



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

Reference: 2015 TMOB 122
Date of Decision: 2015-07-06

TRANSLATION

IN THE MATTER OF A SECTION 45 PROCEEDING

Barrette Legal Inc.

Requesting Party

And

Maison des Futailles s.e.c.

Registered owner

**TMA616,447 for the trade-mark AOC
and Design**

Registrations

**TMA616,502 for trade-mark
APPELLATION D'ORIGINE
CONTROLLÉE & Design**

**TMA707,388 for the trade-mark AOC &
Design**

[1] This decision pertains to a summary expungement proceeding requested against registration No. TMA616,447 of the trade-mark AOC and design (Mark 1), as reproduced below:



[2] The description of Mark 1 in the registration is the following: “the Mark consists of the letters AOC and green, white and gold circles. The red square is not part of the Mark but serves only to clearly identify the start of the Mark, i.e. the white circle.”

[3] This decision pertains to a summary expungement proceeding requested against registration No. TMA6165,02 of the trade-mark APPELLATION D’ORIGINE CONTRÔLÉE & Design (Mark 2) as reproduced below:



[4] The description of Mark 2 in the registration is the following: “The Mark consists of: the rectangle, the two horizontal lines, the terms APPELLATION D’ORIGINE CONTRÔLÉE, the dot preceding these terms, the three series of the letters AOC and the three green, white and gold circles.”

[5] Finally, this decision pertains to a summary expungement proceeding requested against registration No. TMA707,388 for the trade-mark AOC & Design (Mark 3), as reproduced below:



[6] At the time of the sending of the Registrar’s notice, the Statement of goods concerning the registrations cited above read as follows:

Wines authorized to bear the AOC designation in compliance with national regulations corresponding to the Origin of the goods.

[7] However, each of these registrations was amended in June 2014 (at different specific dates according to the registrations), which is after the date of sending various notices and thus now covers the following goods: wines sold exclusively in the network of grocery stores of the province of Quebec authorized to bear the designation AOC in compliance with national regulations corresponding to the origin of the goods. The underlined portion identifies the amendment to the Statement of goods.

[8] For the purposes of this decision, I will use the term “the Mark” to designate generally Mark 1, Mark 2 and Mark 3, unless otherwise indicated.

[9] For the following reasons, I conclude that each registration must be expunged.

The proceeding

[10] On February 15, 2013, at the request of Barrette Legal Inc. (the Requesting party), the Registrar sent the notice stipulated in section 45 of the *Trade-marks Act*, RSC 1985, c T-13 (the Act) to Maison des Futailles s.e.c. (the Registered Owner) regarding each of the registrations for Mark 1, Mark 2 and Mark 3.

[11] Section 45 of the Act requires the Registered Owner to show that it has used the Mark in Canada in connection with each of the Goods at any given time during the three years preceding the date of the notice or, if not, to provide the date on which it was last used and the reason for its absence of use since that date. The relevant period is therefore from February 15, 2010 to February 15, 2013 (the Relevant Period).

[12] In response to various notices, the Registered Owner filed the solemn declaration of Mr. François Simard with Exhibits FS-1 to FS-10 inclusive. This evidence is identical in each of the files. The parties also submitted identical written representations in each of the files. The parties were represented at a hearing.

Preliminary comments

[13] I note that Mr. Simard alleges certain facts about a connection that may exist between the Requesting Party and the entity behind this procedure, who is a direct competitor of the

Registered Owner. The proceeding under section 45 of the Act is not intended to resolve disputes between the parties with competitive commercial interests [see *Moosehead Breweries Ltd v Molson Cos Ltd et al* (1985), 11 C.P.R. (3d) 208].

[14] A simple assertion of use of the Mark in connection with the Goods is not sufficient to establish its use within the meaning of section 4 of the Act. There is no requirement to produce abundant evidence. However, any ambiguity in the evidence will be interpreted against the Registered Owner [see *Plough (Canada) Ltd v Aerosol Fillers Inc* (1980) 53 C.P.R. (4th) 62 (F.C.A.)].

[15] As will be evident from my decision, I am not required to decide the issue of which Statement of Goods I must refer to: the one existing at the time of the sending of the Notice pursuant to sec. 45 of the Act or the amended Notice, as exists now.

The evidence

[16] Mr. Simard is the Marketing Director of the Registered Owner. He claims that the Registered Owner is a company that specializes in bottling and marketing wines, including wines sold in Québec in grocery stores.

[17] Mr. Simard explains that because of the legislative and regulatory framework in force in Québec, the Société des Alcools (SAQ) has exclusivity of the sale of wines in grocery stores. Thus, the Registered Owner must first sell his wines to the SAQ, which then resells them to grocery stores.

[18] Mr. Simard provides details of the regulations governing the sale of wines in grocery stores. Citing the relevant articles of the regulations in force, he claims that only eight brands of *appellation d'origine* wine can be offered for sale to consumers in Québec grocery stores.

[19] Mr. Simard states that on May 31, 1999, the Registered Owner signed a bottling agreement with the SAQ pursuant to which the Registered Owner was granted the exclusive right, for a period of 10 years, to develop, promote and represent *appellation d'origine* wines sold in grocery stores. It is in this context that the Registered Owner began to employ the Mark in August 2002. Thus, in paragraph 13 of his affidavit, Mr. Simard reproduced each of the 8

bottles of wine bearing the Mark. Only these *appellation d'origine* wines were available for sale in Quebec grocery stores. He claims that these *appellation d'origine* wines were superior in quality to the others sold in this type of establishment.

[20] Mr. Simard explains how the Mark was used in connection with the wines but at a period prior to the Relevant Period. There is thus no reason to detail these facts.

[21] Mr. Simard asserts that on February 28, 2008, the SAQ notified the Registered Owner that it would not renew the agreement described above and that accordingly, it would end on May 30, 2009. Thus the last sales of wine bearing the Mark to the SAQ by the Registered Owner took place between July 7, 2008 and February 28, 2009. He submitted the last sales invoice for each of the wines sold to the SAQ in connection with the Mark (Exhibit FS-3). The last invoice submitted is dated February 28, 2009.

[22] Mr. Simard claims that in the fall of 2008, the SAQ issued a call for tenders (Exhibit FS-4) for *appellation d'origine* wines to be distributed in the Québec grocery network for a period of 3 years. Mr. Simard submitted a copy of this call for tenders. He claims that the Registered Owner presented a bid and introduced a copy of the Registered Owner's bid (Exhibit FS-5) as well as a copy of a written presentation (Exhibit FS-6).

[23] Then, in a letter dated March 30, 2009 (Exhibit FS-7), the SAQ informed the Registered Owner that its bid had not been selected. According to Mr. Simard, the call for tenders was won by Vincor (Québec) Inc., a competitor of the Registered Owner.

[24] Since the new *appellation d'origine* wine bottling and Québec grocery distribution agreement ended on May 30, 2012, SAQ again issued a call for tenders in spring 2012 for a new 3-year contract for bottling *appellation d'origine* wines to be sold in grocery stores of Québec.

[25] Mr. Simard stated that he had received a call on August 2012 from an SAQ representative informing him that the Registered Owner had not won the call for tenders, but rather Constellation Brands Québec Inc. (formerly Vincor (Québec) Inc.) had again won.

[26] Accordingly, Mr. Simard claims that the Registered Owner was not able to use the Mark during the Relevant Period because of circumstances beyond its control. He states that during the

next call for tenders from SAQ for the bottling contract for *appellation d'origine* wines sold in grocery stores, which should take place in 2015, the Registered Owner will prepare a bid. If that bid is accepted, the Registered Owner will again use the Mark in connection with wines authorized to bear the AOC designation in compliance with the national regulations corresponding to the origin of the goods.

Analysis of the claims of the parties

[27] The Registered Owner claims, despite the absence of direct evidence of a sale in the normal course of trade during the Relevant Period, that there is evidence of use of the Mark in the record, based on presumption of facts. In fact, according to the Registered Owner, the evidence demonstrates that there were sales between July 7, 2008 and February 28, 2009 totalling nearly 5,000 cases of 12 bottles each (or about 60,000 bottles) of wine bearing the Mark. A number of these bottles would have still been on the shelves of the grocery stores when the Relevant Period began. These bottles would therefore have been resold to consumers during the Relevant Period.

[28] However, Mr. Simard does not offer any explanation that would lead us to reach such a conclusion. It would have been easy, for example, for Mr. Simard to indicate that the quantities sold by the SAQ during this period allowed him to satisfy the orders of grocers during a period of "x" months and that the number of months exceeded the number of months between the last sale (February 28, 2009) and the start of the Relevant Period (February 15, 2010), or nearly 12 months. Moreover, Mr. Simard has not explained to us why he included in the "last sales" a transaction dating back to July 2008 for 1,400 cases of 12 bottles each, which is more than 18 months prior to the start of the Relevant Period. Why were some of these bottles still on the shelves of grocery stores on February 15, 2010?

[29] Finally, it was possible for the Registered Owner to produce a simple affidavit by a grocer asserting that there were wines on the shelves of his grocery store bearing the Mark at the start of the Relevant Period and these wines were sold to consumers in connection with the Mark during the Relevant Period.

[30] As mentioned earlier, any ambiguity in the evidence introduced must be interpreted against the Registered Owner. Accordingly, I conclude that there is no evidence in the record that the Mark had been used in Canada in connection with wines during the Relevant Period in the meaning of section 4(1) of the Act.

[31] The general rule is that in the absence of evidence of the use of the Mark, its registration is expunged. There is an exception when the non-use of the Mark is justified by the presence of special circumstances [see section 45(3) of the Act and *Smart & Biggar v Scott Paper Ltd* (2008), 65 C.P.R. (4th) 303 (F.C.A.)].

[32] It remains therefore to determine whether the facts described above constitute “special” circumstances in the meaning of section 45(3) of the Act. The Federal Court of Appeal teaches us that the expression “special circumstances” means circumstances or reasons that are out of the ordinary, unusual, exceptional [see *Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 C.P.R. (3d) 488 (F.C.A.)].

[33] To decide, the Registrar must consider the three following criteria: (1) the period of time during which the Mark was not used; (2) whether the reasons explaining the absence of use of the Mark were beyond the control of the Registered Owner; and (3) if there is a serious intention on the part of the Registered Owner to again use the Mark [see *Harris Knitting, supra*].

[34] Yet the last sale of wine to the SAQ dates back to February 28, 2009 or nearly 4 years before the end of the Relevant Period. This is a rather significant time period [voir *NTD Apparel, supra*].

[35] The Federal Court of Appeal has moreover provided ample clarifications concerning the interpretation of the second criterion, pointing out that this criterion must be met to conclude that special circumstances existed that justify the absence of use of the Mark [*Scott Paper Ltd, supra*]. Moreover, the intention to resume use of the Mark must appear in the evidence in the record [see *Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 C.P.R. (3d) 217 (CF); *NTD Apparel Inc v Ryan* (2003), 27 C.P.R. (4th) 73 (CF)].

[36] According to the Registered Owner, the reason for the absence of use of the Mark during the Relevant Period was beyond the control of the Registered Owner because it was caused by

the tendering process instituted by the SAQ. Indeed, the contract with the SAQ ended on May 30, 2009, since the latter had not accepted the bid of the Registered Owner submitted to the SAQ at the beginning of 2009.

[37] The Requesting Party claims, referring to the call for tender documents and the agreement (Exhibits FS-4 and FS-1), that the Registered Owner would have assigned its rights to the Mark and accordingly would no longer be owner of the Mark. It would therefore not be necessary to determine whether there are special circumstances in the meaning of section 45 of the Act.

[38] Thus, in the first “whereas” of Exhibit FS-1, it is stipulation that SAQ is owner of the wines, where in clause 5.6, the Registered Owner assigns to the SAQ all its rights and interests in the intellectual property with respect to the promotion of the wines. As for the bid form, Exhibit FS-4, the Requesting Party points out that the supplier (the Registered Owner in this case), assigns to the SAQ all its intellectual property rights to the trade-marks used on the labels.

[39] As mentioned above, the Article 45 proceeding is intended to be an administrative or summary proceeding. I do not think it appropriate as part of such a proceeding to determine whether the Registered Owner is still owner of the Mark.

[40] The Requesting Party adds that the circumstances surrounding the non-use of the Mark during the Relevant Period are due to a business decision by the Registered Owner. In effect, it claims that the Registered Owner freely chose to limit its sales of wines to the territory of the province of Québec. Nothing prevented it from selling elsewhere in Canada during the Relevant Period.

[41] I fully agree with the Requesting Party. I will add that the amendment to the Statement of Goods made after the Relevant Period tends to support the conclusion that the Registered Owner made a business decision during the Relevant Period by limiting its sales of wine to the territory of the province of Québec. It therefore appears to me that the circumstances surrounding the non-use of the Mark during the Relevant Period result from a business decision of the Registered Owner, rather than from facts beyond its control.

[42] As for the last criterion, the Registered Owner refers to the statement by Mr. Simard that the Registered Owner has the intention of submitting a new bid close to the expiration of the agreement currently in effect, which will end in fall 2015.

[43] Mr. Simard has indeed provided a copy of an e-mail received from the SAQ further to his request for explanation of its decision not to accept the bid by the Registered Owner submitted in 2012. Yet Mr. Simard does not show us any reasons that the next bid by the Registered Owner to be submitted to the SAQ has a good chance of being accepted. There is nothing to indicate this in the said SAQ e-mail. On the contrary, the SAQ indicates clearly the four selection criteria that are known to the bidders and which remain the same, i.e.:

1. financial performance
2. reputation
3. sustainable development
4. qualitative aspects

[44] Mr. Simard does not present any fact that could lead me to conclude, by applying these criteria, that there is a good chance that the next bid by the Registered Owner would be accepted by the SAQ. Thus, the question of knowing whether the Mark would again be used by the Registered Owner in the near future remains extremely speculative.

[45] In the light of this analysis of the criteria listed above, I feel that the Registered Owner has not demonstrated the existence of special circumstances, in the meaning of sec. 45(3) of the Act, justifying the absence of use of the Mark in the Canada in connection with the products during the Relevant Period.

Conclusion

[46] In light of the evidence in the record and for the reasons described above, I conclude that the Registered Owner has not discharged its burden to prove use of the Mark in Canada in association with the Goods within the meaning of section 4(1) of the Trade-marks Act during the Relevant Period. Moreover, I conclude that the Registered Owner has not shown that there are special circumstances justifying the absence of use of the Mark during the Relevant Period.

[47] I would add that even if I were wrong to conclude that the absence of use of the Mark results from a business decision of the Registered Owner, the outcome of these cases would be the same. In fact, the long period of absence of use of the Mark combined with the fact that use of the Mark by the Registered Owner in the near future remains highly speculative would be sufficient to conclude that there are no “special circumstances” in the meaning of section 45(3) of the Act.

Disposal

[48] In exercising the authority delegated to me pursuant to the provisions of section 63(3) of the Act, registrations TMA616,447, TMA616,502 and TMA707,388 will be expunged in compliance with the provisions of section 45 of the Act.

Jean Carrière
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office

Certified Translation
Betty Howell

Date of hearing: 2015-06-03

Appearances

Pascal Lauzon For the Registered Owner

Bruno Barrette For the Requesting Party

Agent(s) in the matter

BCF For the Registered Owner

Barrette Legal Inc. For the Requesting Party