

Federal Court



Cour fédérale

Date: 20140626

Docket: T-152-13

Citation: 2014 FC 620

Ottawa, Ontario, June 26, 2014

PRESENT: The Honourable Mr. Justice Rennie

BETWEEN:

**ALLIANZ GLOBAL INVESTORS OF
AMERICA LP**

Applicant

and

MIDDLEFIELD CAPITAL CORPORATION

Respondent

JUDGMENT AND REASONS

[1] Allianz Global Investors of America LP (Allianz) appeals by way of judicial review the decision of the Opposition Board of the Canadian Intellectual Property Office (the Board) dated October 29, 2012. In that decision, the Board rejected Allianz's opposition to the registration of the mark INDEX PLUS INCOME FUND (the mark) by Middlefield Capital Corporation (Middlefield). This appeal was heard together with the appeal in T-151-13. A copy of this decision shall be placed on that file, and these reasons for decision should be read concurrently with the reasons for decision in that file.

[2] First, the Board concluded that Allianz failed to meet its initial evidentiary burden regarding its opposition based on disputing the date that the mark was first used. In particular, the Board found that the evidence of Middlefield was not clearly inconsistent with its claim that it was performing the services in association with the mark since August 15, 2003 (the date of first use).

[3] Second, the Board concluded that Allianz failed to meet its evidentiary burden regarding its opposition based on the mark lacking distinctiveness. In particular, the Board concluded that because Middlefield had disclaimed INDEX in its application, other third party use of the word as found in the register did not undermine the distinctiveness of Middlefield's mark.

[4] Third, the Board concluded that Allianz failed to meet its evidentiary burden regarding its opposition based on the mark being clearly descriptive of the character or quality of its products or services. In particular, the Board dismissed this point summarily because it was a bare plea without any elaboration from Allianz.

[5] While Allianz must succeed on each of its three grounds of appeal in order to set the decision aside, I find that the Board decision survives scrutiny on a reasonableness inquiry on all three grounds.

I. The Board Reasonably Concluded that Allianz Failed to Satisfy its Evidentiary Burden Regarding Prior Use of the Mark

[6] The first ground of opposition relates to prior use of the mark by Middlefield.

[7] Section 30(b) of the *Trade-marks Act* (RSC, 1985, c T-13) (the *Act*) provides that when applying to register a trade-mark that has been used in Canada, the applicant must provide the date of first use of the mark. Middlefield, in its application, stated that the date of first use of its mark was August 15, 2003. Allianz disputed this date of first use.

[8] To dispute a date of first use, an opponent must first meet its initial evidentiary burden. As I discussed in *Corporativo de Marcas GJB, DA de CV v Bacardi & Company Ltd*, 2014 FC 323 at para 28:

When dealing with non-compliance under section 30 of the *Act*, there is an initial evidentiary onus on the opponent to adduce sufficient evidence supporting its claim of non-compliance by the applicant. If [the opponent] leads sufficient evidence of non-use the initial evidentiary burden is discharged. [The applicant] must then, in response, substantiate its claim of use during the material time.

[9] In this case, the opponent, Allianz, failed to discharge that initial evidentiary onus.

[10] Allianz attempts to meet its evidentiary burden regarding prior use in two respects. First, Allianz argues that Middlefield cannot establish use under section 30 of the *Act* because the mark was not used by Middlefield since the claimed date of first use. Second, and in the alternative, Allianz argues that, if the mark was used by Middlefield, that Middlefield cannot establish use under section 30 of the *Act* because of the unlicensed use of the mark by other parties. The Board reasonably dismissed both arguments.

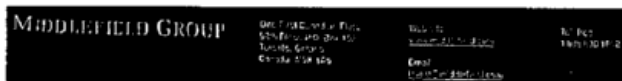
[11] Allianz's first argument – that Middlefield did not use the mark since the claimed date of first use – must fail. In particular, the documentary evidence before the Board amply

demonstrated use by Middlefield. I will not review the evidence in full, but note, for example, that the Prospectus issued by Middlefield and a series of informational and marketing documents and quarterly reports beginning in August 2003, in the years that followed, support Middlefield's use of the mark and the conclusion reached below.

[12] The marketing materials invariably show Middlefield as the provider of the services. What is critical in the analysis of use of a mark is the manner in which it would be perceived by the public. The "public" in this case are sophisticated institutional investors. Middlefield marks accompany all of the marketing materials, which identify Middlefield by name as the source of the services. To the extent that affiliates are referenced as in the case of Middlefield Securities Group, it is under the broader chapeau of the Middlefield Group, another registered mark:



For further information, please visit our website at www.middlefield.com or contact the undersigned:



[13] Allianz's second argument – that Middlefield did not "use" the mark because it did not maintain control over the mark – must also fail.

[14] In order to use a mark under section 30 of the *Act*, an applicant must show not only that it used the mark, but that it maintained control over the quality and character of the mark. To

maintain control over a mark does not preclude use of the mark by other parties. Indeed, an applicant is permitted to license the use of its mark by others (see: the *Act*, section 50).

However, Allianz argues that Middlefield did not maintain control over its mark because there is no written licence between Middlefield, the owner of the mark, and Middlefield Indexplus Management Ltd (MIML), the manager of the trust, who also uses the mark. Further, Allianz contends that Middlefield did not maintain control over its mark because of the collaborative nature of its practice. In this regard, Allianz points to the Prospectus, which indicates that MIML and Guardian Capital Inc are co-advisors with respect to investment advice, and that they have a *veto* over Middlefield advice. Put otherwise, consensus is necessary in respect of fund investment decisions.

[15] Allianz is correct to point out that the lack of a written license agreement weakens Middlefield's claim of control over its mark. However, a written licence agreement in respect of the use of a mark is not required to maintain control over a mark. Rather, a licensing agreement may be inferred: *Wakefield Realty Corp v Cushman & Wakefield, Inc*, (2004) 37 CPR (4th) 212 (FCA) at para 56. Allianz says that Middlefield was marketing the fund, in association with this mark, through its investment advisors.

[16] The Board addressed this point when it considered the use of the mark by registered dealers who promoted and sold units in the fund:

A number of names appear on the materials presented by the Applicant. Exhibit E identifies Middlefield INDEXPLUS Management Limited (a predecessor of Middlefield Fund Management Limited) as the manager as well as the trustee of the Trust (the Trust being a closed-end investment trust known as INDEXPLUS INCOME FUND). The co-advisors to the Trust's

portfolio are identified as Middlefield Securities Limited (the Applicant's former name) and Guardian Capital Inc. (subsequently known as Guardian Capital LP). A CIBC World Markets logo appears at the bottom of the first page, but on page 69 CIBC World Markets Inc. is identified as one of many agents who vouch for the reliability of the contents of the prospectus. On cross-examination, Mr. Jesley explained that CIBC World Markets was one of the lead agents who marketed this fund to investors and that dealers sometimes put their own logo at the bottom of a prospectus that is intended for their own investment advisors.

[17] Section 4(2) of the *Act* provides that a trade-mark is deemed to be used in association with services if it is used or displayed in the performance of or advertising of those services. Similarly, courts have recognized that evidence of use of a mark in the owner's chain of distribution is evidence of use: *Société Nationale des Chemins de Fer Français Sncf v Venic Simplon-Orient-Express Inc.*, (2000) 9 CPR (4th) 443 (FCTD).

[18] In sum, the use of the Middlefield mark in association with the distribution of a prospectus and solicitation of interest in purchase of units in the fund by investment dealers or brokers constitutes use, and is not a loss of control over the character of the service in question. Analogy may easily be drawn to other circumstances where use of the mark was established through use in related but ancillary services in the sale of the service in question: *TSA Stores, Inc v Canada (Registrar of Trade-Marks)* (2011), 91 CPR (4th) 324 (FC).

II. The Board Reasonably Concluded that Allianz Failed to Satisfy its Evidentiary Burden Regarding the Distinctiveness of the Mark

[19] The second ground of opposition relates to the distinctiveness of the mark. In particular, Allianz argues that the mark lacks distinctiveness for two reasons: first, because it was used by

the co-advisors (Guardian and Middlefield Securities Limited) and the fund manager (Middlefield INDEXPLUS Management Limited), and second, because the marks INDEX, INDEX PLUS, INDICIEL & PLUS and INDICES & PLUS are registered in conjunction with similar services.

[20] Allianz's first argument – that the use of the mark by its co-advisors undermines the distinctiveness of the mark – must fail for similar reasons as Allianz's first ground of opposition regarding prior use. The licensed use of a mark, whether that license is express or inferred, does not undermine the distinctiveness of a mark.

[21] Allianz's second argument – that the registration of similar marks undermines the distinctiveness of Middlefield's mark – must also fail. As the Board noted, the mere existence of these registrations does not satisfy Allianz's initial evidentiary burden. In particular, the Board questioned, correctly in my view, the relevance of the search of the registry as it was conducted four years before the material date. Further, Middlefield disclaimed INDEX from its mark, making the registration of other INDEX marks irrelevant to the distinctiveness of Middlefield's mark. As the Board observed: “at best it shows that INDEX is commonly adopted as part of trade-marks. The Applicant has disclaimed the right to the exclusive use of the word INDEX apart from the Mark and so the existence of other distinctive marks that include the word INDEX does not assist the Opponent's case.” Accordingly, the Board reasonably dismissed both of Allianz's arguments regarding the mark's lack of distinctiveness.

III. The Board Reasonably Concluded that Allianz Failed to Satisfy its Evidentiary Burden Regarding the Descriptiveness of the Mark

[22] The third and final ground of opposition relates to the descriptiveness of the mark.

[23] Section 12(1)(b) of the *Act* provides that “a trade-mark is registerable if it is not [...] *clearly descriptive* [...] of the character or quality of the wares or services in association with which it is used.”

[24] The Board dismissed this ground summarily, noting that apart from a mere plea that the mark was descriptive “no further details” were provided in support of the ground.

[25] Before me, Allianz argues that the mark INDEXPLUS is clearly descriptive of an income or equity investment fund, which, as compared with the *indices* of market performance (“index”), outperforms them (“plus”). In support of this argument, Allianz noted the concession during cross-examination by the representative of Middlefield that the mark was “somewhat laudatory” (referring, presumably, to the “plus”).

[26] I cannot accept this argument for two reasons. First, while I appreciate that the argument with respect to descriptiveness has a certain resonance, it loses its strength when considered in light of the fact that Middlefield had disclaimed the use of the word INDEX. Additionally, there was no clear articulation before this Court as to why the mark as a whole was clearly descriptive and not merely suggestive, as it must for this ground of opposition to succeed. It is difficult to contend, in this context, that the rejection of this ground of opposition is unreasonable.

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

DOCKET: T-152-13

STYLE OF CAUSE: ALLIANZ GLOBAL INVESTORS OF AMERICA L.P. v
MIDDLEFIELD CAPITAL CORPORATION

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JUDGMENT AND REASONS : RENNIE J.

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