



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

Citation: 2012 TMOB 233
Date of Decision: 2012-12-03

**IN THE MATTER OF A SECTION 45 PROCEEDING
requested by BCF S.E.N.C.R.L. / BCF LLP against
registration No. TMA478,311 for the trade-mark GB
SELECT in the name of DSM IP Assets B.V.**

[1] On March 16, 2010, at the request of BCF S.E.N.C.R.L. / BCF LLP (the Requesting Party), the Registrar forwarded a notice under section 45 of the *Trade-marks Act*, RSC 1985, c T-13 (the Act) to DSM IP Assets B.V. the registered owner (the Registrant) of registration No. TMA478,311 for the trade-mark GB SELECT (sometimes hereinafter referred to as the Mark).

[2] The Mark is registered in association with the wares “yeast extracts for industrial use”.

[3] Section 45 of the Act requires the registered owner of the trade-mark to show, with respect to each of the wares or services specified in the registration, whether the trade-mark was in use in Canada at any time during 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 use since that date. In this case, the relevant period for showing use is any time between March 16, 2007 and March 16, 2010 (the Relevant Period).

[4] The relevant definition of “use” in the instant case is set out in subsection 4(1) of the Act:

4. (1) A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in

any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.

[5] In response to the Registrar's notice, the Registrant filed an affidavit of Ralph Leon Marie Oscar Thomas, together with Exhibits "A" to "D", sworn October 12, 2010. Both parties filed written representations and attended an oral hearing.

[6] It is well established that the purpose and scope of section 45 of the Act is to provide a simple, summary and expeditious procedure for removing deadwood from the register and as such, the threshold test is quite low. As stated by Mr. Justice Russell in *Uvex Toko Canada Ltd v Performance Apparel Corp* (2004), 31 CPR (4th) 270:

68. [...] We know that the purpose of s. 45 proceedings is to clean up the "dead wood" on the register. We know that the mere assertion by the owner that the trade mark is in use is not sufficient and that the owner must "show" how, when and where it is being used. We need sufficient evidence to be able to form an opinion under s. 45 and apply that provision. At the same time, we need to maintain a sense of proportion and avoid evidentiary overkill. We also know that the type of evidence required will vary somewhat from case to case, depending upon a range of factors such as the trade mark owners business and merchandising practices.

[7] I will now turn to the evidence introduced by the Registrant.

[8] Mr. Thomas identifies himself as a Trade-mark Attorney employed by the Registrant, whose principal office and place of business is located in The Netherlands. Mr. Thomas states that he has occupied this position since October 2002. As such, he states that he has personal knowledge of the facts contained in his affidavit. [paragraph 1 of his affidavit]

[9] Mr. Thomas states that in his role as trade-mark attorney, he is responsible for managing a portion of the trade-mark portfolio of the Registrant, which includes the Mark. He explains that the Registrant is a wholly-owned subsidiary of Royal DSM N.V. (hereinafter DSM). The role of the Registrant is to manage the trade-mark portfolio of DSM and DSM's other subsidiaries, such as DSM Food Specialties B.V. (hereinafter DSM Food Specialties). He further states that as such, he has access to and is familiar with the history, marketing, and sales of DSM Food Specialties' yeast extract products, including those sold in association with the Mark. [paragraph 2 of his affidavit]

[10] Concerning more particularly the Mark, Mr. Thomas states that pursuant to an oral license agreement between the Registrant and DSM Food Specialties, DSM Food Specialties is licensed to use all of the Registrant's trade-marks, including the Mark, in association with the manufacture and sale of a variety of products. Mr. Thomas states that under this license agreement, the Registrant "has direct and indirect control" of the character and quality of the products manufactured and sold by DSM Food Specialties under the license. He further states that the license also grants to DSM Food Specialties the right to sub-license its rights to others and that DSM Food Specialties has sublicensed its rights to its Canadian distributor, Dempsey Corporation (hereinafter Dempsey), under the same terms as the license between the Registrant and DSM Food Specialties. [paragraphs 3 and 4 of his affidavit]

[11] Mr. Thomas then provides some background information on DSM and DSM Food Specialties. He explains, among others, that DSM Food Specialties is a leading global manufacturer of food enzymes, cultures, yeast extracts and other specialty ingredients for the food and beverage industries. [paragraphs 5 to 7 of his affidavit]

[12] Concerning more particularly DSM Food Specialties' yeast extracts, Mr. Thomas explains that yeast extracts are recognized as a natural and effective means of enhancing flavour in a variety of foods, and are one of DSM Food Specialties' key ingredient products. He attaches as Exhibit "A" a list of DSM Food Specialties' customers that have purchased GB SELECT yeast extracts. He further explains that the yeast extracts developed, manufactured and sold by DSM Food Specialties in association with the Mark are tailored according to their customers' specific flavouring requirements. As a result, he states that DSM Food Specialties' yeast extracts are found in a wide variety of products such as sauces, soups, snacks and meats with flavouring such as beef, chicken, and pork, with roast and boiled taste options also available. [paragraphs 7 to 9 of his affidavit]

[13] Mr. Thomas explains that the yeast extracts that have been developed and manufactured by DSM Food Specialties for use by its customers in their food manufacturing processes, are then sold to them in bulk quantities in a variety of forms. Yeast extracts sold in powder form are sold in bags or bag-in-box packaging in quantities between 44-55 lbs, depending on the product density, while yeast extracts sold in paste or liquid form are sold in buckets. Mr. Thomas further

explains that each packaging unit has a label indicating the trade-mark of the product, such as the Mark. [paragraphs 10 and 11 of his affidavit]

[14] Mr. Thomas explains that DSM Food Specialties' authorized distributors are responsible for ensuring customers' supply needs are met. They are also responsible for holding stock, dealing with customer calls, and for some local marketing of DSM Food Specialties products. Mr. Thomas explains that while some food products are manufactured year round, others are produced only occasionally and for short runs depending on consumer market demand. As a result, it is typical for DSM Food Specialties' customized ingredient solutions such as yeast extracts to be sold to its customers over shorter periods of time with several months or years between orders. Consequently, it is not unusual for a single sale to take place with the space of one or more years. [paragraph 12 of his affidavit]

[15] Mr. Thomas then turns to DSM Food Specialties' operations and sales in Canada. He states that Canadian customers of DSM Food Specialties include Baxters Canada Inc. He also states that DSM Food Specialties uses Dempsey as its distributor. He explains that Dempsey is located in Toronto and is a global company providing sales, logistics and customer support for industrial and food products. He attaches as Exhibit "B" a bill of lading dated February 15, 2010, showing a 55 pound shipment of yeast extracts to Baxters Canada in association with the Mark. He further provides the estimated sales in Canada of DSM Food Specialties' yeast extracts for industrial use for the Relevant Period, which amount to approximately \$600,000 CAD, of which \$108,000 CAD were GB SELECT products. [paragraphs 13 to 15 of his affidavit]

[16] Mr. Thomas then turns to the marketing and advertising of GB SELECT products. He explains that DSM Food Specialties' products are marketed and advertised across Canada by DSM Food Specialties and Dempsey through industry publications and promotional materials such as brochures. He attaches as Exhibits "C" and "D" brochures which are representative of the type which were distributed in Canada by DSM Food Specialties to its Canadian customers during the Relevant Period. [paragraph 16 of his affidavit]

[17] Mr. Thomas further explains that in 2009, DSM Food Specialties in conjunction with Dempsey held a training event for DSM Food Specialties Canadian customers, in which technical advice regarding the use of DSM Food Specialties products, including GB SELECT

yeast extracts, was provided to Canadian customers. Also, during the Relevant Period, representatives of DSM Food Specialties attended all Canadian Institute of Food Science and Technology (CIFST) Table Top Exhibitions in Vancouver, Toronto, and Montreal, in order to promote DSM Food Specialties products, including GB SELECT yeast extracts. [paragraphs 17 and 18 of his affidavit]

[18] Mr. Thomas then concludes his affidavit stating that the Mark remains an important trade-mark of DSM Food Specialties' food ingredient business. He states that the yeast extracts sold in association with the Mark are a key element in the success of both DSM Food Specialties and its customers. [paragraph 19 of his affidavit]

[19] The Requesting Party argues that the Registrant has not evidenced use of the Mark in Canada in association with the registered wares during the Relevant Period for three main reasons, which are addressed in turn below.

Licensed use of the Mark in Canada

[20] The Requesting Party argues that use of the Mark in Canada by the Registrant's licensee DSM Food Specialties and sub-licensee/distributor Dempsey does not inure to the benefit of the Registrant pursuant to section 50(1) of the Act. I disagree for the following reasons.

[21] First, I agree with the Registrant that Mr. Thomas is well qualified to speak to the Registrant's use of the Mark in Canada. As indicated above, Mr. Thomas has clearly stated in the introductory paragraphs of his affidavit that in his role as Trade-mark Attorney employed by the Registrant, he is responsible for managing a portion of the trade-mark portfolio of the Registrant, which includes the Mark, and that he has personal knowledge of the facts contained in his affidavit. More particularly, Mr. Thomas has explained that the role of the Registrant is to manage the trade-mark portfolio of DSM and DSM's other subsidiaries, such as DSM Food Specialties, and that, as such, he has access to and is familiar with the history, marketing, and sales of DSM Food Specialties' yeast extract products, including those sold in association with the Mark. Mr. Thomas has clearly stated that pursuant to an oral license agreement between the Registrant and DSM Food Specialties, DSM Food Specialties is licensed to use all of the Registrant's trade-marks, including the Mark, in association with the manufacture and sale of a

variety of products and that pursuant to such license, the Registrant has direct and indirect control of the character and quality of the products manufactured and sold by DSM Food Specialties under the license. The fact that such license is oral rather than written and that Mr. Thomas does not specify whether or not he was personally present when such license was originally granted does not preclude Mr. Thomas from attesting to the existence of such license, especially in view of his role and responsibilities within the Registrant company. As reminded by Mr. Chief Justice Lutfy in *Eva Gabor International Ltd v 1459243 Ontario Inc*, 2011 FC 18, requiring registrants to submit affidavits from several employees involved in the use of a trademark, in addition to that of the owner, would not be in keeping with the public interest purpose of section 45, or consistent with the low threshold to establish use, not to mention that the Requesting Party elected not to cross-examine Mr. Thomas on his affidavit. Transposing the comments of Senior Hearing Officer Savard in *Pitblado Buchwald Asper v Hockey Ventures Inc* (2002), 25 CPR (4th) 71 (TMOB), I have no reason think that Mr. Thomas does not have personal knowledge of the facts stated in his affidavit or that he did not review the business files of the Registrant.

[22] Second, I agree with the Registrant that for the purpose of a section 45 proceeding, the Registrant need only provide a clear sworn statement as to the control exercised pursuant to the license agreement; details as to the manner in which that control is exercised need not be included. What is required by section 50 of the Act is that “the owner has, under the license, direct or indirect control of the character or quality of the wares and services”. In the instant case, there is no evidence establishing that the Registrant did not exercise, either directly or indirectly, control over the character or quality of the wares. To the contrary, Mr. Thomas has expressly attested to the fact that the Registrant has direct and indirect control of the character and quality of the wares manufactured and sold by DSM Food Specialties under the license, which testimony has not been challenged by cross-examination. Again, I have no reason not to accept Mr. Thomas’ statements at face value. As a result, I am prepared to find that use of the Mark by DSM Food Specialties inures to the benefit of the Registrant pursuant to section 50(1) of the Act. A parallel can be made between the instant case and the decision in *Quarry Corp Ltd v Bacardi & Co Ltd* (1996), 72 CPR (3d) 25 (FCTD) at p 29, wherein it was held that:

The appellant's evidence concerning its licensee is brief but, in my opinion, reliable. It is not contested that use by a licensee will enure to the benefit of the trade-mark owner. The Cantu affidavit states that the appellant "has a license with Casa Cuervo, S.A. de C.V." and that the products produced by the licensee "are subject to the quality standards" of the appellant. This statement is evidence and more than a mere allegation. [underlining mine]

as well as with the decisions in *Pitblado, supra*, at p 8; *Bereskin & Parr v Movenpick-Holding* (2008), 69 CPR (4th) 243 (TMOB) at pp 249-250; and *Smart & Biggar v Vincenzo Greco & Giuseppina Greco a Partnership*, (2010) TMOB 116 at para 15; among others, wherein it was held that for the purpose of a section 45 proceeding, if there is mention of a licence and there is a statement in the affidavit that the owner has control of the character and quality of the wares, the use is considered to be in compliance with section 50(1) of the Act.

[23] Third, I agree with the Registrant that as far as use of the Mark by DSM Food Specialties' Canadian distributor Dempsey is concerned, it is established law that use of a trade-mark by a distributor accrues to the registrant regardless of any licensing agreement with the distributor [see *Manhattan Industries Inc v Princeton Manufacturing Ltd* (1971), 4 CPR (2d) 6 (FCTD) at 16-17; and *Osler, Hoskin & Hartcourt v US Tobacco Co* (1997), 77 CPR (3d) 475 (FCTD) at 484-5].

Bill of lading filed as Exhibit "B"

[24] The Requesting Party argues that the bill of lading filed as Exhibit "B" to the Thomas affidavit is inadmissible hearsay because the affiant is an employee of the Registrant, and as such cannot attest to the existence or authenticity of a bill of lading which was created by the Registrant's Canadian distributor, Dempsey. The Requesting Party argues in the alternative, that if the bill of lading is admissible, it does not prove use of the Mark in association with the registered wares because the bill of lading refers to "GB SELECT CHICKEN BROTH". The Requesting Party also argues that the bill of lading does not evidence a sale *per se* of the registered wares but only that a shipment was made from Dempsey to Baxters Canada. The Requesting Party further argues that there is ambiguity in the use of the term "GB SELECT products" in paragraph 15 of the Thomas affidavit. I disagree with the Requesting Party's arguments for the following reasons.

[25] First, the bill of lading has been filed by Mr. Thomas in support of his statement of personal knowledge regarding the sales in Canada of the registered wares bearing the Mark during the Relevant Period. I agree with the Registrant that a parallel can be made between the instant case and the one in *Quarry Corp, supra*, where the respondent in an appeal of a section 45 proceeding argued that an invoice submitted as an exhibit to the affidavit of the registrant's affiant was inadmissible hearsay because it was produced by the registrant's affiant and not by the distributor or purchaser. The Court, however, held that this evidence was admissible because the invoice was produced in support of the deponent's statement of personal knowledge regarding the wares bearing the trade-mark in Canada. Similarly in *Eva Gabor, supra*, the Court held that the registrant's affiant could attest to the existence and nature of the registrant's promotional flyers for the purpose of demonstrating use, despite the fact that the affiant was not personally involved with the insertion of these flyers into the registrant's packaging.

[26] Second, I agree with the Registrant that it can reasonably be inferred that the reference to "GB SELECT CHICKEN BROTH 55LB" (my underlining) in the bill of lading pertains to a particular flavour of yeast extract sold in powder form by the Registrant in association with the Mark. Indeed, Mr. Thomas has clearly attested to the fact that the Registrant's GB SELECT yeast extracts are tailored to the customers' specific needs with specific flavours such as beef, chicken, and pork. He has further explained that the majority of DSM Food Specialties' yeast extract products are sold in powder form in bags or bag-in-box packaging in quantities of between 44-55lbs, depending on the product density.

[27] Third, while I find merit to the Requesting Party's argument that the bill of lading filed as Exhibit "B" does not evidence a sale *per se* of the registered wares but only that a shipment of such wares was made from Dempsey to Baxters Canada, located in St-Hyacinthe, province of Quebec, I am prepared to infer, based on a fair reading of the Thomas affidavit as a whole, that such shipment was made following a sale of the registered wares made on either the same date as the bill of lading dated February 15, 2010, or prior to that date, but still within the Relevant Period. Indeed, Mr. Thomas has clearly attested to the fact that sales in Canada of DSM Food Specialties' yeast extracts for industrial use for the Relevant Period were approximately \$600,000 CAD, of which \$108,000 were GB SELECT products. Mr. Thomas has also explained

DSM Food Specialties' normal course of trade and the role and responsibilities accruing to DSM Food Specialties' distributors. I further note that evidence in the form of bills of lading has been accepted by this Board in *NutraGenics Inc v Laurentian Laboratories Inc* (1997), 75 CPR (3d) 525 (TMOB), as showing sales and shipments of wares.

[28] Fourth, I agree with the Registrant that the use of the term "GB SELECT products" in paragraph 15 of the Thomas affidavit can reasonably be understood as a reference to the registered wares. Again, the Thomas affidavit must be considered in its entirety. Furthermore, paragraph 15 of the Thomas affidavit states that the "products" sold in association with the Mark were a subset of the \$600,000CAD worth of yeast extracts for industrial use sold by the Registrant during the Relevant Period.

Advertising and promotional material

[29] The Requesting Party argues that use of the promotional brochures included in Exhibits "C" and "D" to the Thomas affidavit do not constitute use *per se* of the Mark under section 4 of the Act. This is true. However, I find that it does support to some extent Mr. Thomas' assertions with respect to the use of the Mark in association with the registered wares in Canada during the Relevant Period. Indeed, the brochures bear a 2009 copyright date and describe DSM Food Specialties' yeast extract-based products, among which are the ones sold under the Mark.

Disposition

[30] Having regard to the evidence as a whole, and keeping in mind the purpose and scope of section 45 of the Act, I am satisfied that the Registrant has evidenced use of the Mark in association with the registered wares during the Relevant Period. Mr. Thomas' assertions of use of the Mark go beyond bald assertions of use as "matters of law" [see *Mantha & Associés/Associates v Central Transport, Inc* (1995), 64 CPR (3d) 354 (FCA)] and are sufficient to establish that the Mark is not "deadwood" in Canada.

[31] Pursuant to the authority delegated to me under section 63(3) of the Act, the registration

will be maintained in compliance with the provisions of section 45 of the Act.

Annie Robitaille
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office