



LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS

Citation: 2020 TMOB 75

Date of Decision: 2020-06-30

IN THE MATTER OF AN OPPOSITION

KAYU International, Inc.

Opponent

and

Kayu Canada Inc.

Applicant

1,739,663 for KAYU CANADA

Application

INTRODUCTION

[1] KAYU International, Inc. (the Opponent) opposes registration of the trademark KAYU CANADA (the Mark), which is the subject of application No. 1,739,663, filed by Kayu Canada Inc. (the Applicant) on the basis of use of the Mark in Canada since at least 2008 in association with the following goods and services:

Goods:

- (1) Lumber.
- (2) Building timber.
- (3) Construction timber.
- (4) Building materials, namely lumber, timber, imported tropical hardwood materials.

Services:

(1) Wholesale sales of lumber, building timber, construction timber.

(2) Retail sales of lumber, building timber, construction timber.

[2] The use of the term “Goods” in the decision refers collectively to the goods stated in (1) through (4) above. Likewise, the use of the term “Services” refers collectively to the services stated in (1) and (2) above.

[3] For the reasons that follow, I find the opposition ought to be rejected.

THE RECORD

[4] The application for the Mark was filed on July 30, 2015 and advertised for opposition purposes in the *Trademarks Journal* on June 15, 2016.

[5] On November 14, 2016, the Opponent filed a statement of opposition under section 38 of the *Trademarks Act*, RSC 1985, c T-13 (the Act). This Act was amended on June 17, 2019. All references herein are to the Act as amended, with the exception of references to the grounds of opposition which refer to the Act before it was amended [see section 70 of the Act which provides that section 38(2) of the Act, as it read prior to June 17, 2019, applies to applications advertised before that date].

[6] The Opponent raises grounds of opposition based upon sections 30 (non-compliance); 16 (non-entitlement); and 2 (non-distinctiveness) of the Act, as reproduced below:

- (a) “pursuant to Section 38(2)(a), the Application does not conform to the requirements of Section 30(a), in that the Application does not contain a statement in ordinary commercial terms of the specific goods and services in association with which the Trade-mark has been used;”
- (b) “pursuant to Section 38(2)(a), the Application does not conform to the requirements of Section 30(b), in that the Application was filed based on use of the Trade-mark in Canada in association with the Applicant’s Goods and Services since at least 2008, but the Trade-mark was not used in Canada by the Applicant in association with the Applicant’s Goods and Services as of that claimed date of first use;”

- (c) “pursuant to Section 38(2)(a), the Application does not conform to the requirements of Section 30(i), in that the Applicant could not have been satisfied, at any material date, of its entitlement to use the Trade-mark in Canada in association with the Applicant’s Goods and Services, in light of the prior use of the Opponent’s Trade-mark and the Opponent’s Trade Name in Canada;”
- (d) “pursuant to Section 38(2)(c), the Applicant is not the person entitled to registration of the Trade-mark in association with the Applicant’s Goods and Services, in that contrary to Section 16(1)(a), at the claimed date of first use of the Trade-mark, the Trade-mark was confusing with a trade-mark that had been previously used in Canada by another person, namely the Opponent’s Trade-mark;”
- (e) “pursuant to Section 38(2)(c), the Applicant is not the person entitled to registration of the Trade-mark in association with the Applicant’s Goods and Services, in that contrary to Section 16(1)(c), at the claimed date of first use of the Trade-mark, the Trade-mark was confusing with a trade name that had been previously used in Canada by another person, namely the Opponent’s Trade Name;” and
- (f) “pursuant to Section 38(2)(d), the Trade-mark is not distinctive within the meaning of Section 2, in that the Trade-mark does not distinguish, is not adapted to distinguish, nor is it capable of distinguishing the Applicant’s Goods and Services from the goods and services of the Opponent.”

[Note: The terms “Opponent’s Trade-mark” and “Opponent’s Trade Name” used in the pleadings refer to what the Opponent describes as its “unregistered trade-mark KAYU” and its “trade name KAYU International, Inc.” respectively.]

[7] On January 20, 2017, the Applicant filed and served a counter statement denying each ground of opposition pleaded in the statement of opposition.

[8] In support of its opposition, the Opponent filed the affidavit of Steven Wilson, founder, president and Chief Executive Officer of the Opponent, sworn on May 17, 2017 and comprising Exhibits A to N (the Wilson affidavit).

[9] In support of its application, the Applicant filed the affidavit of Jim Labelle, shareholder and co-director of the Applicant, sworn on September 15, 2017 and comprising Exhibits A to L (the Labelle affidavit).

[10] On October 31, 2017, the Registrar issued cross-examination orders for both affiants; neither was cross-examined.

[11] Only the Applicant filed a written argument; no hearing was held.

PRELIMINARY REMARKS

[12] As it will become apparent, although they are not related or affiliated companies, the parties to the present proceedings are not strangers to one another and were, for a time, in a business relationship. They were also involved in opposition proceedings concerning Canadian trademark application No. 1,571,267 for KAYU (the Refused Application), which was applied for by the Opponent and successfully opposed by the Applicant [*Kayu Canada Inc v KAYU International, Inc*, 2015 TMOB 123] (the Previous Proceeding). A copy of the Registrar's decision as well as the evidence filed by the Applicant as opponent in the Previous Proceeding were submitted by the Applicant, to be relied upon, as Exhibits B and C to the Labelle affidavit, respectively (sometimes collectively referred to as the Previous Proceeding Trademark Opposition Extracts).

[13] I note that the Opponent as applicant in the Previous Proceeding elected not to file any evidence in support of the Refused Application, did not file a written argument and was not represented at a hearing. In its written argument, the Applicant submits that the Wilson affidavit should not be admitted because it lacks in credibility. To be more precise, invoking the Opponent's delay, acquiescence, laches and its alleged abuse of the process of the Board, the Applicant contends that it is not reasonable to accept that the Opponent has the rights it now claims because it only took minimal steps to defend the Refused Application in the course of the Previous Proceeding, because it should have filed the evidence it now seeks to have considered in the Previous Proceeding, and has taken no measures other than the present proceeding to assert its alleged rights in Canada over many years. Also relying on the Previous Proceeding, the

Applicant further submits that the Board should reject the present opposition through the application of *res judicata*.

[14] With all due respect for the Applicant and notwithstanding the question of applicability of the pleaded doctrines to an opposition proceeding, the Previous Proceeding is not necessarily determinative of the issues at hand. An opposition proceeding is part of the registration process provided for by the Act, where any person having valid grounds may oppose the registration of a trademark once it is advertised in the *Trademarks Journal*. Each case must be decided on its own merits having regard to the evidence submitted, which may, as it so happens, differ from that adduced in a prior opposition case involving the same parties and a similar trademark [*Sunny Crunch Foods Ltd v Robin Hood Multifoods Inc* (1982), 70 CPR (2d) 244 (TMOB) at 249; *Georgia Pacific Corporation v Scott Paper Limited* (1996), 70 CPR (3d) 570 (TMOB)]. That said, I will refer to the Previous Proceeding, where I consider it appropriate to do so.

THE PARTIES' RESPECTIVE BURDEN OR ONUS

[15] The Opponent has the initial evidential burden to adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exist. Once that burden is met, the Applicant bears the legal onus of establishing, on a balance of probabilities, that the particular grounds of opposition should not prevent the registration of the Mark [*John Labatt Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 (FCTD); *Dion Neckwear Ltd v Christian Dior, SA et al* (2002), 20 CPR (4th) 155].

MATERIAL DATES

[16] The material dates with respect to the grounds of opposition are as follows:

- Sections 38(2)(a) and 30 of the Act – the filing date of the application (July 30, 2015) [*Georgia-Pacific Corp v Scott Paper Ltd* (1984), 3 CPR (3d) 469 (TMOB) at 475];
- Sections 38(2)(c) and 16 of the Act – the date of first use claimed in the application (as the date of first use in the application is 2008, it is interpreted as December 31, 2008) [section 16(1) of the Act]; and

- Sections 38(2)(d) and 2 of the Act – the filing date of the opposition (November 14, 2016) [*Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* (2004), 34 CPR (4th) 317 (FC)].

OVERVIEW OF THE EVIDENCE

[17] For ease of reference, follows an overview of the parties’ evidence, which is discussed in more detail, where appropriate, in my analysis of the grounds of opposition.

The Opponent’s evidence – The Wilson affidavit

[18] Mr. Wilson states that he has held his current role with the Opponent, “a company formed under the laws of the State of Oregon and headquartered in Tigard, Oregon”, since its founding in 1994. [paras 1, 4 and 7]

[19] Mr. Wilson states:

I have personally been involved full time in the hardwood lumber industry for over 40 years, and have been importing lumber, especially lumber from Southeast Asia, since the early 1980’s. [para 2]

[20] Before founding the Opponent, Mr. Wilson states that he has held roles in which he:

[...] was responsible for managing lumber imports, and [...] developed a deep understanding of the lumber industry. [para 3]

[21] In describing the Opponent’s activities, Mr. Wilson states that:

The Opponent commenced operations in West Linn, Oregon in 1994, as a direct importer of hardwood for the Canadian and United States markets. The Opponent’s specialty was and remains, to this day, hardwood decking, lumber and moldings.

Since its founding in 1994, the Opponent’s aim has been to sell across the United States and Canada. [paras 8-9]

[22] Mr. Wilson then turns to the Opponent’s brand and name selection and states that:

When deciding upon a brand for my company in 1994, I wanted to select a readily distinguishable brand name and company name. By this time, I had traveled on business throughout the United States and most of Canada, and had already made over 40 visits to Southeast Asia to purchase lumber. As such, I had already gained a very strong level of

awareness of company names used in the industry, and I ultimately decided on KAYU as it would be unique but not overly complicated to use or remember for my customers.

I intentionally selected a brand with two syllables and the color red, which is considered lucky in Southeast Asia. In addition, I wanted a brand that could easily resonate both overseas and in North America. [paras 10-11]

[23] Mr. Wilson states that, in 1996, the Opponent registered the domain name *www.kayu.com* (which continues to host the Opponent’s website to this day), as well as the domain name *www.kayutruckdecking.com*, in 2013. [paras 12, 32]

[24] Mr. Wilson further states that:

The Opponent has used the Opponent’s KAYU Marks extensively in association with its business, including on the Opponent’s websites at *www.kayu.com* and *www.kayutruckdecking.com* (the “Opponent’s Websites”).

[...]

All of the products offered by the Opponent can be found on the Opponent’s Websites.

Through the Opponent’s Websites, users are able learn *[sic]* about the Opponent’s products, view images of the Opponent’s products, learn about the Opponent, and seek information and quotes for purchasing the Opponent’s products.

The website *www.kayu.com* has been available to Canadians since it first launched in 1996, and I am personally aware that many Canadians have accessed and used that website. I am also personally aware that the Opponent receives many Canadian inquiries each week for the Opponent’s KAYU products through the Opponent’s Websites. [paras 31, 33-35]

[Note: The term “KAYU Marks” used by Mr. Wilson refers to what he describes as “the Opponent’s trademarks and trade names KAYU and KAYU INTERNATIONAL”.]

[25] In that regard, Mr. Wilson provides the following chart summarizing the number of visits to the website *www.kayu.com*, for May 2016-May 2017, including visits from Canada [para 36]:

Time Period	Sessions for visits to <i>kayu.com</i> – Canada	Sessions for visits to <i>kayu.com</i> – Worldwide Total
May 2016 to May 2017	3,186	35,621

[26] Regarding the Opponent’s advertising, Mr. Wilson states that, to promote its hardwood products, the Opponent advertises primarily by means of this website [para 24] and explains that:

Through the website at *www.kayu.com*, the Opponent has made available for download PDF copies of its free brochures. These brochures are also distributed in print to the Opponent's Canadian customers.

The Opponent also promotes its services through social media, such as Facebook, Pinterest, and Twitter.

[...] all of the Opponent's advertising is conducted in association with the Opponent's KAYU Marks.

From time to time, the Opponent has also placed advertisements for its services in print advertising in Canada. However, as a relatively small company, the Opponent mostly produces and relies upon its aforesaid brochures, both in print and via the Opponent's website. The Opponent also relies upon cooperative advertising with its own customers, through which the Opponent advertises its excess inventory, as well as providing its customers with counter displays, fence banners and product samples, all in association with the Opponent's KAYU Marks. The Opponent also relies upon significant word of mouth advertising of its quality products. Accordingly, for these reasons, the Opponent's advertising costs have always been relatively modest.

[...]

Despite its modest investment in traditional advertising methods, given the success of the Opponent in the marketplace, the word of mouth advertising on the Opponent's behalf, and the use of its website, consumers in Canada are familiar with the Opponent and the Opponent's KAYU Marks. [paras 25-28, 30]

[27] Mr. Wilson provides bulk figures totalling 230,000 US dollars, representing the Opponent's advertising expenses for 2014-2016, "including with respect to its website, labelling and branding". [para 29]

[28] Mr. Wilson also provides sales figures totalling 5.9 million US dollars, representing gross sales to Canadian customers for 2007-2016 [para 21] and states that:

The Opponent's first sales into Canada with the trade name and trade-mark KAYU on its invoices, packing lists and crating occurred in early 1995. The product was shipped and invoiced to Sauder Industries Ltd. of Nova Scotia, Canada later that year. The specific product shipped was Red Meranti solid interior doorstop sets, 3/8" x 1-1/4" x 7' and 3'.

To this day, the Opponent continues to offer for sale a variety of hardwood products in Canada. Its primary product offered into Canada is hardwood decking. Full lists of the Opponent's products can be found at the Opponent's websites at the domain names *www.kayu.com* and *www.kayutruckdecking.com*; most of the listed products are regularly sold into Canada. [paras 13-14]

[...]

Since 1995, the Opponent has distributed and sold its hardwood products into Canada, always in association with the Opponent's KAYU Marks, including on every Purchase Order, on customer invoices, customer packing lists, and all crating. [para 20]

[29] Mr. Wilson identifies four of its current main distributors in Canada [para 15] and confirms that "[i]n the past, the predecessor of the Applicant [...], Labco Wood Products Ltd., served as the exclusive distributor for the Opponent." [para 16]

[30] Regarding the Opponent's trademarks and trade name, Mr. Wilson states that:

All of the foregoing business and activities of the Opponent are carried out in association with the Opponent's [...] KAYU Marks [...].

In addition, the Opponent has from time to time used other trade-marks in association with its products that include KAYU, including KAYU BATU, KAYU GOLDEN, KAYU SAPHIRE, and KAYU SIAP.

Since the founding of the Opponent and to this day, KAYU has never been used as a descriptive term to refer to wood or wood products in Canada or the United States. In fact, only through the Opponent's time and effort over the past 23 years, including significant sales and advertising, did the trade-mark KAYU come to be recognized as an identifier of source for premium hardwood and lumber sold and distributed by the Opponent.

[...]

The Opponent affixes the Opponent's KAYU Marks to its shipments into Canada. [paras 17-19, 23]

[31] Mr. Wilson states that:

The Opponent regularly receives enquiries through the Opponent's Websites, or via word of mouth, about the existence of the Applicant [...].

For example, in February 2010, I received a phone call from Reagleti Terminal's Inc. They were confused as to whether they were to release a container shipment sent to the Opponent to the Opponent or to the Applicant. On February 23, 2010, I instructed [...] an employee of the Opponent, to write an e-mail [...] to clarify that it was not to release the shipment to the Applicant. [paras 37-38]

[32] Mr. Wilson carries on describing the parties' past relationship, including the Applicant's activities and states:

I am familiar with the Applicant and its owner, Jim Labelle.

[...]

In approximately 1996, the Opponent began discussions with Mr. Labelle with a view to having him be a Canadian distributor for the Opponent. During those discussions, Mr. Labelle became convinced that the Opponent had the best line of hardwood decking, and requested a credit line to accommodate his efforts.

I explained to Mr. Labelle the need for the Opponent to have an exclusive distribution arrangement to avoid brand confusion in the marketplace. The Opponent's products have always been of the highest quality, and I did not want the Opponent's brand to be confused with products of lesser quality and have to deal with any resulting negative image.

Mr. Labelle readily agreed to an exclusive agreement, and I went forward with him on a handshake agreement. I have never had need to go beyond a handshake agreement with any of my distributors or customers, and that is the manner in which I conduct and have conducted my business.

I have kept track of the Opponent's shipments to Mr. Labelle – through his company Labco Wood Products Ltd., before he adopted the name "Kayu Canada" – since 2001. The Opponent shipped products directly to Mr. Labelle, with the Opponent's KAYU Marks appearing abundantly, including on all crating and wood ends.

In 2008, at Mr. Labelle's request, I granted him permission to use the KAYU Marks in Canada in association with the sale of the Opponent's products, if he agreed to sell only the Opponent's hardwood products in exchange for the Opponent selling through him exclusively as a Canadian distributor.

[...]

Through my years of working with Mr. Labelle, including selling through the Applicant's predecessor Labco Wood Products Ltd. and the Applicant in Canada, I have kept a summary of the invoices and credit memos that were issued to Labco Wood Products Ltd. and the Applicant. [...]

The tipping point in my relationship with Mr. Labelle was when I found out that, on more than one occasion, he had purchased substantial volumes of a competitor's import hardwood decking, in clear violation of our aforesaid exclusive agreement. In my view, his actions had the effect of breaching his agreement with the Opponent, nullifying his ability to use the KAYU Marks.

In any event, neither I nor the Opponent have ever authorized or requested Mr. Labelle or the Applicant to file any applications to register the KAYU Marks, including the Trade-mark KAYU CANADA, anywhere in the world. [paras 39, 41-45, 51-53]

[33] Mr. Wilson attaches to his affidavit numerous exhibits, which he describes as follows:

- Exhibit A: "printouts of a representative selection of [...] invoices sent to customers in Canada, which clearly bear the Opponent's KAYU Marks."

- Exhibit B: “pictures showing the Opponent’s KAYU Marks on its products as shipped to Canada.”
- Exhibit C: “representative printouts of the Opponent’s brochures, all of which include reference to the Opponent’s KAYU Marks.”
- Exhibit D: “screenshots from the Opponent’s Facebook, Pinterest, and Twitter websites, all of which include reference to the Opponent’s KAYU Marks.”
- Exhibit E: “printouts of WHOIS searches providing the registration details for the Opponent’s Websites.”
- Exhibit F: “printouts from the Opponent’s Websites as they currently appear.”
- Exhibit G: “screenshots from Archive.org displaying the website at *www.kayu.com* as it appeared between 2000 and 2017.”
- Exhibit H: “printout of [an] e-mail with [...] instructions not to release [a] container to the Applicant.”
- Exhibit I: “printout of an e-mail conversation dated March 31, 2008 between myself and Jim Labelle in which he requested to use the name KAYU in conjunction with the Applicant.”
- Exhibit J: “printout of an e-mail dated April 24, 2008 from myself to Jim Labelle in which I allowed him to use the KAYU name provided he agreed to become the Opponent’s sole distributor in Canada.”
- Exhibit K: “printout of an e-mail dated March 31, 2009 from myself to Jim Labelle in which Mr. Labelle states himself that he and his company have been promoting the Opponent’s company and products.”
- Exhibit L: “printout of a draft distribution agreement from 2009 which the Opponent and the Applicant ultimately did not sign.”

- Exhibit M: “printout of an e-mail dated January 22, 2010 that I wrote providing a letter of reference for the Applicant and acknowledging that Opponent had worked for over 15 years with the Applicant, the Applicant’s predecessor Labco Wood Products Ltd., and Mr. Labelle.”
- Exhibit N: “printout of my records pertaining to invoices, which show that invoices were issued dating back to at least as early as October 2001.”

The Applicant’s evidence – The Labelle affidavit

[34] As a preliminary remark, I note that Exhibits A to L in support of the Labelle affidavit are dated September 15, 2017. However, as they are presented in a spiral bound book (wherein the Labelle affidavit is sworn and properly dated), as each of them was sworn before a notary public of Alberta and considering that the Opponent has not raised an objection, I will treat the error as a technical deficiency without adverse consequences for the Applicant [*Rickitt Benckiser NV v Iron Out, Inc* (2005), 49 CPR (4th) 372 (TMOB)].

[35] In his affidavit, Mr. Labelle states that he is one of two shareholders and directors of the Applicant, which carries on its business from its premises located in Calgary, Alberta. [paras 1-2]

[36] Mr. Labelle states that, while it operated since the 1990’s under the name Labco Construction Ltd., the Applicant was incorporated as Labco Wood Products Ltd. on September 1, 2004 before changing its name to Kayu Canada Inc. on May 5, 2008. He further states that the Applicant has operated and carried on business in Canada as Kayu Canada Inc. continuously since that date. [paras 3-5]

[37] Mr. Labelle states that, on April 24, 2008, the Applicant registered the domain name *kayu.ca*, and that it has continuously used it in association with its business and web page. [para 6]

[38] With regard to the parties’ past relationship and quoting from the evidence that the Applicant filed as opponent in the Previous Proceeding, Mr. Labelle states:

Excerpt from Exhibit C to the Labelle affidavit:

My understanding of the relationship [...] initially was that the [Applicant] was able to purchase lumber from the [Opponent] in the United States and then the [Applicant] would import that lumber into Canada for sale and supply to customers of the [Applicant] in Canada. [...]

[...]

In the early years of the relationship, wood products purchased [...] were delivered to locations in the United States, where they were picked up by trucking companies or brokers on behalf of the [Applicant] and then imported into Canada from the United States by the [Applicant]. [...]

The relationship [...] continued for a number of years, with the [Applicant], operating as Kayu Canada, purchasing wood described as Kayu Batu from the [Opponent] in the United States, where the [Opponent] operated as Kayu International, and the [Applicant] then importing that wood into Canada.

At some point the [Applicant's] sales increased so that the [Applicant] was ordering wood directly from Asia. The [Opponent] arranged for shipping and a broker, and the [Applicant] agreed to that because it was convenient. On those occasions, wood from Asia would be shipped directly from Asia for delivery to the [Applicant] in Canada. There were occasions where shipments were delivered from Asia to Canada by a broker and the [Opponent] paid the brokerage fee as part of the sale price.

The [Applicant] experienced difficulties dealing with the [Opponent] and ultimately the relationship broke down and did not end well, and the [Applicant] commenced purchasing the same wood product from other suppliers in the United States for import into Canada.

The difficulties between the Applicant and the Opponent leading to the relationship ending included disagreements over payment terms, and orders delivered were not of acceptable quality, including wood with unacceptable moisture content. The final event was when the [Applicant] was supplying wood for the Riverwalk project in Calgary and the [Opponent] was unable to fulfill the order and the [Applicant] had to look elsewhere. [Exhibit C, paras 18, 20-24]

Excerpt from the body of the Labelle affidavit:

As further described in Exhibit C, the Opponent never exerted any control over the Applicant's marketing efforts in Canada, or over the Applicant's use of the words Kayu or Kayu Batu. The Opponent has never asserted any control over the nature or quality of products or services supplied by the Applicant in Canada. In fact, the Opponent was fully aware for a number of years that the Applicant was operating as Kayu Canada, and the Applicant [Note: should have read "Opponent"] not only did nothing to stop or control that, but in fact posted it on its website [...]

The Opponent filed its application for the trade-mark Kayu in the United States in 2011 only after our relationship had been terminated, and the Applicant had begun purchasing the same wood from other sources [...] [paras 11-12]

[39] On the subject of the Applicant's use of the Mark, Mr. Labelle states that:

From 1997 to 2008, the Applicant operating as Labco, sold significant quantities of wood in Canada and described such wood as Kayu, or Kayu Batu. The Applicant spent significant sums of money promoting wood described as Kayu, or Kayu Batu, and sales typically ranged from \$500,000 to \$1.2 million per year. As a result, the term kayu as a type of wood became widely known in Canada through the efforts of the Applicant and became associated with the Applicant.

Since 2008, the Applicant has sold large quantities of Red Balau wood under the Kayu Canada or Kayu trade-marks and trade names. Sales have typically exceeded one million dollars annually. [paras 13-14]

[40] Regarding sales, Mr. Labelle relies on the Previous Proceeding Trademark Opposition Extracts and further provides sales figures for 2013-2017 totalling over 15 million dollars, representing the "Applicant's sales revenue". [para 15]

[41] Regarding advertising, Mr. Labelle also relies on the Previous Proceeding Trademark Opposition Extracts and provides updated 2013-2017 figures totalling a little over \$112,382, representing the Applicant's advertising and promotion expenses. [para 16]

[42] Mr. Labelle states that the "Applicant has continuously maintained its [website] located at *www.kayu.ca*" and has spent approximately \$40,000 with respect to its website in 2013-2017. [para 17]

[43] Mr. Labelle further states that:

The word Kayu has become so associated with the Applicant's business in Canada that some customers even refer to me as "Kayu Jim" and continue to do so to this day.

As a result of the advertising expenditures, marketing and promotional efforts and extensive sales in association with Kayu and Kayu Canada described above and in the attached Exhibits, the Applicant has acquired substantial goodwill, brand recognition and public awareness in Canada with respect to Kayu, Kayu Canada, and Kayu Batu. [paras 25-26]

[44] In the remainder of his affidavit, Mr. Labelle comments on a number of statements contained in the Wilson affidavit, on which I will revert to later on. [paras 27-33]

[45] In addition to Exhibits B and C already discussed in my preliminary remarks above, Mr. Labelle attaches the following exhibits to his affidavit:

- Exhibit A: “copies of representative pages of the Applicant’s [website] in its current form”;
- Exhibit D: “a copy of a web page from the United States Patent and Trademark Office showing the Applicant’s [Note: should have read “Opponent’s”] registration for Kayu in the [U.S.A.]”;
- Exhibit E: “copies of income statements” for 2013-2017;
- Exhibit F: “representative samples of advertisements placed by the Applicant”;
- Exhibit G: “copies of articles and photographs [...] [showing] projects displaying wood products supplied by the Applicant in association with the Kayu Canada trade-mark and trade name”;
- Exhibit H: “a copy of the Applicant’s current Product Information and Catalogue”;
- Exhibit I: “representative samples of social media pages and content referencing the Applicant’s business, trade-marks and trade names”;
- Exhibit J: “copies of [website] data related to the Applicant’s [website] showing significant traffic, including returning visitors, to the [website]”;
- Exhibit K: “a copy of the Applicant’s advertisement with the Western Retail Lumber Association with respect to its member listing and the invoice for that advertisement”;
- Exhibit L: “a copy of the cover page and the listing page for the Applicant from the 2013-2014 Western Retail Lumber Association directory”.

ANALYSIS

[46] The main issues to be determined are whether the application for the Mark is compliant with the pleaded provisions of the Act, whether the Applicant is the person entitled to register the Mark in Canada and whether or not the Mark is distinctive.

[47] As there is no specific indication of the Opponent’s goods/services or of the nature of its business, be it in the grounds of opposition reproduced herein or anywhere else in the pleadings, the grounds of opposition relating to the issues of non-entitlement and non-distinctiveness have not been sufficiently pleaded. However, considering that evidence has been filed and that the instant proceeding is now at the decision stage, I have to read the pleadings in conjunction with the evidence [*Novopharm Ltd v AstraZeneca AB* (2002), 21 CPR (4th) 289 (FCA); *Novopharm Ltd v Ciba-Geigy Canada Ltd* (2001), 15 CPR (4th) 327 (FCA)].

[48] I will begin my analysis with the grounds of opposition relating to the issue of non-entitlement under section 16 of the Act.

Sections 16(1)(a) and 16(1)(c) of the Act

[49] To meet its evidential burden in respect of these grounds, the Opponent must show that, as of the alleged date of first use claimed in the Applicant's application, the Opponent's trademark and trade name had been previously used in Canada and had not been abandoned at the date of advertisement of the Applicant's application.

[50] Trademark "use" is defined in section 4 of the Act, reproduced below:

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

(2) A trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.

[51] Although the Act does not define trade name use, it has been held that use of a trade name in Canada should be shown in the normal course of trade [*Mr Goodwrench Inc v General Motors Corp* (1994), 55 CPR (3d) 508 (FCTD)].

[52] In its written argument, the Applicant submits that the Opponent's evidence is irrelevant. In support, reference is made to Mr. Labelle's comments on the statements contained in the Wilson affidavit, summarized as follows:

- a) Exhibit A to Mr. Wilson's affidavit shows a sale to Labco in 2007, which Mr. Labelle deposes was picked up by Labco in the United States, not in Canada, and then a sale to the Applicant in 2011, which transpired in the United States, where the Applicant again picked up the goods, as confirmed on the documentation. The Applicant then imported those goods into Canada using a trucker hired by the Applicant.
- b) In the Opponent's evidence Mr. Labelle sees no other sales related to Canada until 2013, which is six years after the Applicant commenced continuous use of the KAYU CANADA trade-mark in Canada.
- c) Exhibit B to Mr. Wilson's affidavit shows labeling but it is not possible to tell whether that depicts labeling related to sales in Canada, or in any other country.

- d) Exhibit C to Mr. Wilson's affidavit relates to use in the United States and Mr. Labelle can see nothing in that documentation that relates to Canada.
- e) All the dealers mentioned by Mr. Wilson in his affidavit are customers or former customers related to the Applicant's website.

[53] While the Wilson affidavit provides information regarding the Opponent and its hardwood lumber business, it does not support a finding that the trademark KAYU or the trade name KAYU International, Inc. were used by the Opponent in Canada as of the material date. In fact, many of Mr. Wilson's statements pertaining to the Opponent's use in Canada (such as: "[s]ince its founding in 1994, the Opponent's aim has been to sell across the United States and Canada"; "[s]ince 1995, the Opponent has distributed and sold its hardwood products into Canada"; "most of the listed products are regularly sold into Canada"; "[a]ll of the [...] business and activities of the Opponent are carried out in association with the Opponent's trade-marks and trade names"; or "[t]he Opponent affixes the Opponent's KAYU Marks to its shipments into Canada") are either ambiguous or find no support in the evidence at the material date, even when read in the context of his affidavit as a whole. In that regard, where Mr. Wilson includes documents, I note that most either post-date the material date for assessing these grounds of opposition or lack in details sufficient to situate them in time and/or in place. A few examples are discussed below.

[54] Mr. Wilson references the Opponent's first Canadian sales in association with the trade name and trademark KAYU dating back to 1995 in considerable detail [Wilson affidavit, paras 13, 20]. Surprisingly, however, Mr. Wilson provides no documentation in support of his statements actually evidencing this alleged use in 1995.

[55] Mr. Wilson also alleges sales to Canadian consumers in excess of 1.6 million US dollars for 2007-2008 [Wilson affidavit, para 21], but provides no breakdown to differentiate between the sales figures pertaining to the Opponent's "trademarks and trade names KAYU and KAYU INTERNATIONAL", nor any relevant supporting documentation. Out of the 11 invoices attached as Exhibit A to the Wilson affidavit, 10 are dated in 2011-2016. Only one invoice, dated November 1, 2007, pre-dates the material date for assessing these grounds of opposition. I note that this invoice does not show any use of the trademarks KAYU or KAYU INTERNATIONAL. Further, while it does feature the name "KAYU INTERNATIONAL, INC."

and appears to cover sale of wood decking in Canada, I note that there is no indication that it accompanied the goods at the time of transfer of possession or property.

[56] Mr. Wilson does not indicate when the sales and/or shipments of branded goods shown in the product pictures attached as Exhibit B to his affidavit may have taken place, nor does he provide any other information pertaining thereto.

[57] Mr. Wilson does not indicate when the brochures advertising the Opponent's hardwood products, featured in Exhibit C to his affidavit, were produced or when and how they were distributed to Canadian consumers. I note that some display a 2016 copyright notice, which post-dates the material date for assessing these grounds of opposition. Further, Mr. Wilson does not specify if Canadian consumers have used said brochures to order the Opponent's hardwood products or if they even accompany such products at the time of transfer. Mr. Wilson also fails to provide particulars as to when and where the "advertisements for [the Opponent's] services in print advertising in Canada" were placed or as to when and where the Opponent's "counter displays, fence banners and product samples" were provided. In the absence of any clear evidence in this regard, I am not prepared to find that any reference to the Opponent's trademarks that may be made in these materials would constitute use within the meaning of section 4 of the Act, let alone as of the material date.

[58] Mr. Wilson does not indicate when the Opponent started promoting its services through each of the social media websites featured in Exhibit D to his affidavit. The screenshots are undated and although I see the phrase "Joined June 2012" on one of the Twitter excerpts, I note no similar indications on the Facebook and Pinterest excerpts provided. In any event, Mr. Wilson does not provide the number of subscribers to these social media sites and although I see sections on each of the excerpts displaying respective numbers of "followers", there is no indication as to their provenance. The website printouts featured in Exhibit F to the Wilson affidavit all post-date the material date for assessing these grounds of opposition. Some of the earlier screenshots, featured in Exhibit G to the Wilson affidavit, depicting the Opponent's website at *www.kayu.com* as it appeared in 2000-2008 show references to KAYU followed with the TM symbol as well as to the name KAYU International, Inc. However, the few statistics provided by Mr. Wilson to substantiate his statements that this website "has been available to Canadians" and has been

accessed by “many Canadians” are dated May 2016-May 2017 and therefore post-date the material date for assessing these grounds of opposition.

[59] As for the Opponent’s advertising expenses, the figures provided for 2014-2016 post-date the material date for assessing these grounds of opposition. Also, there is no per mark/name breakdown and no territorial breakdown or indication as to what portion of the expenses pertains to Canadian advertising versus the amounts arguably spent promoting the Opponent’s business and activities in the United States.

[60] The sales report chart featured in Exhibit N to the Wilson affidavit summarizes the Opponent’s billing history for the Applicant. No actual invoices are attached to this document. It simply lists invoices (itemized by number, amount and date) covering the period from October 2001 through January 2017. While I note that the 2007 invoice above discussed and attached as part of Exhibit A to the Wilson affidavit is listed therein, this document does not contain sufficient information allowing me to draw conclusions with respect to the Opponent’s use of the trademark KAYU or the trade name KAYU International, Inc. as of the material date. However, it brings me to address the parties’ past relationship, an instrumental matter in determining whether use of any “KAYU” trademark by the Applicant in Canada can inure to the benefit of the Opponent.

[61] The parties are in disagreement both as to the nature of their past business relationship and to the reason that caused it to end. The Opponent alleges the existence of an oral exclusive distribution arrangement [Wilson affidavit, paras 42-43, 45]. The Applicant, on the other hand, contends that no such agreement was ever reached and that it only purchased products from the Opponent in the United States for importation into Canada [Labelle affidavit, Exhibit C, paras 18, 21]. The Opponent alleges that the tipping point in the relationship was when it became aware of the Applicant’s violation of their aforementioned exclusive distribution agreement [Wilson affidavit, para 52]. According to the Applicant, it was rather the Opponent’s inability to fulfill an order for one of its projects, in addition to disagreements over product quality and payment terms [Labelle affidavit, Exhibit C, para 24].

[62] It is trite law that the use of a trademark in Canada by a distributor amounts to use by the holder of the trademark [*Manhattan Industries Inc v Princeton Manufacturing Ltd* (1971),

4 CPR (2d) 6 (FCTD)]. The parties' respective accounts on this point are not easily reconcilable. Both Mr. Wilson and Mr. Labelle attest to different orally reached agreement terms and neither affiant was cross-examined. That said, having considered all of the evidence and submissions, there is no clear evidence before me that whatever wood products were sold in Canada by the Applicant were sold as those of the Opponent, as of the material date. There is also no evidence before me showing licensing or to establish that the Opponent has exercised the control required by section 50(1) of the Act. Rather, I find that the evidence portrays the Applicant as operating an independent business dealing in wood products imports, which are in turn sold to Canadian consumers in its own name.

[63] Accordingly, the sections 16(1)(a) and 16(1)(c) grounds of opposition are rejected for the Opponent's failure to meet its evidential burden thereof.

Section 30(a) of the Act

[64] The Opponent did not file any evidence or make any submissions in support of this ground of opposition. Accordingly, the section 30(a) ground of opposition is rejected for the Opponent's failure to meet its evidential burden thereof.

Section 30(b) of the Act

[65] The initial burden on the Opponent is light respecting the issue of non-conformity with section 30(b) of the Act, because the facts regarding the Applicant's first use are particularly within the knowledge of the Applicant [*Tune Masters v Mr P's Mastertune Ignition Services Ltd* (1986), 10 CPR (3d) 84 (TMOB)]. This burden can be met by reference not only to the Opponent's evidence but also to the Applicant's evidence [*Labatt Brewing Company Limited v Molson Breweries, a Partnership* (1996), 68 CPR (3d) 216 (FCTD)]. However, the Opponent may only successfully rely on the Applicant's evidence to meet its initial burden if the Opponent shows that the Applicant's evidence puts into issue the claims set forth in the Applicant's application [*Corporativo de Marcas GJB, SA de CV v Bacardi & Company Ltd*, 2014 FC 323 at paras 30-38].

[66] In the absence of a written argument and of a hearing, it is difficult to determine the Opponent's position regarding this ground of opposition. Regardless, the difference in the relevant dates does not materially affect my preceding analysis of the Wilson affidavit wherein the evidence adduced is not sufficient to put into issue the Applicant's claim of use. Accordingly, the section 30(b) ground of opposition is rejected for the Opponent's failure to meet its evidential burden thereof.

Section 30(i) of the Act

[67] Section 30(i) of the Act merely requires that an applicant include a statement in its application that it is satisfied that it is entitled to registration of its trademark. Where this statement has been provided, a section 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 CPR (2d) 152 (TMOB)]. Mere knowledge of the existence of an opponent's trademark or trade name does not in and of itself support an allegation that an applicant could not have been satisfied of its entitlement to use its mark [*Woot, Inc v WootRestaruants Inc Les Restaurants Woot Inc*, 2012 TMOB 197].

[68] The application for the Mark contains the statement required under section 30(i) of the Act and the Opponent did not plead that there was bad faith. Accordingly, the section 30(i) ground of opposition, as pleaded, is rejected.

Section 2 of the Act

[69] To meet its burden with respect to this ground, the Opponent must show that its trademark and trade name had become known sufficiently in Canada, so as to negate the distinctiveness of the Mark [*Motel 6, Inc v No 6 Motel Ltd* (1981), 56 CPR (2d) 44 (FCTD); *Bojangles' International LLC v Bojangles Café Ltd* (2004), 40 CPR (4th) 553 (TMOB), affirmed, (2006), 48 CPR (4th) 427 (FCTD)].

[70] Considering that the bulk of Mr. Wilson's statements deal with the Opponent's "trademarks and trade names KAYU and KAYU INTERNATIONAL" collectively rather than individually, that the Opponent's sales figures contain no breakdown per mark or per name, that

its advertising expenses contain no breakdown per mark, name or territory, considering that there is no breakdown per month in 2016 of the Canadian visits to its website, and given the lack of information on the number of Canadians exposed to its advertising or promotional materials, I am unable to determine the extent to which the Opponent's trademark and trade name above would have become known in Canada, as of the material date for assessing this ground of opposition.

[71] Accordingly, the section 2 ground of opposition is rejected for the Opponent's failure to meet its evidential burden thereof.

DISPOSITION

[72] Pursuant to the authority delegated to me under section 63(3) of the Act, I reject the opposition pursuant to section 38(12) of the Act.

Iana Alexova
Member
Trademarks Opposition Board
Canadian Intellectual Property Office

**TRADEMARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD**

No Hearing Held

AGENTS OF RECORD

SMART & BIGGAR LLP

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For the Applicant