BLACK KOI REGISTRATION PREVAILS OVER KOI TRADE-MARK IN CANADA

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In a recent decision by the Canadian Trade-marks Opposition Board, the impact of the important legal principal enunciated by the Supreme Court of Canada's in *Masterpiece Inc. v. Alavida Lifestyles Inc.*, [2011] 2 S.C.R. 387 (hereafter "*Masterpiece*") was noticeable, as an opponent successfully challenged the registration of the trade-mark KOI based on its registration and prior use of the mark BLACK KOI. In the landmark *Masterpiece* decision, the Supreme Court opined that in assessing the likelihood of confusion between two trade-marks under section 6 of Canada's *Trade-marks Act*, R.S.C. 1985, c. T-13 (hereafter the "Act"), the preferable approach is to determine a trade-mark's striking or unique component (*Twin Heart Clothing Inc. v. The Authentic T-Shirt Company ULC.*, 2014 TMOB 3, J.W. Bradbury, January 9, 2014).

The Authentic T-Shirt Company (hereafter "Applicant"), operating a business of bulk sales of blank unprinted clothing to promotional products customers, such as imprint apparel business, embroiderers and printing companies, sought to register the trade-mark KOI in association with a variety of wares including clothing and headwear. The application was filed on November 13, 2008 on the basis of proposed use of the trade-mark in Canada.

On January 13th, 2011, the KOI application was opposed by Twin Heart Clothing Inc. (hereafter "Opponent"), operating in the apparel business, on grounds raising the issue of alleged confusion between the applied for KOI trade-mark and the Opponent's registered trade-mark BLACK KOI (TMA 713, 262) in association in association with ladies', mens' and children's clothing.

In applying the test for confusion, the Trade-marks Opposition Board (hereafter "TMOB") must have regard to all the surrounding circumstances including a) the inherent distinctiveness of the trade-marks and the extent to which they have become known; b) the length of time each has been in use; c) the nature of the wares, services or business; d) the nature of the trade; and e) the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them. As enunciated in several decisions of the Supreme Court of Canada, these factors

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need not be attributed equal weight (*Mattel,inc.* v. 38944207 Canada Inc (2006), 49 CPR (4th) 321 (SCC) and *Veuve Clicquot Ponsardin* v. *Boutiques Cliquot Ltée* (2006), 49 CPR (4th) 410 (SCC)).

On the issue of inherent distinctiveness, the TMOB decided this criterion favoured neither party. The word "koi" stemming from the Japanese language means a variety of fish. More specifically, the word KOI is defined as "a carp of a large ornamental variety bred in Japan". In its assessment, the TMOB stated that regardless of the perception of the word KOI by the average Canadian consumer (be it as a coined term, be it as a term for carp), it bore no relationship whatsoever to the parties' wares. As the inclusion of the word BLACK had no effect upon the inherent distinctiveness of the Opponent's mark, the TMOB found both parties' marks were inherently distinctive.

As for the extent to which the parties' marks had become known and the length of time of their use, these factors favoured the Opponent. The Applicant's mark was filed on a proposed use basis and no subsequent evidence of promotion or use of the KOI mark was submitted by the Applicant. On the hand, the Opponent submitted evidence of use of its BLACK KOI mark since 2008 and although the evidence did not provide information as to the extent of the sales, the TMOB held that the Opponent nonetheless demonstrated its mark had become known to some extent.

The nature of the parties' wares was found to be, in part, directly overlapping. More specifically, the TMOB opined that several identical items of apparel as well as items such as duffle bags, tote bags, yoga bags, purses and backpacks related to athletic apparel were overlapping wares. However, the TMOB considered that the Applicant's wares described as "umbrellas, keychains, water bottles and flasks; towels; floor mats; yoga mats, drinking glasses; mugs; notebooks, journals" were distinct from the Opponent's wares.

The channels of trade were a debated factor which ultimately favoured the Opponent. The Applicant argued that its channels of trade differed greatly from the Opponent's in that the Applicant only sold its products to promotional products customers who in turn embroidered or imprinted Applicant's purchased products with corporate logos and advertising for sale to corporations, non-profit organisations and others for use as give-away promotional items. The Applicant additionally argued the Opponent sold to mass retailers such as Wal-Mart and Winners and targeted a niche market (petite customers, 5'3" or under with particular emphasis on Asian consumers) wherein there would be no overlap between the ultimate consumer of the parties' products.

The Opponent countered that despite targeting a niche market nothing in the evidence suggested its apparel would not be purchased by a broader spectrum of customers. In addition, the Opponent argued the overlapping wares were ultimately destined to be purchased and used by the same segment of the Canadian population. The TMOB agreed with the Opponent's submissions and underlined that even though there was no direct overlap between the channels of trade, there was no

restriction in the Applicant's statement of wares which limited the Applicant's sales of its wares only to promotional products companies. Similarly, there was no restriction in the Opponent's registration for BLACK CHOI that limited the Opponent's sales of its wares only to mass retail chains. It was therefore conceivable that that overlapping wares could travel through the same channels of trade.

In its reasons under the degree of resemblance criteria, the Board turned to *Masterpiece* to determine whether likelihood of confusion existed in this case. In *Masterpiece*, the Supreme Court of Canada acknowledged (at paragraph 64) that the first word or part of a trade-mark may be the most important for purposes of distinction when conducting a likelihood of confusion analysis, but that the preferable approach is rather to first consider whether there is an aspect of the trade-mark that is particularly striking or unique.

With this in mind, the TMOB found the word "KOI" to be the most striking component of the Opponent's trade-mark as it was unique and possessed a high degree of inherent distinctiveness. Moreover, addition of the word "black" in the Opponent's mark did not alter the ideas suggested by the parties' marks in any significant manner. As an adjective, the word "black" placed more emphasis on the word KOI. As the more distinctive portion of the Opponent's mark comprised the entirety of the Applicant's mark, the TMOB held the degree of resemblance factor favoured the Opponent.

In rendering a split decision, the TMOB decided there was confusion between the marks for the overlapping wares but with respect to the remaining wares, confusion seemed unlikely in so far as the evidence did not support a finding that the Opponent sells such wares or that such wares would be a natural extension of the Opponent's business.

This decision is an apt illustration of the continued impact of the landmark ruling in *Masterpiece* in relation to determining if there is likelihood of confusion between trade-marks: a trade-mark's most striking or unique element and an assessment of whether its presence in the junior mark is likely to create confusion with the senior mark may result in a finding of confusion particularly in cases where the striking feature is inherently distinctive.

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