



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

**Citation: 2010 TMOB 147**  
**Date of Decision: 2010-09-09**

**IN THE MATTER OF SECTION 45 PROCEEDINGS  
requested by Aird & Berlis LLP against registration  
No. TMA553,902 for the trade-mark VIRGIN,  
No. TMA553,903 for the trade-mark VIRGIN Design and  
No. TMA573,241 for the trade-mark VIRGIN & Bottle  
Design in the name of Virgin Enterprises Limited**

[1] On October 31, 2007, at the request of Aird & Berlis LLP (the Requesting Party), the Registrar of Trade-marks forwarded notices under s. 45 of the *Trade-marks Act* R.S.C. 1985, c. T-13 (the Act) to Virgin Enterprises Limited (the Registrant) with respect to the following registrations:

- No. TMA553,902 for the trade-mark VIRGIN registered in association with “fruit juices; non-alcoholic beverages, namely soft drinks, excluding mineral waters, aerated waters and spring waters; syrups and powders for making soft drinks and fruit based non-alcoholic beverages”.
- No. TMA553,903 for the trade-mark VIRGIN Design, shown hereafter, registered in association with “fruit juices; non-alcoholic beverages, namely soft drinks, excluding mineral waters, aerated waters and spring waters; syrups and powders for making soft drinks and fruit based non-alcoholic beverages”.

A handwritten signature in black ink that reads 'Virgin' in a cursive, script font.

- No. TMA573,241 for the trade-mark VIRGIN & Bottle Design, shown hereafter, registered in association with “non-alcoholic beverages, namely soft drinks, excluding mineral waters, aerated waters and spring waters”.



The trade-mark is two dimensional and consists of the word VIRGIN as it appears on the bottle. The three-dimensional object shown in dotted outline in the drawing does not form part of the trade-mark and is shown merely to indicate the placement of the word VIRGIN on the bottle.

[2] Section 45 of the Act requires the registered owner of the trade-mark to show whether the trade-mark has been used in Canada in association with each of the wares and services specified in the registration at any time within the three year period immediately preceding the date of the notice, and if not, the date when it was last in use and the reason for the absence of such use since that date. In this case, the relevant period for showing use is between October 31, 2004 and October 31, 2007 (the Relevant Period). What qualifies as use of a trade-mark is defined in s. 4 of the Act. Section 4(1) of the Act applies to the present proceedings.

[3] It is well established that the purpose and scope of s. 45 of the Act is to provide a simple, summary and expeditious procedure for removing “deadwood” from the register. Mere assertions of use are insufficient to demonstrate use [see *Aerosol Fillers Inc. v. Plough (Canada) Ltd.* (1979), 45 C.P.R. (2d) 194 (F.C.T.D.); aff’d 53 C.P.R. (2d) 62 (F.C.A.)]. A recipient of a notice pursuant to s. 45 of the Act must put forth evidence showing how it has used the trade-mark, so that the Registrar may assess if the facts demonstrate use of the trade-mark pursuant to s. 4 of the Act. However, evidentiary overkill is not required when use can be shown in a simple, straightforward fashion [see *Union Electric Supply Co. v. Registrar of Trade Marks* (1982), 63 C.P.R. (2d) 56 (F.C.T.D.)]. Ambiguities in the evidence are to be interpreted against the registered owner’s interests [see *Aerosol Fillers Inc., supra*].

[4] In response to each notice issued pursuant to s. 45 of the Act, the Registrant furnished the affidavit of Neil Hobbs, sworn on April 25, 2008, together with Exhibits “1” through “33”. As Mr. Hobbs’s affidavits are essentially identical, the evidence introduced by the Registrant for the trade-marks VIRGIN, VIRGIN Design and VIRGIN & Bottle Design is the same.

[5] Only the Registrant has filed written representations. Both parties were represented at the oral hearing.

[6] In oral representations, the agent for the Requesting Party noted the case *Aird & Berlis LLP v. Virgin Enterprises Ltd.* (2009), 78 C.P.R. (4th) 306 (T.M.O.B.) [*Virgin*] in which Hearing Officer Barnett decided to amend the statement of wares of registration No. TMA509,209 for the trade-mark VIRGIN by deleting, among others, “non-alcoholic beverages, namely, mineral water, aerated water, flavored water, soft drinks and fruit flavored drinks”. The Requesting Party’s agent submitted that since the evidence filed by the Registrant in these proceedings is by and large identical to the evidence filed in *Virgin*, except for wines, I should reach the same decision. In reply, the Registrant’s agent submitted that *Virgin* is distinguishable from the present proceedings, based on the evidence relating to wines, the Relevant Period, and the fact that registration No. TMA509,209 did not cover “fruit juices”. I note that the Registrant in its written representations submitted that the evidence should be looked at in its entirety, not only in the context of these proceedings, but also in the context of the s. 45 proceedings initiated against the trade-mark VIRGIN of registration No. TMA509,209. That being said, I recognize that *Virgin* had not been decided at the time of the Registrant’s written representations.

[7] In spite of the differences noted by the Registrant, I agree with the Requesting Party that the issues in the present proceedings do not significantly differ from those in *Virgin*. I will therefore refer to the *Virgin* decision where I consider it appropriate to do so. Further, I will review the evidence to the extent that it is relevant to the statement of wares covered by each registration and the parties’ submissions in the present proceedings. Unless indicated otherwise, any reference to the “Registered Wares” throughout my decision is a collective reference to the statement of wares identified in each registration. I would further remark that in each of his affidavits, Mr. Hobbs collectively refers to the Registrant’s trade-marks comprising or including the word VIRGIN as the “Virgin Mark”, specifically stating that it includes the trade-mark which

is the subject of the s. 45 proceeding in respect of which his affidavit is filed. Therefore, as per Mr. Hobbs' affidavits, any subsequent reference to the "Virgin Mark" throughout my decision is a reference to each of the trade-marks VIRGIN, VIRGIN Design and VIRGIN & Bottle Design.

[8] From Paragraphs 6 through 20 of his affidavit, Mr. Hobbs discusses the Registrant's activities and licensees in general. In summary, he deposes that the Registrant is a member of a group of companies, collectively referred to as the "Virgin Group". Within the Virgin Group, it is the Registrant who owns, manages and protects the Virgin Mark on behalf of its licensees, both within and outside the Virgin Group. The Registrant's licensees, collectively referred to as the "Virgin Licensees", are licensed by the Registrant to use the Virgin Mark in Canada and worldwide. In all cases, the Registrant has control over the character and quality of the wares and services with which the Virgin Mark is used. Over the last thirty years, the Registrant, through the Virgin Licensees, has used the Virgin Mark in "association with an extremely broad range of business" and "an equally diverse range of wares and services". The estimated worldwide expenditures for advertising and promoting the Virgin Mark between 1995 and 2001, a portion of which would have been directed to the Canadian and United States markets, are provided. However, the Requesting Party submits that this evidence does not establish use of the Virgin Mark in association with the Registered Wares in Canada during the Relevant Period, and I agree.

[9] Despite the length of the Hobbs affidavit (150 paragraphs), the evidence relevant to the Registered Wares is introduced in paragraphs 115 through 131 relating to the involvement of the Registrant in the beverage industry in general and in Canada. Paragraphs 132 through 139 of the affidavit pertain to the sales of "VIRGIN branded wines". Although the Registrant recognizes that "wines" *per se* are not part of the Registered Wares, it submits that the sales of wines in Canada are pertinent to the present proceedings. I will address these submissions below.

[10] Mr. Hobbs states that the Registrant has granted a worldwide licence for the "sale of certain soft and alcoholic drinks" under the Virgin Mark to Virgin Drinks Group Limited (Virgin Drinks), a United Kingdom company and a wholly owned member of the Virgin Group. The term of the licence "shall include the subsidiaries, licensees, predecessors in title and other members of the group of Virgin Drinks Group Limited", over which the Registrant maintains

direct or indirect control over the character and quality of the wares. Mr. Hobbs states that Virgin Drinks has produced and distributed drinks under the Virgin Mark since 1994. It initially concentrated on premium quality cola beverages, but expanded into energy drinks, flavoured colas, water, iced tea and other soft drinks and alcoholic beverages. While the licence is for soft-drinks, Virgin Drinks may licence third parties to produce alcoholic drinks on a case-by-case basis with the Registrant's approval. The products are sold in a diverse range of markets, including Canada. Appended as Exhibit "26" to the Hobbs affidavit are copies of selected pages from the website *www.virgindrinks.com* where the products are advertised.

[11] Insofar as Canada is concerned, Mr. Hobbs states that in 1999, Virgin Drinks entered into a franchising arrangement with the Canadian company Leading Brands Inc. "to launch, market and sell Virgin Drinks beverages in the Canadian market". The line of Virgin Drinks beverages was launched in Canada in May 2000. It included "five flavoured carbonated beverages plus two colas as well as concentrates for making soft drinks and fruit based non-alcoholic beverages". The beverages were distributed and sold in 7-Eleven stores in Vancouver and Calgary, in Ontario and in Quebec. From April to November 2000, "some 474,410 ready to drink litres of VIRGIN branded soft drinks were sold in Canada" and "the franchise agreement with Leading Brands Inc. for the sale of Virgin Drinks beverages generated over \$90,000 of revenues for Virgin Drinks". At paragraph 124 of his affidavit, Mr. Hobbs states: "Copies of printouts showing Virgin Drink beverages, which are representative of the Virgin Drinks beverages which were sold in Canada until 2002 are included as part of **Exhibit "26"**."

[12] The Requesting Party submits that the Registrant, through its evidence, admits that sales of beverages in Canada through a franchise agreement ended in 2002. I agree. I would add that this is not debated by the Registrant as the following excerpt from Mr. Hobbs' affidavit demonstrates:

126) The relationship between Virgin Drinks and Leading Brands, Inc ended in 2002. Regrettably, the commercial landscape has not been favourable in recent times and Virgin Drinks has been unable to find an appropriate partner through which to bring its Virgin Drinks beverages back to market in Canada. Virgin Drinks beverages are marketed through a franchise model and as such it is of paramount importance that the right partner and sales mechanism is established prior to launch. Virgin Drinks offers businesses the opportunity to 'partner up' with it under the franchise model and has been

offering this opportunity to businesses during the three year period preceding the section 45 notice through the website [www.virgindrinks.com](http://www.virgindrinks.com).

127) Virgin Drinks' continued interest in finding the right partner for the distribution and sale of Virgin Drinks beverages is clearly shown in **Exhibit "26"**. The information contained on the website at [www.virgindrinks.com](http://www.virgindrinks.com) is representative of the information that has been accessible to Canadians during the three year period preceding the section 45 notice.

[13] This leads me to discuss the evidence introduced by Mr. Hobbs with respect to Canadian sales of Virgin Drinks beverages through channels other than the franchise model, in particular through the Virgin Megastore in Vancouver, and Virgin Atlantic.

[14] Mr. Hobbs states that the Virgin Megastore in Vancouver, which was open from 1999 until September 2005, "had a Virgin Café where food and beverages were sold to consumers"; he files a photograph of the Virgin Café [Exhibit "29"]. I should remark that the operation of Virgin Megastores in general is discussed from paragraphs 21 through 26 of Mr. Hobbs' affidavit. However, I agree with the Requesting Party that these paragraphs do not contain any evidence that would allow me to conclude that sales of beverages bearing the Virgin Mark occurred in Canada. Further, even if I accept the Hobbs affidavit as evidencing the operation of a Virgin Café in the Vancouver Megastore, it is noteworthy that Mr. Hobbs does not state that the beverages sold in the Virgin Café bore the Virgin Mark or that these beverages were the Registered Wares. In light of the extent of the information provided in the Hobbs affidavit, it seems to me that if any of the beverages sold until September 2005 in the Virgin Café were the Registered Wares and were sold under the Virgin Mark, little efforts would have been required to provide a clear statement and examples of such use. Altogether, I consider the evidence with respect to the beverages sold in the Virgin Café as ambiguous and I must interpret such ambiguities against the Registrant.

[15] Mr. Hobbs also states that "Virgin Cola, Diet Cola and V-Mix ranges have been made available and continue to be made available to passengers on the flights of Virgin Atlantic". The operation of Virgin Atlantic is discussed from paragraphs 36 through 43 of the Hobbs affidavit. At paragraph 130 of his affidavit, Mr. Hobbs reiterates that Virgin Atlantic added a Canadian route in the summer of 2001, and that for a few months there were regular flights between London and Toronto. However, these flights were discontinued "as a result of the severe

financial and operational impact of the 9/11 tragedy on the global airline industry”. Thus, the evidence clearly establishes that Virgin Atlantic’s Canadian route was discontinued in 2001, well before the Relevant Period.

[16] I shall now turn to the Registrant’s submissions with respect to the relevance of the evidence that Virgin Group’s “activity in the beverage industry” has been expanded to the sales of “VIRGIN branded wines”. I should remark that the Registrant’s submissions are based on the premise that the Canadian edition of *Webster’s Encyclopedic Dictionary* defines “wine” as “a drink made of the fermented juice of grapes” or “a beverage prepared from fermented plant or fruit juice”. Before addressing the Registrant’s submissions, I will summarize the evidence of sales of wine in Canada under the name Virgin Vines through Virgin Wine Online Limited, a licensee of the Virgin Mark.

[17] Mr. Hobbs deposes that Virgin Vines branded wines were featured at the Ottawa Wine Show and at the Toronto Gourmet Wine and Food Show held in November 2006. Subsequent to these events, Virgin Vines branded wines were sold in Canada through the Liquor Control Board of Ontario. Virgin Vines sold over 1,000 cases of Virgin branded wines in Canada in December 2006 and over 6,000 cases in 2007. Mr. Hobbs appends to his affidavit [Exhibit “33”] a copy of a photograph “showing a representative bottle of Virgin Vines branded wine, representative of the kind of products that have been sold in Canada in 2006 and 2007”.

[18] In its written representations, the Registrant submits that the evidence of use of the Virgin Mark in association with wines shows the Registrant’s continuing interest in the beverage industry. As I understand the Registrant’s submissions, it contends that the sales of wines show a continuing interest in the “beverage industry” because wine is a beverage. In oral representations, the Registrant added to its submissions when its agent argued that because fruit juice is an ingredient of wine, a broad interpretation of the Registered Wares must lead me to conclude that the registrations should be maintained. In support of her representations, the Registrant’s agent relied on the decisions *Sim & McBurney v. Rider Travel Group Inc.* (2001), 15 C.P.R. (4th) 403 (T.M.O.B.), *Molson Canada v. Kasierton-Privatbrauerei Bamberg Wörner KG.* (2005), 43 C.P.R. (4th) 313 (T.M.O.B.) and *ConAgra Foods, Inc. v. Fetherstonaugh & Co.* (2002), 23 C.P.R. (4th) 542 (F.C.T.D.) [*ConAgra*]. Not surprisingly, the Requesting Party’s

agent disagreed. The oral representations of the Requesting Party's agent may be summarized by his blunt statement: "I would give fruit juice to my kid. I would not give wine to my kid."

[19] Although I do not disagree with the Registrant's submissions that the statement of wares in the aforementioned cases were either interpreted broadly or generously, each case has to be decided upon its own merits. For one thing, the cases referred to by the Registrant are distinguishable from the present proceedings. Also, I find the following comments of Justice MacKay in *ConAgra*, in which the strictly botanical sense of the word "fruit" was accepted to maintain the registration, to be of most interest (p. 57):

I agree with ConAgra that a reasonable interpretation of "side dishes of vegetables and fruits", used in the description of the wares subject to the trade-mark in issue would include side dishes of vegetables and corn, or side dishes of vegetables, if corn were not a fruit. That interpretation would avoid expunging a trade-mark, the use of which is established in accord with s. 45(1), solely on the basis of an ambiguous description of the wares subject to trade-mark.  
(My underlining)

[20] I do not find any ambiguity in the statements of wares in the registrations in issue, nor do I believe that it is a reasonable to interpret the Registered Wares as including wines. The Registrant is ultimately asking me to accept that use in Canada of the Virgin Mark in association with wines during the Relevant Period is sufficient to maintain the registration of the Virgin Mark in association with "fruit juices". This is too far of a stretch. "Wines" and "fruit juices" are two different things.

[21] In view of the evidence furnished by the Registrant, I conclude that the trade-marks VIRGIN, VIRGIN Design and VIRGIN & Bottle Design have not been used in Canada during the Relevant Period in association with the wares identified in their corresponding registration.

[22] I shall now turn to the Registrant's alternate submissions that there are special circumstances to excuse non-use.

[23] The law on determining whether there are special circumstances that would excuse the absence of use of a trade-mark pursuant to s. 45 of the Act was summarized as follows by Hearing Officer Barnett in *Virgin*:



[42] In order to establish special circumstances the registered owner must provide the date when the trade-mark was last in use and the reason for the absence of such use since that date (s. 45(1) of the Act); where the absence of use has not been due to special circumstances that excuse the absence of use, the registration is liable to be expunged or amended accordingly (s. 45(3) of the Act).

[43] The law is well established that three criteria must be considered in assessing whether or not there are circumstances that would excuse non-use; first, the length of time during which the trade-mark has not been used; second, whether the registered owner's reasons for not using its trade-mark were due to circumstances beyond his control; and third, one must find whether there exists a serious intention to shortly resume use (*Registrar of Trade-marks v. Harris Knitting Mills Ltd.*, 4 C.P.R. (3d) 488 (F.C.A.)). For a finding of special circumstances, the second criterion must be satisfied (*Scott Paper Limited v. Smart & Biggar and The Attorney General of Canada* (2008), 65 C.P.R. (4th) 303 (F.C.A.)). This is not to say that the other two criteria are not relevant factors to consider, but just that those factors, in isolation, do not constitute special circumstances.

[24] As previously indicated, Mr. Hobbs explains that Virgin Drinks has been unable to find an appropriate partner through which to bring its Virgin Drinks beverages back to market in Canada due to the unfavourable commercial landscape. Still, the Registrant maintains an interest in pursuing the Canadian market and continues to look for the right business to partner up with. When considering these explanations, I find that the present proceedings are somewhat akin to *Virgin*, in which Hearing Officer Barnett found as follows:

[45] The registrant's reasons for not using its Mark in association with "non-alcoholic beverages...", in my view, have not been adequately described as circumstances beyond their control. Similar to the case of *Ridout & Maybee v. A. Lassonde Inc.* (2003), 28 C.P.R. (4<sup>th</sup>) 559 (T.M.H.O.), where it was argued that the absence of use was due to difficulties in finding suppliers, distributors and licensees, the difficulties encountered by the registrant in the present case in locating a suitable franchise partner in Canada have not been detailed. The registrant has simply described the "commercial landscape" as not being "favourable." Market conditions, absent other factors, have generally not been accepted as a special circumstance [see *Lander Co. Canada v. Alex Macrae & Co.*, 46 C.P.R. (3d) 417 (F.C.T.D.)]. Furthermore, as Mr. Hobb's [*sic*] states in his affidavit that "*Virgin has been focusing its activities on other key territories where conditions are more favourable*", the decision not to use the Mark in Canada for the extended period of five years appears to be a deliberate business decision of the registrant.

[25] I recognize that contrary to *Virgin*, there is no statement in the Hobbs affidavit as to the Registrant focusing its activities on other key territories where conditions were more favourable. In fact, Mr. Hobbs states at paragraphs 145 to 147 of his affidavit:

145) In the meantime, Virgin Drinks continues to consider all requests it receives for partnering up for the distribution and sale of Virgin Drinks beverages in Canada.

146) Canada continues to represent a significant part of the marketing and sales planning of the Virgin Licensees. In fact, Virgin Drinks has shown its intention to remain in the drinks industry not only through the sales of Virgin Drinks beverages in other countries and its intention to resume sales in Canada in the near future but also through the sales and promotion of Virgin Vines branded wines in Canada.

147) The sale of Virgin Vines branded wines in Canada demonstrates the commitment to using the VIRGIN name on products of the same general class as those covered by the VIRGIN Trade-Mark.

[26] However, as previously indicated, I do not accept the sales of Virgin Vines branded wine in Canada as relevant when considering the Registered Wares. It appears as though the decision not to use the Virgin Mark in Canada for a period of six years in association with the Registered Wares was a deliberate business decision of the Registrant.

[27] Additionally, Mr. Hobbs provides collective reasons as special circumstances excusing the absence of use of the Virgin Mark during the Relevant Period in association with the Registered Wares. These reasons, found at paragraph 150 of the affidavit, can be summarized as: (a) the broad range of business and equally diverse range of wares and services associated with the Virgin Mark; (b) the difficult task to maintain the use of the Virgin Mark given the complex structure of the Virgin Group, the extremely broad range of wares and services as well as the diversity of the markets; (c) the famousness of the Virgin Mark; (d) the global reach of the Virgin Mark; (e) global marketing and economic factors; and (f) continuous and extensive direct and spill over advertising in Canada.

[28] When considering the collective reasons, I have no difficulty in adopting in the present proceedings the following findings of Hearing Officer Barnett in *Virgin*:

[46] Now turning to the collective reasons for non-use of the Mark with respect to all of the wares and services in which use has not been shown, the reasons brought forth are either irrelevant to these proceedings or do not support a finding of special circumstances. That a trade-mark might be a “famous mark” with “global reach” does not exempt a trade-mark owner from the requirements of s. 45 of the Act. Rather, the extent to which a trade-mark has been “made known” relates to distinctiveness – a matter not relevant to these proceedings. Furthermore, I am not convinced that a large, global organization, by its very

nature, is unduly precluded or disadvantaged with respect to using its Mark in Canada. The registrant has not advanced, nor am I aware of any case law that would support this finding.

[29] Having regard to the foregoing, it is my view that the Registrant has failed to demonstrate special circumstances that would excuse the absence of use of the trade-marks VIRGIN, VIRGIN Design and VIRGIN & Bottle Design in Canada during the Relevant Period in association with the wares identified in their corresponding registration.

### **Disposition**

[30] In view of the above, and pursuant to the authority delegated to me under s. 63(3) of the Act, registration Nos. TMA553,902, TMA553,903 and TMA573,241 will be expunged in compliance with the provisions of s. 45 of the Act.

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