



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

Citation: 2015 TMOB 123
Date of Decision: 2015-07-07

IN THE MATTER OF AN OPPOSITION

Kayu Canada Inc. **Opponent**

and

KAYU International, Inc. **Applicant**

1,571,267 for the trade-mark KAYU **Application**

[1] Kayu Canada Inc. opposes registration of the trade-mark KAYU (the Mark) that is the subject of application No. 1,571,267 by KAYU International, Inc.

[2] Filed on March 30, 2012, the application is based on use of the Mark in Canada (i) since at least as early as October 4, 2001 in association with “lumber”, and (ii) since at least as early as January 18, 1996 in association with “building materials, namely, wood decking, wood moulding, wood flooring and wood deck tiles; door jambs”.

[3] In its statement of opposition, the Opponent alleges that: (i) the application does not conform to the requirements of section 30 of the *Trade-marks Act*, RSC 1985, c T-13 (the Act); (ii) the Mark is not registrable under section 12(1)(c) of the Act; (iii) the Applicant is not the person entitled to registration of the Mark under section 16 of the Act; and (iv) the Mark is not distinctive under section 2 of the Act. The body of the statement of opposition has been reproduced in Schedule A to the decision.

[4] At the hearing, the Opponent withdrew the grounds of opposition based on sections 30(a), 30(c), 30(d) and 12(1)(c) of the Act. It also withdrew the grounds of opposition that pertain to allegations that the Applicant has not used or made known the Mark in Canada as part of a section 16(1) entitlement pleading [paragraph 1(d) of the statement of opposition].

[5] For the reasons that follow, I refuse the application.

The Record

[6] The Opponent filed its statement of opposition on July 12, 2013. The Applicant then filed and served its counter statement on December 11, 2013 denying all of the grounds of opposition.

[7] In support of its opposition, the Opponent filed the affidavit of Jim Labelle, co-director of the Opponent. Mr. Labelle was not cross-examined. The Applicant elected not to file any evidence in support of its application.

[8] Only the Opponent filed a written argument and was represented at a hearing.

The Parties' Respective Burden or Onus

[9] The Applicant bears the legal onus of establishing, on a balance of probabilities that its application complies with the requirements of the Act. However, there is an initial evidential 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 CPR (3d) 293 (FCTD) at 298].

Does the Application Conform to the Requirements of Section 30(b) of the Act?

[10] The Opponent alleges that contrary to section 30(b) of the Act, the Applicant “had not used the [Mark] known in Canada as alleged, or at all, or had subsequently abandoned the [Mark]”.

[11] The issue under section 30(b) is not whether the Applicant had abandoned its Mark as of the application's filing date but simply whether it had continuously used the Mark in the normal course of trade from the alleged dates of first use to the material date [see *Immuno AG v Immuno*

Concepts, Inc (1996) 69 CPR (3d) 374 (TMOB); *Labatt Brewing Co v Benson & Hedges (Canada) Ltd* (1996), 67 CPR (3d) 258 (FCTD) at 262 and *Corporativo de Marcas GJB, SA de CV v Bacardi & Company Ltd* 2014 FC 323]. The material date for assessing a section 30 ground is the filing date of the application, namely March 30, 2012 in this case [see *Georgia-Pacific Corp v Scott Paper Ltd* (1984), 3 CPR (3d) 469 (TMOB) at 475].

[12] There is an initial evidential onus on the Opponent to adduce sufficient evidence to support its allegation of the application's non-conformity to section 30(b) of the Act, bearing in mind that the facts regarding the Applicant's first use are particularly within the knowledge of the Applicant [see *Tune Masters v Mr P's Mastertune Ignition Services Ltd* (1996), 10 CPR (3d) 84 (TMOB) at 89 and *Corporativo de Marcas, supra*]. If the Opponent succeeds in discharging its initial evidential burden, the Applicant must then, in response, substantiate its claim of use during the material time.

[13] In the present case, the only issue to be decided under the section 30(b) ground is whether the Opponent has met its initial evidential burden. If it has, then the subject application will be refused as the Applicant has elected not to file any evidence. I will now assess whether the evidence presented by the Opponent satisfies its initial evidential burden.

[14] Mr. Labelle states in his affidavit that the Opponent first operated its business under the name Labco Construction Ltd. in the 1990s. It was then incorporated as Labco Wood Products Ltd. on September 1, 2004, to finally change its name to Kayu Canada Inc. (Kayu Canada) on May 5, 2008.

[15] According to Mr. Labelle, Labco Construction Ltd. first began importing a wood into Canada that is grown in Malaysia and Indonesia in 1994 or 1995 from a company known as Contact International that was located in the United States. The wood was known as Philippine Mahogany or Dark Red Meranti, and it was marketed and sold as such by the Opponent in Canada at that time. Mr. Labelle indicates that he has since learned that the Malaysian term for this type of wood is "Kayu Batu", which he understands to mean "stone wood". He further explains that the word "Kayu" means "wood" in Malay. Similarly, I note that the subject application indicates that "the translation provided by the applicant of the Indonesian word(s) KAYU is timber".

[16] With respect to the Applicant's alleged dates of first use, Mr. Labelle states that he has no knowledge of any use of the Mark by the Applicant in Canada in 1996. In this regard, the affiant explains that Steve Wilson, a principal of the Applicant, sold primed moulding made of a wood known as light Red Meranti in Canada in 1996, but that it was not described as either "Kayu Batu", or "Kayu". Mr. Labelle further states that he certainly was unaware of any sales in Canada of wood or lumber using the word "Kayu" as a trade-mark or trade-name, or even as a term for the wood in question, until "much later".

[17] Mr. Labelle states that Contact International eventually became insolvent, so the Opponent began importing Philippine Mahogany wood from the Applicant in approximately 1997, who was just establishing its business in the United States. Mr. Labelle states that at that time, the Applicant described the wood as "Red Balau" or "Kayu Batu", and so did the Opponent since then.

[18] Mr. Labelle explains that the wood products purchased from the Applicant were typically delivered to locations in the United States, which were then picked up by trucking companies or brokers on behalf of the Opponent and imported into Canada by the Opponent. Mr. Labelle adds that at no time was he aware of the Applicant actually operating in Canada directly or that the Applicant used the trade-name and the trade-mark KAYU in Canada.

[19] Mr. Labelle indicates that the Opponent continued to import "Kayu Batu" wood from the Applicant from the United States into Canada "for a number of years". Eventually, the Opponent began to order wood directly from Asia and the wood was shipped directly to the Opponent in Canada, through the Applicant who would arrange for the shipping and payment of the brokerage fees as part of the sale price. No additional details regarding this particular arrangement was provided.

[20] Mr. Labelle states that after the relationship between the parties eventually broke down due to issues with terms of payment and quality of the wood ordered, the Opponent began purchasing the same wood from other suppliers in the United States for import into Canada.

[21] Mr. Labelle explains that the parties had been negotiating a new business relationship at least as early as 1998, with the Opponent seeking an exclusive right to sell the wood supplied by

the Applicant in Canada. However, Mr. Labelle indicates that the Applicant would not agree to such exclusive right and no definitive agreement to this effect was ever reached between the parties. The affiant further states even though various drafts of possible agreements were exchanged between the parties, no agreement was ever signed.

[22] Even so, when the Opponent considered changing its name to Kayu Canada Inc. in 2008, Mr. Labelle states that the Applicant informed the Opponent that it had rights in Canada and that it had “trade-marked Kayu Batu”. The Opponent subsequently obtained the Applicant’s written permission to “use the KAYU name in Canada”. In exchange, the Opponent agreed to “only buy from Kayu and only sell Kayu” [see copies of email exchanges attached as Exhibit 4]. Mr. Labelle adds that he no longer believes the Applicant’s assertions regarding its rights in Canada to be accurate.

[23] Mr. Labelle states that the Applicant never exerted any control over the Opponent’s marketing efforts in Canada, the nature or quality of the goods or services supplied by the Opponent in Canada, nor over the Opponent’s use of the terms “Kayu” or “Kayu Batu”. Even though there appeared to be some sort of agreement regarding the use of the term KAYU between the parties, without any evidence of the requisite control set out in section 50(1) of the Act, I am of the view that use of the Mark by the Opponent in Canada cannot enure to the benefit of the Applicant.

[24] I would add that based on the evidence provided by Mr. Labelle and in the absence of any evidence to the contrary, the Opponent does not appear to be acting simply as the Applicant’s distributor in Canada [see *Manhattan Industries Inc v Princeton Manufacturing Ltd* (1971), 4 CPR (2d) 6 (FCTD) regarding use of a trade-mark by a distributor]. While there was some sort of exclusive relationship with the Applicant at one time, the Opponent appears to operate an independent business where it imports exotic wood products into Canada in its own name, and in turn promotes and sells them to its own Canadian customers, also in its own name.

[25] When the Opponent’s evidence is viewed in its entirety, including the Opponent’s business relationship with the Applicant during the material time which explains the Opponent’s intimate knowledge of the Applicant’s operations in Canada, or lack thereof, at that time, I am satisfied that the Opponent has provided sufficient facts to put into question the Applicant’s

alleged use of the Mark in Canada since at least as early as October 4, 2001 in association with “lumber”, and since at least as early as January 18, 1996 in association with “building materials, namely, wood decking, wood moulding, wood flooring and wood deck tiles; door jambs”, as well as any use of the Mark by the Applicant in Canada thereafter.

[26] As the Opponent has satisfied its initial burden with respect to this ground of opposition, and considering that the Applicant has elected not to file any evidence in this regard, the Applicant has failed to satisfy its legal onus.

[27] In view of the foregoing, the section 30(b) ground of opposition is successful.

Was the Applicant the Person Entitled to Registration of the Mark?

[28] In its statement of opposition, the Opponent alleges that the Applicant is not the person entitled to the registration of the Mark as it was confusing with one or more trade-names previously used in Canada by the Opponent, namely Kayu, Kayu Canada, Kayu Canada Inc., and Kayu Batu, having regard to sections 38(2)(c) and 16(2)(c) of the Act.

[29] At the hearing, the Opponent clarified that the entitlement ground as pleaded contained a typographical error and should have referenced section 16(1) as opposed to section 16(2) of the Act. Considering that the subject application is based solely on use of the Mark in Canada, I am prepared to accept this amendment.

[30] Since the Opponent has succeeded under its section 30(b) ground of opposition, the material date for assessing the likelihood of confusion in respect of this non-entitlement ground is the filing date of the subject application, namely March 30, 2012 [*American Cyanamid Co v Record Chemical Co Inc* (1972), 6 CPR (2d) 278 at 280 (TMOB)].

[31] Despite the burden of proof on the Applicant to establish, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and any of the Opponent’s trade-names, the Opponent has the initial onus of proving that at least one of its trade-names was used prior to March 30, 2012 and had not been abandoned at the date of advertisement of the application, namely May 15, 2013, pursuant to section 16(5) of the Act. I shall begin with a review of evidence pertaining to the Opponent’s use of its trade-name(s).

[32] As previously mentioned, the Opponent changed its name to Kayu Canada Inc. on May 5, 2008 [see copy of the Opponent's Certificate of Amendment attached as Exhibit 2 to Mr. Labelle's Affidavit]. Attached as Exhibit 5 are copies of searches performed using the *Internet Archive Wayback Machine* showing the contact information of the Applicant's website located at *www.kayu.com* as it appeared in February and May 2008. I note that the printouts identify the Applicant along with its contact information in the United States; they also identify the "Canadian Sales Contact" as "Jim Labelle – Labco Wood Products" in February 2008, which were then updated to read "Jim Labelle – Kayu Canada" in May 2008.

[33] According to Mr. Labelle, the Opponent has been selling large quantities of wood products under the Kayu Canada trade-name since 2008, typically exceeding one million dollars annually, with a total of over 12 million dollars from October 2007 to 2014. Attached as Exhibit 12 is a copy of the Opponent's "Vancouver Dealer 2010 Price List" in which the Opponent's trade-name Kayu Canada Inc. can be seen prominently.

[34] Mr. Labelle further states that the Opponent has spent significant sums of money in advertising. A breakdown of the Opponent's advertising expenditures between October 2008 and December 31, 2013 is attached as Exhibit 9, totaling over \$250,000 during that period of time. Attached as Exhibits 10 and 11 are a partial listing of print ads placed by and articles about the Opponent and its products in Canada between May 2007 and March 2013, as well as copies of advertisements and articles that feature the Opponent's trade-name Kayu Canada Inc. While most of the ads and the articles are undated, I note one particular ad which appeared in the February – March 2012 edition of *Home Décor and Renovations* magazine in which the Opponent's trade-name Kayu Canada Inc. can be seen. Finally, attached as Exhibit 3 are printouts from the Opponent's website dated April 9, 2014; the trade-name Kayu Canada Inc. appears prominently on top of each page.

[35] When the evidence is viewed as a whole, I am satisfied that the Opponent carried on a business under the trade-name Kayu Canada Inc. in association with wood products in Canada prior to March 30, 2012 and that it had not abandoned its trade-name at May 15, 2013.

The test for confusion

[36] Since the Opponent has satisfied its initial evidential burden, the issue becomes whether the Applicant has met its legal burden to establish, on a balance of probabilities, that there is no reasonable likelihood of confusion between the Mark and the Opponent's trade-name Kayu Canada Inc.

[37] The test for confusion is one of first impression and imperfect recollection. Section 6(3) of the Act states that use of a trade-mark causes confusion with a trade-name if the use of both in the same area would be likely to lead to the inference that the goods or services associated with the trade-mark and those associated with the business carried on under the trade-name are manufactured, sold, leased, hired or performed by the same person, whether or not the goods or services are of the same general class.

[38] In applying the test for confusion, the Registrar must have regard to all the surrounding circumstances, including those specifically enumerated in section 6(5) of the Act, namely: (a) the inherent distinctiveness of the trade-mark and the trade-name and the extent to which they have become known; (b) the length of time each has 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-mark and the trade-name in appearance or sound or in the ideas suggested by them. These enumerated factors need not be attributed equal weight. [See *Mattel, Inc v 3894207 Canada Inc* (2006), 49 CPR (4th) 321 (SCC); *Veuve Clicquot Ponsardin v Boutiques Clicquot Ltée et al* (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.]

[39] I will now turn to the assessment of the likelihood of confusion between the Mark and the Opponent's trade-name Kayu Canada Inc., having regard to the surrounding circumstances of this case.

Section 6(5)(a) – the inherent distinctiveness of the trade-mark and trade-name, and the extent to which they have become known

[40] The overall consideration of the section 6(5)(a) factor, which involves a combination of inherent and acquired distinctiveness of the parties' trade-mark and trade-name, favours the Opponent.

[41] I assess the inherent distinctiveness of the Mark and the Opponent's trade-name to be equal in that they are both inherently distinctive in view of the term KAYU. While both parties provided statements to the effect that the term KAYU describes an inherent characteristic of the goods in Malay and Indonesian, namely that they consist of "wood" or "timber", there is no evidence that the average consumer in Canada would have knowledge of these languages. I do not find that the words "Canada" and "Inc." contribute to the inherent distinctiveness of the Opponent's trade-name given their suggestive/descriptive nature.

[42] The strength of a trade-mark or a trade-name may be increased by means of it becoming known in Canada through promotion or use. As previously discussed, there is no evidence of promotion or use of the Mark by the Applicant in Canada. In comparison, the Opponent has shown some evidence of use of its trade-name in Canada prior to the material date.

Section 6(5)(b) – the length of time the trade-mark and the trade-name have been in use

[43] The overall consideration of the section 6(5)(b) factor favours the Opponent. As previously discussed, there is no evidence of use of the Mark by the Applicant in Canada. In comparison, the Opponent has shown some evidence of use of the trade-name Kayu Canada Inc. in association with a business pertaining to wood products in Canada since 2008.

Sections 6(5)(c) and (d) – the nature of the goods, trade and business

[44] Sections 6(5)(c) and (d) factors, which involve the nature of the goods, trade and business, favour the Opponent.

[45] The parties offer identical or closely related wood products. The application for the Mark covers lumber and a variety of building materials made of wood including decking, moulding,

flooring and deck tiles. According to Mr. Labelle, the Opponent's business relates to wood building materials such as flooring, decking, fencing and siding.

[46] In terms of channels of trade, Mr. Labelle states that the Opponent is located in Calgary, with dealers in Alberta, British Columbia, Manitoba and Saskatchewan [see printouts from the Opponent's website attached as Exhibit 3]. Mr. Labelle's affidavit further provides evidence that the Opponent sells wood building materials to home building/renovation projects, as well as commercial and public indoor/projects.

[47] In the absence of evidence from the Applicant and given that the parties' goods are either identical or closely related, for the purpose of assessing confusion, I conclude that there is potential for overlap between the parties' channels of trade.

Section 6(5)(e) – the degree of resemblance between the trade-mark and trade-name in appearance or sound or in the ideas suggested by them

[48] In *Masterpiece*, the Supreme Court of Canada discussed the importance of section 6(5)(e) in conducting an analysis of the likelihood of confusion. Specifically, the Court noted that the degree of resemblance is the statutory factor that is often likely to have the greatest effect on the confusion analysis; the other factors become significant only once the trade-marks or trade-names are found to be identical or very similar.

[49] When considering the degree of resemblance, the law is clear that the trade-marks and trade-names must be considered in their totality. While it is not correct to lay them side by side and compare and observe similarities or differences among the elements or components of the trade-marks and trade-names, it is nevertheless possible to focus on particular features that may have a determinative influence on the public's perception [see *United Artists Corp v Pink Panther Beauty Corp* (1998), 80 CPR (3d) 247 at 263 (FCA)]. The preferable approach when comparing trade-marks and trade-names is to begin by determining whether there is an aspect of the trade-mark or trade-name that is particularly striking or unique [see *Masterpiece* at para 64].

[50] The Applicant's trade-mark and the Opponent trade-name share the same striking element KAYU. Given that the term KAYU is not an ordinary word of the English or French language, it

does not suggest any idea in particular, aside from that of a coined term or of a foreign word. Moreover, as mentioned previously under the 6(5)(a) analysis, given that the words “Canada Inc.” in the Opponent’s trade-name are suggestive/descriptive in nature, they cannot serve to distinguish the trade-name.

[51] When the parties’ trade-mark and trade-name are viewed in their entirety, I find that there is a significant degree of resemblance. Accordingly, the 6(5)(e) factor favours the Opponent.

Conclusion on the likelihood of confusion

[52] In applying the test for confusion, I have considered it as a matter of first impression and imperfect recollection. Having considered all of the surrounding circumstances, in particular, the strong resemblance between trade-mark and the trade-name, evidence of the Opponent’s trade-name being used in Canada, the similarities in the parties’ goods, and the potential for overlap between of the channels of trade, I am not satisfied that the Applicant has discharged its burden of showing, on a balance of probabilities, that there is no reasonable likelihood of confusion between Mark and the Opponent’s trade-name Kayu Canada Inc.

Remaining Grounds of Opposition

[53] Since the opposition has already succeeded under two separate grounds, I will not address the remaining grounds of opposition.

Disposition

[54] 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.

Pik-Ki Fung
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office

Hearing Date: June 19, 2015

Appearances

Mr. Swanson For the Opponent

No one appearing For the Applicant

Agents of Record

Burnet, Duckworth & Palmer LLP For the Opponent

Clark Wilson LLP For the Applicant

Schedule A

IN THE MATTER OF

An Opposition by Kayu Canada Inc. (the Opponent)

to Application No. 1571267 for KAYU (the Application) filed March 30, 2012 by Kayu International Inc. (the Applicant)

STATEMENT OF OPPOSITION

1. The Opponent, the full post office address of whose principal office or place of business is Kayu Canada Inc. [...] hereby gives notice of opposition to the proposed registration of the trade-mark advertised under the above number in the issue of the *Trade-marks Journal* dated May 15, 2013. The grounds of opposition are as follows:
 - (a) The Application does not conform to the requirements of section 30 of the *Trade-marks Act*, R.S.C. 1985, c.T-13 (the “*Act*”), because:
 - (i) contrary to sections 38(2a) and 30(a) of the *Act*, the Application does not contain a statement in ordinary commercial terms of the specific wares in association with which the trade-mark is claimed to be used;
 - (ii) contrary to sections 38(2)(a) and 30(b) of the *Act*, at the date of filing of the Application, the Applicant had not used the trade-mark known in Canada as alleged, or at all, or had subsequently abandoned the trade-mark;
 - (iii) contrary to sections 38(2)(a) and 30(c) of the *Act*, at the date of filing of the Application, the Applicant had not used the trade-mark in a country in the Union, and had not made the trade-mark known in Canada as alleged, or at all, or had subsequently abandoned the trade-mark;
 - (iv) contrary to sections 38(2)(a) and 30(d) of the *Act*, at the date of filing of the Application, the Applicant had not used the trade-mark in a country in the Union as alleged, or at all, or had subsequently abandoned the trade-mark;
 - (b) The trade-mark applied for is not registrable, in view of sections 38(2)(b) and 12(1)(c) of the *Act*, because it is the name in the Indonesian language of the wares in association with which the trade-mark is used or proposed to be used;
 - (c) The Applicant is not the person entitled to registration of the trade-mark, for the following reasons:
 - (i) having regard to the provisions of sections 38(2)(c) and 16(2)(a) of the *Act*, at the date of filing of the Application, the trade-mark was confusing with one or more trade-marks that had been previously used in Canada or made known in Canada by the Opponent, namely:
 - (A) KAYU;
 - (B) KAYU CANADA;
 - (C) KAYU CANADA INC.; and
 - (D) KAYU BATU;
 - (ii) having regard to the provisions of sections 38(2)(c) and 16(2)(c) of the *Act*, at the date of filing of the Application, the trade-mark was confusing with one or more trade-names that had been previously used in Canada by the Opponent, namely:

- (A) KAYU;
 - (B) KAYU CANADA;
 - (C) KAYU CANADA INC.; and
 - (D) KAYU BATU;
- (iii) having regard to the provisions of sections 38(2)(c) and 16(2)(c) of the *Act*, at the date of filing of the Application, the trade-mark was confusing with one or more trade-marks that had been previously used in Canada by other parties, including third party dealers in lumber in Canada, in connection with the same or similar wares, namely:
- (A) KAYU; and
 - (B) KAYU BATU.
- (d) The Applicant is not the person entitled to registration of the trade-mark, for the following reasons:
- (i) having regard to the provisions of sections 16(1) and 38(2)(c) of the *Act* because neither the Applicant nor any predecessor in title to the Applicant has used the trade-mark in Canada;
 - (ii) having regard to the provisions of sections 16(1) and 38(2)(c) of the *Act* because neither the Applicant nor any predecessor in title to the Applicant has made known the trade-mark in Canada;
- (e) The trade-mark applied for is not distinctive, for the following reasons:
- (i) having regard to the provisions of sections 38(2)(d) and 2 of the *Act* (the definition of “distinctive”), because it does not actually distinguish, and it is not capable of distinguishing the Applicant’s wares from the wares and services of others, particularly those of the Opponent under the trade-marks and trade-names listed in paragraph 1(c) above, nor is it adapted, nor can it be adapted, to so distinguish them;
 - (ii) the Opponent’s trade-marks and trade-names are known in Canada and have acquired a reputation in Canada to an extent that is substantial and sufficient to negate any distinctiveness of the trade-mark as it is applied for in the Application.
2. Furthermore, the Opponent adds that:
- (a) it is a “person”, and it is a “person interested” so far as necessary, within the meaning of Section 2 of the *Act*;
 - (b) it has proper status within the meaning of Section 38(1) of the *Act* to oppose the present Application of the Applicant for the registration of the trade-mark;
 - (c) the trade-marks or trade-names alleged by the Opponent are not abandoned nor were they at any relevant time; and
 - (d) this opposition is made without prejudice to any of the rights and recourses of the Opponent, and without admission of any kind whatsoever.
3. The Opponent appoints Burnet, Duckworth & Palmer LLP [...] as the firm upon which service of any document in respect of the opposition may be made with the same effect as if it had been served upon the Opponent.