

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

Citation: 2016 TMOB 113
Date of Decision: 2016-07-06

IN THE MATTER OF AN OPPOSITION

Havana Club Holding S.A.

Opponent

and

Ron Matusalem & Matusa of Florida, Inc.

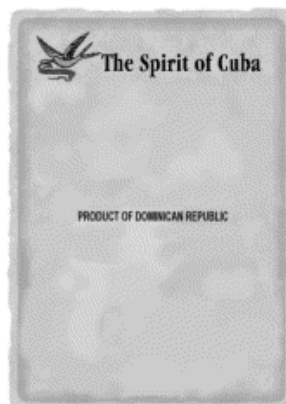
Applicant

**1,554,074 for THE SPIRIT OF CUBA
LABEL DESIGN**

Application

Introduction

[1] Havana Club Holding S.A. (the Opponent) opposes registration of the trade-mark shown below (the Mark), which is the subject of application No. 1,554,074 by Ron Matusalem & Matusa of Florida, Inc. (the Applicant), a corporation organized and existing under the laws of the State of Florida.



[2] Filed on November 28, 2011, the application, as amended on July 12, 2013, is based on proposed use of the Mark in Canada in association with the following goods and services:

Goods: rum produced in the Dominican Republic.

Services: promotion of alcoholic beverages via on-premise promotional events at retail stores, bars, restaurants, nightclubs and specialty sponsored events for the benefit of others; retail sales of alcoholic beverages.

[3] The determinative issue in this proceeding is whether the Mark is deceptively misdescriptive in the English language of the place of origin of the Applicant's goods and services.

[4] For the reasons discussed below, I find that the application ought to be refused.

The Record

[5] The Opponent filed its statement of opposition on June 18, 2014 raising four grounds of opposition under section 38(2)(a) of the *Trade-marks Act*, RSC 1985, c T-13 (the Act). In summary, the grounds of opposition allege the following:

1. The application does not comply with section 30(a) of the Act since the services do not qualify as "services" within the meaning of the Act because they do not benefit to third parties.
2. The application does not comply with section 30(e) of the Act since the Applicant did not intend to use the Mark in Canada in association with the goods and services.
3. The Mark is not registrable under section 12(1)(b) of the Act since it is deceptively misdescriptive in the English language of the place of origin of the goods and services.
4. The Mark is not distinctive within the meaning of section 2 of the Act since it is deceptively misdescriptive of the place of origin of the Applicant's goods and services.

[6] The Applicant filed a counter statement denying all the allegations contained in the statement of opposition.

[7] The Opponent's evidence consists of the statutory declarations of:

- Marylène Gendron with Exhibits "MG-1" to "MG-12", dated December 18, 2014
- Chantal Marien with Exhibits "CM-1" to "CM-12", dated December 18, 2014

[8] The Applicant's evidence consists of the affidavits of:

- Claudio I. Alvarez Salazar with Exhibits 1 to 3, dated April 17, 2015
- Caridad Piñeiro Scordato with Exhibits 1 to 5, dated April 16, 2015
- Christine McCluskey with Exhibit 1, dated April 16, 2015
- Edith-Julie Arsenault with Exhibits 1 to 19, dated April 17, 2015

[9] No cross-examination was conducted.

[10] Each party filed a written argument and was represented at a hearing.

Preliminary Remarks

[11] Although not related or affiliated companies, the parties are not strangers to one another. The record shows that the Opponent opposed registration of the word trade-mark THE SPIRIT OF CUBA (No. 1,154,259) by the Applicant for "rum and non-alcoholic cocktails" and "promotion of alcoholic beverages via on-premise promotional events at retail stores, bars, restaurants, nightclubs and specialty sponsored events; retail sales of alcoholic beverages" [see *Havana Club Holding, Inc v Ron Matusalem & Matusa of Florida, Inc*, 2009 CanLII 82125, 79 CPR (4th) 332 (TMOB) (*The Spirit of Cuba*)].

[12] In *The Spirit of Cuba*, the pleaded grounds of opposition were that the trade-mark was not registrable under section 12(1)(b) of the Act and not distinctive under section 2 of the Act because it was either clearly descriptive or deceptively misdescriptive of the place of origin of the *goods* (the Registrar considered that the pleadings did not put into issue the registrability and distinctiveness of the trade-mark in association with the *services*). Ultimately, the Registrar concluded that the trade-mark THE SPIRIT OF CUBA was deceptively misdescriptive of the place of origin of the goods "rum" that did not originate from Cuba. The Registrar's decision was confirmed by the Federal Court and the Federal Court of Appeal [*Ron Matusalem & Matusa*

of Florida Inc v Havana Club Holding Inc, SA, 2010 FC 786, 86 CPR (4th) 437; 2011 FCA 244, 96 CPR (4th) 218].

The Parties' Respective Burden or Onus

[13] The legal onus is on the Applicant to show that the application does not contravene the provisions of the Act as alleged in the statement of opposition. This means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against the Applicant. However, there is also an evidential burden on the Opponent to prove the facts inherent to its pleadings. The presence of an evidential burden on the Opponent means that in order for a ground of opposition to be considered at all, there must be sufficient evidence from which it could reasonably be concluded that the facts alleged to support that ground of opposition exist [see *John Labatt Ltd v Molson Companies Ltd* (1990), 30 CPR (3d) 293 (FCTD); *Dion Neckwear Ltd v Christian Dior, SA et al*, 2002 FCA 29, 20 CPR (4th) 155; and *Wrangler Apparel Corp v The Timberland Company*, 2005 FC 722, 41 CPR (4th) 223].

The Evidence

[14] I will provide below an overview of the evidence filed by each party.

Opponent's Evidence

Statutory declaration of Marylène Gendron

[15] Ms. Gendron, an administrative assistant with the Opponent's trade-marks agent firm, files a copy of her statutory declaration of March 4, 2010 (the 2010 Declaration) filed at the Federal Court during the appeal proceeding concerning the Registrar's decision in *The Spirit of Cuba*.

[16] The 2010 Declaration contained the results of searches conducted by Ms. Gendron on websites of Canadian provincial liquor control boards to determine if the word "spirit" or "spirits" was used to identify a category of products, and also to show rum-based products which originated from Cuba. It also contained the results of searches conducted by Ms. Gendron to

determine whether the companies “Pernod Ricard”, “Diageo” and “Constellation” used the word “spirit” or “spirits” on their respective websites.

[17] Ms. Gendron conducted the same searches as those conducted for her 2010 Declaration and she files the results of these searches.

Statutory declaration of Chantal Marien

[18] Ms. Marien, an administrative assistant with the Opponent’s trade-marks agent firm, files the results of searches that she conducted on different websites, in Internet dictionaries and travel guides using, as appropriate, the key words:

- “Cuba” and “rhum”
- “Cuba” and “rum”
- “rhum cubain”
- “spirit” and “rum”
- “spirit”
- “rum”
- “Cuban rum”

Applicant’s Evidence

Affidavit of Claudio I. Alvarez Salazar

[19] Mr. Salazar is a direct descendant of the original founding family of the company that is now the Applicant. He is also a director and shareholder of the Applicant.

[20] Mr. Salazar explains the history of the Applicant and the origin of the Applicant’s MATUSALEM rum. Mr. Salazar also provides some particulars of the MATUSALEM brand advertising. He explains that the Applicant, as part of its advertising activities, plans to use the slogan “THE SPIRIT OF CUBA”, in Spanish “EL ESPIRITU DE CUBA”, to refer to its Cuban history. It is explained by Mr. Salazar that “THE SPIRIT OF CUBA” refers to the “soul” or “essence” of the Applicant’s history in Cuba embodied in the Applicant’s rum products.

[21] Lastly, Mr. Salazar explains the history of the rum industry in Cuba as he has read and understood from various historical references and publications and from accounts passed down by his family.

Affidavit of Caridad Piñeiro Scordato

[22] Ms. Scordato is an attorney and partner at the U.S. law firm Abelman, Fraybe & Schwab, which has represented the Applicant and its predecessor-in-interest for over ten years.

[23] Ms. Scordato furnishes information for a product from Havana Club International S.A. named ESSENCE OF CUBA and launched by Pernod Ricard S.A.

Affidavit of Christine McCluskey

[24] Ms. McCluskey is a trademark search paralegal at the U.S. law firm Abelman, Fraybe & Schwab. She is the Supervisor of the Trademarks Search Department.

[25] Ms. McCluskey files the results of a search she conducted on April 15, 2015 on the Corsearch Trademarks Database for Canada to locate active registrations for trade-marks containing the word “Cuba” and for which the address of the owner was not in Cuba.

Affidavit of Edith-Julie Arsenault

[26] Ms. Arsenault, a trade-mark agent at the Applicant’s trade-marks agent firm, files the results of searches that she conducted on different websites and in Internet travel guides using, as appropriate, the key words:

- “République dominicaine”
- “Dominican Republic”
- “Dominican rums”
- “République dominicaine guide de voyage”
- “Dominican Republic rums”
- “Dominican rum”
- “rhum dominicain”

[27] Ms. Arsenault also files the results of searches she conducted on the websites of Canadian provincial liquor control boards using the word “rum” or “rhum”, as appropriate, to show the countries of origin for rum products sold in Canada via the provincial liquor control boards.

Grounds of Opposition Summarily Dismissed

[28] In its written argument, the Opponent conceded that it did not meet its initial evidential burden with respect to the grounds of opposition alleging that the application does not comply with sections 30(a) and 30(e) of the Act. At the hearing, the Opponent indicated that it wished to maintain these grounds in the event of an appeal.

[29] Accordingly, the grounds of opposition based on sections 38(2)(a) and 30(a) and (e) of the Act are dismissed for the Opponent’s failure to meet its initial evidential burden.

Analysis of the Remaining Grounds of Opposition

[30] The two remaining grounds of opposition allege that the Mark is not registrable under section 12(1)(b) of the Act and non-distinctive within the meaning of section 2 of the Act. The issue arising from these grounds of opposition is the same:

Was the Mark deceptively misdescriptive of the place of origin of the Applicant’s goods and services at the relevant material date?

[31] The material date that applies to the section 12(1)(b) ground of opposition is the filing date of the application [see *Fiesta Barbeques Limited v General Housewares Corporation*, 2003 FC 1021, 28 CPR (4th) 60]. The material date that applies to the distinctiveness ground of opposition is the filing date of the statement of opposition [see *Metro-Goldwyn-Mayer Inc v Stargate Connections Inc*, 2004 FC 1185, 34 CPR (4th) 317].

[32] However, because the application is based on proposed use of the Mark and there is no evidence that either the Mark or the phrase “THE SPIRIT OF CUBA” has been used or advertised in Canada at any time whatsoever, nothing turns on which material date is chosen to assess the issue in this case. In other words, whether the issue is considered as of

November 28, 2011 or June 18, 2014 has no impact on the outcome of the case. I would add that this is not disputed by the Applicant.

[33] I will assess the issue with respect to the Applicant's goods and services in turn.

Applicant's Goods

[34] As I indicated before, it was found in *The Spirit of Cuba* that "THE SPIRIT OF CUBA" was deceptively misdescriptive of the place of origin of rum that did not originate from Cuba. The Applicant at the hearing expressed its respectful disagreement with this finding. Notably, the Applicant reiterated its contention that Canadian consumers of rum products would perceive "THE SPIRIT OF CUBA" as describing a state of mind, mood or attitude related to Cuba. However, the Applicant ultimately conceded that I am bound by the precedent *The Spirit of Cuba*, as argued by the Opponent.

[35] As I do consider myself bound by the precedent *The Spirit of Cuba*, I conclude that the phrase "THE SPIRIT OF CUBA" found in the Mark is deceptively misdescriptive of the place of origin of "rum produced in the Dominican Republic" (the Goods).

[36] Thus, the question arises if the Mark as a whole, whether depicted, written or sounded, is deceptively misdescriptive of the place of origin of the Goods. To answer this question, I must decide whether the phrase "THE SPIRIT OF CUBA" so dominates the Mark as a whole that it causes the Mark to remain deceptively misdescriptive of the place of origin of the Goods [see *Best Canadian Motor Inns Ltd v Best Western International, Inc.*, 2004 FC 135, 30 CPR (4th) 481].

[37] The Opponent contends that "THE SPIRIT OF CUBA" is the dominant feature of the Mark as these words clearly stand out and immediately attract consumer's attention because:

- The words are located at the top of the design.
- The size of the letters is bigger than the other written matter.
- The words are in bold characters.
- The "logo" on the left side is not big enough to dominate the visual of the Mark.
- The "rectangular background" is a weak and non-distinctive element of the Mark.

- The words “PRODUCT OF DOMINICAN REPUBLIC” appear in the lower portion of the Mark, in a smaller font, which is actually difficult to read.
- The words “PRODUCT OF DOMINICAN REPUBLIC” are purely descriptive and have no significant impact for the consumers.

[38] The Opponent also submits that the phrase “PRODUCT OF DOMINICAN REPUBLIC” would not be perceived as a distinctive feature of the Mark and consumers would most likely not even pay attention to this element of the Mark.

[39] Finally, the Opponent cites a few decisions as further supporting its contention that the phrase “THE SPIRIT OF CUBA” is the dominant feature of the Mark. Among those decisions, the Opponent cites *Corporation Cuba Ron (SA) v Hela Wines & Spirits APS*, 2009 CanLII 82139, 81 CPR (4th) 217 (TMOB) (*Cuba Ron*) involving the composite mark shown below for use in association with vodka and vodka based beverages.



[40] In that case, the mark was being opposed on the ground that it was deceptively misdescriptive of the place of origin of the goods as the vodka did not come from Cuba. The Opponent points out the following comments of the Registrar with respect to the assessment of the dominant feature of the mark:

[13] A composite mark, when sounded, is not registrable pursuant to s. 12(1)(b) of the Act if it contains word elements that are clearly descriptive or deceptively misdescriptive of the place of origin of the wares and are also the dominant feature of the mark [see *Best Canadian Motor Inns Ltd. v. Best Western International, Inc.* (2004), 30 C.P.R. (4th) 481 (F.C.T.D)]. Further, one must consider whether the

deceptively misdescriptive words “so dominate the applied for trade-mark as a whole such that... the trade-mark would thereby be precluded from registration” [*Canadian Council of Professional Engineers v. John Brooks Co.* (2004), 35 C.P.R. (4th) 507 (F.C.T.D.)].

[14] In the present case, the word elements of the Mark include the word CUBA, the phrase MADE IN DENMARK, which appears in two different locations on the Mark, the phrase THE REVOLUTIONARY VODKA, which also appears twice, and reference to the Applicant’s website www.cubavodka.com. I find that the dominant feature of the Mark is the word CUBA as it appears in much larger and bolder font than any other word or design on the Mark, and also appears at the top of the design Mark.

[Underlining added]

[41] Ultimately, the Registrar concluded that the composite mark was registrable because there was no evidence showing that Cuba was known for vodka.

[42] In turning to the Applicant’s submissions, I note that the “logo” on the left side of the Mark is described by the Applicant in its written argument as “the representation of a swallow with a ribbon in the beak”. Also, what the Opponent identifies as “the rectangular background” is referred to by the Applicant as “the label”.

[43] At the hearing, not only did the Applicant argue that the label represents a significant portion of the Mark, but it argued that the representation of a swallow is equally as dominant, if not more dominant, as “THE SPIRIT OF CUBA”. In addition, the Applicant disputed the Opponent’s argument that the phrase “PRODUCT OF DOMINICAN REPUBLIC” is of no significance when assessing the registrability of the Mark as a whole.

[44] In fact, the crux of the Applicant’s contention that the Mark is not deceptively misdescriptive of the place of origin of the Goods is based on the phrase “PRODUCT OF DOMINICAN REPUBLIC” in the Mark. To best reflect the Applicant’s contention, I chose to reproduce the following submissions of the Applicant at page 11 of its written argument:

[...] the Mark clearly mentions “PRODUCT OF DOMINICAN REPUBLIC” in the middle of the label. Therefore, as a matter of first impression, the Mark clearly tells the potential consumers that the products consisting of rum are from the Dominican Republic. Concurrently, as a matter of first impression, when seeing the Mark, the

potential consumers will immediately know that the products are from the Dominican Republic.

It is self-evident, as a matter of first impression, that the average Canadian consumer would see that the place of origin of the products is the Dominican Republic. They would not believe that the products emanated from Cuba as it is clearly indicated that they are from another country, namely the Dominican Republic.

[45] At the hearing, the Applicant added to these submissions by opining that a consumer who would think that the Goods originate from Cuba would be an “idiot” since the Mark clearly mentions “PRODUCT OF DOMINICAN REPUBLIC”.

[46] Finally, the Applicant also cites the *Cuba Ron* decision in support of its case. More particularly, the Applicant submits that the following “conclusion” of the Registrar should apply to the case at hand because of the phrase “PRODUCT OF DOMINICAN REPUBLIC” in the Mark:

[19] I would like to add that even if there was evidence to show that Canadians would consider the word CUBA to be misdescriptive of the place of origin of vodka, I still would not have found the Mark *as a whole* to be *deceptively misdescriptive* of the place of origin of the Applicant’s vodka. In this regard, the reference to “made in Denmark” twice on the Mark contradicts any suggestion that the Applicant’s vodka emanates from Cuba. Therefore, while CUBA may be the dominant feature of the Mark, I would not have found that it so dominates the Mark as a whole such that the Mark should be precluded from registration.

[47] In reply, the Opponent indicated its respectful disagreement with the aforementioned comments, but more importantly pointed out that these were *obiter dictum*.

[48] Now addressing the parties’ submissions, I first stress that it is trite law that each case must be decided based upon its own merit. Thus, whether the Registrar in *Cuba Ron* might have found that the trade-mark as a whole was not deceptively misdescriptive of the place of origin of vodka is not of assistance to the Applicant’s case. By the same token, the fact that CUBA was found to be the dominant feature of the trade-mark in *Cuba Ron* is not of assistance to the Opponent’s case.

[49] Second, as I indicated to the Applicant at the hearing, regardless of the Applicant’s contention as to the significance of the design feature of the Mark, section 12(1)(b) of the Act

prohibits the registration of a trade-mark that is clearly descriptive or deceptively misdescriptive whether depicted, written *or sounded*. Further, as reminded by the Federal Court in *Engineers Canada/Ingénieurs Canada v Rem Chemicals, Inc*, 2014 FC 644, 125 CPR (4th) 245 “the jurisprudence is clear that, ‘when sounded’, clearly descriptive or deceptively misdescriptive words cannot be rendered registrable by the addition of design features”.

[50] Thirdly, I agree with the Opponent that, as a matter of first impression, the phrase “THE SPIRIT OF CUBA” is the dominant feature of the Mark, and the phrase “PRODUCT OF DOMINICAN REPUBLIC” is likely not to be perceived by a consumer as part of the Mark. In other words, the Applicant did not convince me that the Mark as a whole cannot be found deceptively misdescriptive of the place of origin of the Goods because of the phrase “PRODUCT OF DOMINICAN REPUBLIC” appearing “in the middle of the label”.

[51] In the end, it is my view that:

- a) The Mark would be sounded by the dominant phrase “THE SPIRIT OF CUBA”.
- b) The average person would sound the Mark as “THE SPIRIT OF CUBA”.
- c) The phrase “PRODUCT OF DOMINICAN REPUBLIC” is not distinctive of any particular trader.
- d) The representation of a swallow and design feature of the Mark are not sufficient to render the Mark as a whole distinctive and registrable.

[52] Thus, I conclude that the Mark as a whole was deceptively misdescriptive of the place of origin of the Goods as of November 28, 2011 or June 18, 2014.

[53] Accordingly, the section 12(1)(b) ground of opposition and the non-distinctiveness ground of opposition are both successful with respect to the Goods.

Applicant’s Services

[54] To begin with, I stress that the registrability and distinctiveness of the word trade-mark THE SPIRIT OF CUBA for use in association with services such as those associated with the Mark was not addressed in *The Spirit of Cuba*. As I indicated before, the Registrar in that case

considered that the pleadings did not put into issue the registrability and distinctiveness of the trade-mark in association with the services.

[55] The Applicant submits that the Opponent has not met its initial evidential burden to show that the Mark for use in association “promotion of alcoholic beverages via on-premise promotional events at retail stores, bars, restaurants, nightclubs and specialty sponsored events for the benefit of others; retail sales of alcoholic beverages” (the Services) is not registrable under section 12(1)(b) of the Act and not distinctive within the meaning of section 2 of the Act.

[56] In that regard, the Applicant submits that the Opponent did not file any evidence to establish that Cuba is known for the Services. Therefore, even if the phrase “THE SPIRIT OF CUBA” is considered the dominant feature of the Mark as a whole, each ground of opposition alleging that the Mark is deceptively misdescriptive of the place of origin of the Services cannot succeed.

[57] At the hearing, I asked the Opponent to address specifically the Applicant’s contention concerning the Opponent’s failure to discharge its evidential burden of showing that Cuba was known for the Services. In reply, the Opponent first reiterated the view expressed in its written argument: the reasoning that the Mark as a whole is deceptively misdescriptive of the place of origin of the Goods should also apply to the Services “as they relate to the promotion and sales of alcoholic beverages which include rum”. The Opponent made further oral representations, essentially arguing that to determine whether the Mark is deceptively misdescriptive of the place of origin of the Services, the Registrar must not only consider the evidence but also apply common sense.

[58] Having considered the parties’ submissions, I ultimately agree with the Opponent.

[59] Indeed, the law is clear that “the decision maker must not only consider the evidence at his or her disposal but also common sense in the assessment of the facts” [see *Ontario Teachers’ Pension Plan Board v Canada (Attorney General)*, 2011 FC 58, 89CPR (4th) 301; aff’d 2012 FCA 60, 99 CPR (4th) 481].

[60] Obviously, the Opponent rightly points out that alcoholic beverages include rum. Furthermore, given the facts of this case, the reasonable conclusion is that the Services relate to the Goods.

[61] In the end, because the Goods and Services are closely intertwined, I agree with the Opponent that, as a matter of first impression, a Canadian consumer would be deceived into thinking that the Services associated with the Mark originate from Cuba in that the promotional events and retail services all concern rum originating in Cuba.

[62] Thus, I conclude that the Mark as a whole was deceptively misdescriptive of the place of origin of the Services as of November 28, 2011 or June 18, 2014. I wish to add that in the best case scenario for the Applicant, I would conclude that the probabilities of a Canadian consumer being deceived into thinking that the Services associated with the Mark originate from Cuba are evenly balanced. As the legal onus is on the Applicant to establish, on a balance of probabilities, that the Mark was not deceptively misdescriptive of the place of origin of the Services at either of the material dates, I would still decide the issue in favour of the Opponent.

[63] Accordingly, both the section 12(1)(b) and the non-distinctiveness grounds of opposition are also successful with respect to the Services.

Disposition

[64] In view of the foregoing, pursuant to the authority delegated to me under section 63(3) of the Act, I refuse application No. 1,554,074 under section 38(8) of the Act.

Céline Tremblay
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office

**TRADE-MARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD**

HEARING DATE: 2016-05-10

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