

Federal Court



Cour fédérale

Date: 20140626

Docket: T-151-13

Citation: 2014 FC 619

Ottawa, Ontario, June 26, 2014

PRESENT: The Honourable Mr. Justice Rennie

BETWEEN:

**ALLIANZ ASSET MANAGEMENT OF
AMERICA L.P.**

Applicant

and

MIDDLEFIELD CAPITAL CORPORATION

Respondent

JUDGMENT AND REASONS

[1] Allianz Asset Management of America L.P. (Allianz) appeals the decision of the Trade-marks Opposition Board (Board) dated October 26, 2012. In that decision, the Board refused Allianz's application to register the mark INDEX PLUS. The mark would be used in association with financial services, including investment management and advice. This appeal was heard together with the appeal in T-152-13. A copy of this decision shall be place on that file, and these reasons for decision should be read concurrently with the reasons for decision in that file.

[2] The Board refused registration of the mark because, in its view, there was a reasonable probability of confusion between the mark proposed by Allianz and those of Middlefield Capital Corporation (Middlefield), which opposed registration. Further, the Board refused registration of the mark because it concluded that there was nothing in Allianz's mark to distinguish it from Middlefield's.

[3] Both Allianz and Middlefield operate in the financial and investment services industry, and in particular, in the creation and management of investment vehicles for financial corporations, pension funds, and individuals. As of August 29, 2005, the date on which Allianz filed for registration of its mark, only Middlefield had used or promoted its mark.

[4] While considerable new evidence was filed by both parties, its lack of materiality was conceded at the outset of the hearing. In my view, this was an appropriate concession, one for which counsel are commended. Thus, the standard of review of this decision is reasonableness (see e.g. *Canadian Tire Corp v Accessoires d'autos Nordiques Inc*, 2007 FCA 367 at para 29).

[5] Allianz contends that the Board erred in concluding that Middlefield met its initial evidentiary burden under section 16(3)(a) of the *Trade-marks Act* (RSC, 1985, c T-13) (the *Act*), which pertains to whether there was a reasonable likelihood of confusion between the Allianz mark and Middlefield's. Further, Allianz contends that the Board erred in concluding that INDEX PLUS was not distinctive of Allianz's services.

I. Initial Evidentiary Burden

[6] Middlefield lead evidence before the Board that it had used its mark in Canada prior to August 29, 2005 and had not abandoned that mark as of May 2, 2007. It did so through the evidence of Mr. Jestley (CEO), and the production of documents.

[7] I will not review the facts as found by the Board. They are set out in detail in paragraphs 12 – 18 of the decision.

[8] On this point, the key contention of Allianz is that the evidence of Middlefield's use was inconsistent, in particular, because of use of the mark by others. For example, the Jestley affidavit alleged that Guardian Capital LP (Guardian), Middlefield Fund Management Limited and MFL Management Limited used the mark as authorized licensees.

[9] However, the Board reasonably concluded that Middlefield maintained control over its mark. Admittedly, no formal license arrangement was found to exist. But that does not preclude the existence of an oral license. Indeed, the fact that several of Middlefield's affiliates used the mark in the absence of a formal licensing agreement does not mean that their use cannot accrue to the benefit of the licensor as provided by section 50 of the *Act*.

[10] The absence of documentation governing the terms of use, such as quality and standards, is but one factor. The Board considered this issue, but nonetheless, reached the conclusion that Middlefield had maintained control of its mark. I see nothing that would suggest that conclusion was unreasonable, even though there were factors weighing in the opposite direction.

II. No Loss of Control

[11] Allianz's principle argument is that the use of Middlefield's marks by some of its affiliates and Guardian negates both its reliance on section 16(3)(a) and distinctiveness. In particular Allianz relies on the Prospectus document governing the sale of INDEX PLUS INCOME FUND units, which provides that the objective of the fund is to outperform the S&P[®]/TSX[™] Capped Income Trust Index. The Prospectus says that the fund is:

[...] an actively managed diversified portfolio of income trusts, which may be comprised of income trusts that are included in the Index and other income trusts with the Co-Advisors determine to be appropriate (the "Active Portfolio" and, together with the Index Portfolio, the "Portfolio"). The Manager will adjust the Index Portfolio as changes are made to the Index. The Portfolio will be managed by Middlefield INDEXPLUS Management Limited (in such capacity, the "Manager"). The Active Portfolio will be co-advised by Guardian Capital Inc. ("GCI") and Middlefield Securities Limited ("MSL") and, together with GCI, the "Co-Advisors").

[12] Importantly, the Prospectus states that:

All decisions regarding the Active Portfolio will be considered first by a committee comprised of an equal number of nominees of each of GCI and MSL and all decisions will be made by unanimous agreement of the Co-Advisors.

[13] Allianz's central point is that because of the requirement of unanimity, Middlefield cannot say it controls the character and quality of its services and has lost control of the mark. I disagree. These arrangements, whether between Middlefield and its affiliates, or Middlefield and Guardian, are essentially back-office or internal to operations of Middlefield. In contrast, Middlefield, together with its mark, are the public face of Middlefield, and in that sense, control

the mark. To that end, the evidence before the Board was replete with advertising and marketing documents issued by Middlefield with its mark. There was also evidence Middlefield had expended considerable sums in marketing and generated considerable revenues since filing while using the mark.

[14] In light of the above, there was sufficient evidence before the Board upon which it could reasonably conclude that Middlefield maintained control over the quality and character of the services associated with this mark. This was not a case where the language of section 50 was merely recited. Rather, there was evidence that Middlefield alone used its own mark. The fact that a party seeks the advice, or further, enters into third party agreements which may affect how it decides to do its business does not mean that it has lost control over the character and quality of its services. The point remains that if Middlefield did not like the advice it received from Guardian or MFL Management Limited, it was free to *veto* it. Conversely, if Middlefield did not agree with Guardian, Guardian could not conduct its own business using the Middlefield mark. These facts, rather than the internal operations of Middlefield and its affiliates, are determinative of Middlefield's maintained control over its mark.

III. Confusion Precludes Registration

[15] Allianz contends that the Board erred in determining that the Allianz mark was confusing with the Middlefield mark.

[16] The Board correctly articulated the test for confusion – whether, as a matter of first impression in the mind of a casual consumer somewhat in a hurry, having an imperfect

recollection of the Middlefield mark would, upon seeing the Allianz mark, believe the associated services were provided by the same person: *Masterpiece Inc v Alavida Lifestyles Inc.*, 2011 SCC 27, [2011] 2 SCR 387 at para 12. The use of the mark in the same field of business, would lead a person to confuse the source of the product in question.

[17] The Board considered and applied the criteria enumerated in section 6(5) of the *Act*:

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|--|---|
| (a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known; | a) le caractère distinctif inhérent des marques de commerce ou noms commerciaux, et la mesure dans laquelle ils sont devenus connus; |
| (b) the length of time the trade-marks or trade-names have been in use; | b) la période pendant laquelle les marques de commerce ou noms commerciaux ont été en usage; |
| (c) the nature of the wares, services or business; | c) le genre de marchandises, services ou entreprises; |
| (d) the nature of the trade; and | d) la nature du commerce; |
| (e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them. | e) le degré de ressemblance entre les marques de commerce ou les noms commerciaux dans la présentation ou le son, ou dans les idées qu'ils suggèrent. |

[18] No error has been shown in the application of these criteria to the facts. The essence of Allianz's argument is that as the word "Index" is commonly used in the marketplace of financial services, it possesses low inherent distinctiveness and hence the threshold for confusion is much lower. As a consequence, in assessing the likelihood of confusion, the Board must take into

account the fact that consumers will look for slight differences in the marks in order to differentiate the goods. As Justice Pelletier said in *Boston Pizza International Inc. v Boston Chicken Inc.*, 2003 FCA 120 at para 5:

To establish that the BOSTON CHICKEN mark "actually distinguishes", it must be shown that it has acquired distinctiveness through use. But the evidence of use is very scant, consisting of very general statements about spill-over advertising and use of the mark at one local event in the Windsor area after the expungement application was filed. According to the Trial Judge, there was "not much evidence" of the use of the BOSTON CHICKEN trade-mark in Canada. The evidence as to spill-over advertising consists of little more than an assertion that the respondent did some advertising on American television stations whose coverage area extended into Canada. There is no evidence as to the nature or amount of such advertising, nor any evidence as to its effect. The Trial Judge found the BOSTON CHICKEN trade-mark deserved little protection. Before this Court, the respondent conceded that, for purposes of this appeal, there was no evidence of use of the BOSTON CHICKEN trade-mark. I am satisfied the BOSTON CHICKEN mark has not acquired distinctiveness as a result of its use in Canada.

[19] Thus, the fact that the mark is inherently weak does not mean that it necessarily lacks distinctiveness or that confusion is likely. In this regard the Board's assessment of confusion was similar to its analysis of section 16(3)(a). I note, in particular, the following observation:

If, as alleged by the Applicant, the Opponent's mark had been diluted as of August 29, 2005 as a result of having been associated in part with related companies, this does not mean that the Applicant is entitled to register the Mark in the face of the Opponent's prior application. The Mark is likely to cause confusion with INDEX PLUS INCOME FUND Design because there is a very high degree of resemblance between the marks in appearance, sound and idea suggested, given that the Mark comprises the first and most distinctive portion of the Opponent's mark [*see Masterpiece*]. The words INCOME FUND in the Opponent's mark are clearly descriptive (as supported by the Opponent's disclaimer) and therefore do not serve to distinguish the marks, particularly given that the Applicant's services are

described in part as investment funds, which could include income funds.

[20] No error has been demonstrated in this analysis. The logic is compelling, if not self-evident, having regard to the evidence.

IV. Third Ground - Distinctiveness

[21] The Board correctly identified that the material date for assessing confusion under this ground was the filing date of the opposition:

The Opponent meets its evidential burden if it shows that as of October 2, 2007 its trade-mark had become known sufficiently to negate the distinctiveness of the applied-for mark. [...] I find that the Opponent's evidence satisfies its initial burden.

[22] The Board reasonably concluded that the confusion analysis would not be any different on October 2, 2007 than it was on August 29, 2005.

[23] There was contextual evidence to support the conclusion that Allianz was incapable of distinguishing its services from those of Middlefield given Middlefield's revenue generation (\$5 million) and promotional expenditures using its mark (\$1 million) over four years.

[24] Allianz sought to undermine the distinctiveness of the Middlefield mark by pointing to third party use. However, the alleged third party use was inadequate as evidence of Middlefield's mark lacking distinctiveness. Evidence from a search of the term "IndexPlus" produced seven entities. Four were revoked, one had expired, one was in French (Desjardins-

Laurentienne Inc), and the last related to an Alberta company. Accordingly, there was no evidence that the use of these terms undermined the distinctiveness of the Middlefield mark:

Thorkelson v Pharmawest Pharmacy Ltd., 2008 FCA 100, para 13(c):

This evidence is intended to show substantial use of the trademarks in issue in this case by third parties in Canada. The difficulty with this evidence, as the judge noted, is that it fails to establish that Canadian consumers had visited any of the websites. For that reason, he ascribed no weight to this evidence. I have no basis for questioning his conclusion on that point. It follows that this affidavit is not capable of advancing Pharmawest's application for expungement.

[25] Put otherwise, the focus is on the use of the mark and the degree to which it is likely to be embedded in the mind of the typical consumer. Mere existence of the same word in corporate titles, or indeed as a registered mark in other jurisdictions, does not establish use in Canada by third parties sufficient to defeat distinctiveness.

JUDGMENT

THIS COURT'S JUDGMENT is that the application for judicial review is dismissed.

Brief submissions on costs are due within fifteen days of the date of this decision.

"Donald J. Rennie"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

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STYLE OF CAUSE: ALLIANZ ASSET MANAGEMENT OF AMERICA L.P.
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