson Breweries, a Partnership* (1996), 68 C.P.R. (3d) 216 at 230 (F.C.T.D)). While the Opponent may rely upon the Applicant's evidence to meet its evidential burden in relation to this ground, the Opponent must show that the Applicant's evidence is "clearly" inconsistent with the Applicant's claims as set forth in its application.

The legal burden is upon the Applicant to show that his application complies with s.30 of the Trade-marks Act. Subsection 30(b) also requires that there be continuous use of the applied for trade-mark in the normal course of trade since the date claimed (see *Labatt Brewing Company Limited v. Benson & Hedges (Canada) Limited and Molson Breweries, a Partnership*, 67 C.P.R.(3d) 258, at p. 262 (F.C.T.D.)).

In the present case, I find that the Opponent has met its initial burden through the evidence of the Applicant. In this regard, even though the Applicant's agent was able to convince me that, based on the evidence filed in this proceeding, the Mark did not appear to have been sold with the other commercial assets to the Opponent by CGE, the Applicant was not able to prove that it had been properly assigned the Mark from CGE. The Applicant has therefore been unable to provide evidence of continuous use of its mark by it or a predecessor-in-title since the date of first use claimed in its application.

Even if the Applicant had been properly assigned the Mark, I am not satisfied that the Applicant has shown use of its mark by itself and its predecessors-in-title since 1981 in association with crab or lobster pursuant to s.4(1) of the Act for the following reasons.

Use of a trade-mark is defined in s. 4 of the Act as follows:

4. (1) A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.

(3) Use by export – A trade-mark that is marked in Canada on wares or on the packages in which they are contained is, when the wares are exported from Canada, deemed to be used in Canada in association with those wares.

Mr. Hebert states that from 1981 to 1989, M.O.D. processed, packaged and sold crab in association with the C-GEM & Design trade-mark under license from BCPL. Mr. Godin explains that BCPL exercised control over the use of the trade-mark by M.O.D. in association with the crab meat processed, packaged and sold by M.O.D. He also states that subsequent to the transfer of the assets of BCLP to CGE (which occurred in 1991), the Applicant continued, as successor of M.O.D., to use the Mark in association with crab meat with the license of CGE. Attached as Exhibit A to his affidavit is a copy of a label used by the Applicant in association with crab meat. Mr. Godin also states that he has been shareholder of all companies which owned or used with license the Mark between 1981 and 2003.

It is Mr. Hebert's testimony that since 1989, the Applicant has processed, packaged and sold crab meat in association with the Mark. Attached as Exhibit A to his affidavit are copies of invoices and Bills of Lading of various dates from 1990-2005. The invoices and Bills of Lading were issued by Domtar Packaging, Norampac Inc. and Master Packaging (NB) Inc. to the Applicant for C-GEM packaging for crab.

The evidence of the Opponent's affiant Ms. Paulin, on the other hand, is that she was not aware that M.O.D. ever used or owned the name C-GEM. According to her testimony, the only fish plants which used the name C-GEM prior to the Opponent were BCPL and later, CGE.

Once again, in the absence of cross-examination, there is little to assist me in determining the legitimacy of the parties' conflicting allegations. Regardless of whether or not it has been shown that any use of the Mark has enured to the benefit of the Applicant and its predecessors-in-titles pursuant to s.50 of the Act, the bottom line is that I am not satisfied that the Applicant has shown continuous use of the Mark by itself or its predecessors in title since 1981 pursuant to s. 4(1) or s.4(3). The Bills of Lading and invoices attached to Mr. Hebert's affidavit do not show sales and shipments of crab bearing the Mark by the Applicant to customers but rather show sales and shipments of labels bearing the Mark from various packaging companies to the Applicant. There is no evidence of any transaction by the Applicant in the normal course of trade or by export.

The Applicant's agent argued that the evidence of use of the mark on the labels should be sufficient to show use as it could be inferred from the quantity of packaging ordered by the Applicant that it was selling the wares which it was using the labels for. She asked, why would the Applicant order so much packaging if it was not also selling its wares? As much as I agree with the Applicant's logic, the Trade-marks Act and the jurisprudence have clearly set out what is needed for an Applicant to establish use of its mark in the normal course of trade or by export. In my view, if the Applicant was in fact processing, packaging and selling crab meat in association with the mark for so many years, the Applicant could have easily provided evidence to corroborate such assertion.

This ground of opposition is therefore successful.

Distinctiveness Ground of Opposition

The Opponent has pleaded that the Mark is not distinctive and is not capable of distinguishing the Applicant's wares from the wares associated with the Opponent's trade-marks and trade-names C-GEM, C-GEM SEAFOODS, C-GEM SEAFOODS INC., C-GEM EXPORTS, and C-GEM EXPORTS LIMITED.

In order to meet its evidential burden with respect to this ground, the Opponent must show that as of the filing of the opposition, May 28, 2004, the Opponent's name and/or related marks had

become known sufficiently to negate the distinctiveness of the Mark (*Motel 6, Inc. v. No. 6 Motel Ltd.* (1981), 56 C.P.R. (2d) 44 at 58 (F.C.T.D.); *Re Andres Wines Ltd. and E. & J. Gallo Winery* (1975), 25 C.P.R. (2d) 126 at 130 (F.C.A.); and *Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd.* (1991), 37 C.P.R. (3d) 412 at 424 (F.C.A.)).

Mr. LeBreton's evidence is that the Opponent has produced, packaged, and marketed crab products under the name C-GEM in Canada for sale in the U.S. and Japan since 2003. He provides significant sales figures (i.e. between \$14.6 and \$18.6 million Canadian) of sales of C-Gem Seafoods Inc. in its foreign markets in 2003 and 2004. Attached as Exhibit D to his affidavit is a copy of a label showing a diamond design beside the word C-GEM in large lettering, with the words SEAFOODS INC. appearing below in smaller lettering.

The Applicant submits that, in view of Mr. Godin's testimony that he had no knowledge of the alleged consent the Opponent received from Mr. Lanteigne to use C-Gem Seafoods Inc. as its trade-name, any use by the Opponent of a C-GEM trade-mark or trade-name is unlawful use and therefore cannot be relied upon by the Opponent in its allegation that the Mark is not distinctive. Further, it is the Applicant's submission that, even if the Opponent did have consent to use the trade-name C-Gem Seafoods Inc., the consent was to register the corporate name and was not a consent to use or assignment of the Mark.

The Applicant relies upon *McCabe v. Yamamoto & Co. (America) Inc.* (1989), 23 C.P.R. (3d) 498 (F.C.T.D.) ("*McCabe*") for the proposition that an allegation of non-distinctiveness cannot be sustained based on the unlawful use of a trade-mark. In *McCabe*, however, the Federal Court had evidence of a finding by a U.S. court that the respondent's use of the trade-mark was an infringement of the appellant's rights. In the present case, there is no clear evidence that the use of the trade-name C-Gem Seafoods Inc. and related marks has been unlawful. That issue needs to be decided in an appropriate legal forum. As the lawfulness issue is not clear, I do not consider that I have the jurisdiction to preclude the Opponent in this case from relying on its prior use (see *Sunbeam Products, Inc. v. Mister Coffee & Services Inc.* (2001), 16 C.P.R. (4th) 53 at 58-59 (F.C.T.D.)).

I am therefore satisfied that the Opponent has met its evidential burden under this ground. As the Opponent's C-GEM and Design mark is clearly confusing with the Applicant's Mark, and as the Applicant has not met its legal burden to show that its Mark is distinctive of its wares, this ground is successful.

Section 30(i) Ground

As noted above, the Opponent has pleaded that the application does not comply with the requirements of section 30(i) because the Applicant could not be satisfied that it was entitled to register the trade-mark C-GEM Design in Canada in view of its knowledge of the prior or concurrent use in Canada of the trade-mark and trade-name C-GEM by the Opponent and by C-GEM EXPORTS LIMITED in association with seafood. This ground has been improperly pleaded because the statement required by s.30(i) is that the applicant is satisfied that it is entitled to use the trade-mark (as opposed to entitled to register it). In any event, where an applicant has provided the statement required by s. 30(i), a s. 30(i) ground should only succeed in exceptional cases such as where there is evidence of bad faith on the part of the applicant (*Sapodilla Co. Ltd. v. Bristol-Myers Co.* (1974), 15 C.P.R. (2d) 152 (T.M.O.B.) at 155). As this is not such a case, I am dismissing this ground of opposition.

Disposition

Having been delegated by the Registrar of Trade-marks by virtue of s. 63(3) of the Act, I refuse the application pursuant to s. 38(8).

DATED AT Gatineau, Quebec, THIS 29th DAY OF September, 2008.

Cindy Folz
Member,
Trade-marks Opposition Board