



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

Citation: 2014 TMOB 138
Date of Decision: 2014-06-30

IN THE MATTER OF TWO OPPOSITIONS by Movenpick-Holding AG to application Nos. 1,240,090 and 1,240,080 for the trade-marks RICHTREE MARKET RESTAURANTS & Tree Design and RICHTREE RESTAURANT DU MARCHÉ & Tree Design, respectively, in the name of Richtree Market Restaurants Inc./ Richtree Restaurants du Marche Inc.

APPLICATION No. 1,240,090 - RICHTREE MARKET RESTAURANTS & Tree Design

FILE RECORD

[1] On December 14, 2004, Richtree Markets Inc. filed an application to register the trade mark RICHTREE MARKET RESTAURANTS & Tree Design, illustrated below, based on use of the mark since at least as early as December 1, 2004, in association with “restaurant, catering and take-out services; franchising and training services and seminars.”



The application was later amended to delete the second set of services concerned with franchising. Thus, the services covered by the application of record are restricted to:

restaurant, catering and take-out services

[2] The Examination Section of the Canadian Intellectual Property Office (under whose aegis this Board also operates) initially raised some objections to the mark, however, that procedural history has no relevancy in this opposition proceeding.

[3] The subject application was advertised for opposition purposes in the *Trade-marks Journal* issue dated December 7, 2007 and was opposed by Movenpick-Holding on January 12, 2006. The Registrar forwarded a copy of the statement of opposition to the applicant on January 31, 2006, as required by s.38(5) of the *Trade-marks Act*, R.S.C. 1985, c. T-13. The applicant responded by filing and serving a counter statement generally denying the allegations in the statement of opposition.

[4] By letter dated February 8, 2012, the applicant requested leave to amend the application to claim “January 2005,” rather than December 1, 2004, as the date of first use of the applied-for mark. The request was withdrawn the next day, on February 9, 2012. Of course, the request in any event would have been refused as contrary to s.32(b) of the *Trade-marks Regulations*. I would add that there is no impropriety in an applicant, for greater certainty, claiming a slightly later date of first use than the actual date of first use.

[5] Since the date of filing, that is, December 14, 2004, there were changes in the ownership of the subject applications, eventually vesting in the present applicant of record namely, Richtree Market Restaurants Inc./ Richtree Restaurants du Marche Inc. (“New Richtree”). During the course of these proceedings the opponent changed its name to Movenpick-Holding AG; the statement of opposition was amended several times; and the counterstatement was amended as well.

[6] The opponent filed as its evidence the affidavits of Michael S. Mulvey; the statutory declaration of Robert Staub; and the affidavit of Ahmad Abou-Nassif. The affidavit of Afzal Hamid was subsequently filed in substitution for the statutory

declaration of Robert Staub: see the Board ruling dated July 28, 2010. The opponent requested, and was granted leave, to file the affidavit of Lisa Nicole Rausch as additional evidence pursuant to s.44(1) of the *Trade-marks Regulations*: see the Board ruling dated September 9, 2010. The applicant's evidence consists of the affidavits of Matthew Williams; Ruth Corbin; Lynda Palmer; Bernard Schober; and James Meadway.

[7] Messrs. Mulvey, Hamid and Williams were cross-examined on their affidavit testimony. Their transcripts of cross-examination, exhibits thereto and replies to undertakings and questions taken under advisement form part of the evidence of record.

[8] Both parties filed written arguments and both were represented at an oral hearing held on June 12, 2014.

STATEMENT OF OPPOSITION

[9] As mentioned earlier, the statement of opposition was amended several times; the last amended statement of opposition is dated June 5, 2013. It was filed late in the proceedings, that is, after the parties had submitted their written arguments. Generally, and in the instant case, statements of opposition allege what may be described, albeit rather loosely, as (1) "technical grounds" having to do with whether the application complies with the content requirements of s.30 of the *Trade-marks Act*, and (2) "substantive grounds" having to do with whether the applied-for mark is confusing with the opponent's marks. In the instant case, the last amended statement of opposition deleted the substantive grounds.

Pleadings

[10] The opponent pleads that it is the owner of the registered word marks and trade-names MARCHÉ and MARCHÉLINO, as well as the registered logo marks, shown below, used in association with the operation of restaurants:



The opponent collectively refers to the above-mentioned marks as its “MARCHÉ trademarks” and I will do likewise.

[11] I note that the above logos were expunged from the register of trade-marks in September 2012, May 2012 and October 2013 (left to right, respectively), for reasons of non-use. I further note that the opponent’s word mark MARCHÉLINO was expunged for the same reason in August 2013.

Grounds of Opposition

Section 30(a) – are the services stated in ordinary commercial terms?

[12] The first ground of opposition alleges that the subject application does not contain a statement in ordinary commercial terms of the specific services in association with which the applied-for mark RICHTREE MARKET RESTAURANTS & Tree Design has been used.

Section 30(b) - was the mark in fact used since the date claimed in the application?

[13] The second ground alleges that (i) the applicant has admitted, by virtue of its February 8, 2012 request for leave to amend the application (see para. 4, above), that the applicant did not in fact use the mark since the date of first use claimed in the application, and (ii) the applied-for mark was in fact never used in Canada.

Section 30(e) - the application does not contain a statement that the applicant intends to use the applied-for mark

[14] The third ground essentially alleges that the subject application should have been based on proposed use in Canada rather than on prior use in Canada. In my view, the third ground is improperly pleaded because (i) s.30(e) applies only to proposed use applications and (ii) it is in any event superfluous because, as pleaded, it is not an

independent ground of opposition but succeeds or fails with the second branch of the second ground (see para.13, above). The third ground is therefore rejected.

Section 30(i) – was the applicant satisfied that it was entitled to use the applied-for mark in Canada?

[15] There are two branches to the last ground of opposition:

(i) breach of contractual obligations

The opponent alleges that it was improper and inappropriate for the original applicant to declare that it was entitled to use the applied-for mark RICHTREE MARKET RESTAURANTS & Tree Design. In this regard, the opponent alleges that the original applicant, as a former licensee of the opponent, was subject to restrictive covenants which prevented the applicant from using “any MARCHÉ trade-marks in any manner calculated to represent that it is the owner of the Marks . . . or . . . attempt any registration thereof or attempt to dilute the value of any goodwill attaching to the MARCHÉ trade-marks.” The opponent alleges that the original applicant could not have filed the application in good faith in view of the original applicant’s contractual obligations to the opponent.

(ii) depreciation of goodwill

[16] The opponent alleges that the original applicant could not have been satisfied that it was entitled to use the applied-for mark because such use was likely to have the effect of depreciating the goodwill attaching to the opponent’s MARCHÉ trade-marks.

[17] I will address the three remaining grounds of opposition in the order in which they are pleaded. However, before doing so, I will first review the evidence of record, the evidential burden on the opponent, and the legal onus on the applicant.

OPPONENT'S EVIDENCE

Afzal Hamid

Affidavit Testimony

[18] Mr. Hamid identifies himself as an employee of Marché Restaurants Canada Ltd. ("Marché Restaurants"). Marché Restaurants is a licensee of the opponent, which is itself a wholly owned subsidiary of the Movenpick Group of companies. Mr. Hamid has financial and operational authority of over 50 employees at three retail locations in Toronto which operate under the mark MARCHÉ.

[19] From 1999 to 2005, Mr. Hamid was an employee of the present applicant's predecessor, that is, the original applicant who was at that time a licensee of the opponent Movenpick.

[20] The opponent is an international restaurant and hotel chain based in Switzerland that employs about 13,600 people worldwide. In Canada, the opponent operates "restaurant related services, food concept businesses, including the sale of food products, bakery, related beverage and consumer goods" under its MARCHÉ trade-marks. The opponent owns trade-mark registrations for its MARCHÉ trade-marks worldwide (locations listed in Exhibit A of Mr. Hamid's affidavit).

[21] The opponent began restaurant operations in Canada, in Toronto, in 1992. As of 2004, there were 10 MARCHÉ restaurants operating in Canada, including Montreal and Ottawa locations. The total investment for "developing the concepts, and layouts exceeded \$6.0 million . . ." Sales of the opponent's services in Canada averaged \$49.5 million annually for the seven year period 1998 – 2004, with a high of \$64.3 million in the year 2000 and a low of \$31.1 million in 1998.

[22] Mr. Hamid evidences acquired distinctiveness for the opponent's MARCHÉ trade-marks in paragraph 17 of his affidavit, shown below:

Based on a review of Movenpick's corporate records, the MARCHE Trade-marks and Services are recognized in Canada for an enjoyable and unique food experience. The MARCHÉ brands, products and associated MARCHÉ

Services are well recognized. Tangible results of the brand equity and recognition in the marketplace include the Toronto MARCHÉ was voted "Best Restaurant" for 2003 by readers of the "Now magazine" in the publication's ninth annual "Best of Toronto" poll. In addition, the "WHERE" magazine in Toronto awarded its "Best International Restaurant" distinction to Movenpick's Toronto MARCHÉ restaurant.

[23] The opponent's MARCHÉ trade-marks are used on signage at its retail locations and on its website.

[24] Mr. Hamid testifies that the applicant and the opponent, through predecessors, entered into a Franchise Agreement and a Licence Agreement (Exhibits C and D, respectively) in December 1996. The pertinent terms in each agreement are presented in para. 22 of Mr. Hamid's affidavit, shown below:

- a. Neither Master Franchisor/Licensee shall use the Marks in any manner calculated to represent that it is the owner of the Marks. Neither during the term of this agreement nor at any time after termination hereof shall Master Franchisor/Licensee, either directly or indirectly, dispute or contest the validity or enforceability of the Marks, attempt any registration thereof or attempt to dilute the value of any goodwill attaching to the Marks.
- b. At its expiry, the Master Franchisor/Licensee shall change its corporate name to another name which does not include any of the Marks and which is not a name that is confusingly similar with any of the Marks.
- c. All covenants of a party which, either expressly or by their nature, survive the expiry or termination of these agreements, or which are to be performed or observed by a party after termination or expiry of these agreements shall continue in effect after such termination or expiry for the benefit of the other parties.

[25] In September 2004 the original applicant "Old Richtree" sought a new license agreement to use the MARCHÉ trade-marks, however, the negotiations were not successful and no agreement was entered into by the parties. During the negotiations, Old Richtree wrote to the opponent, on September 2, 2004, as follows (from Exhibit E):

Our second alternative, assuming we were not able[sic] negotiate a new license agreement, was to operate independently of Movenpick – i.e. without a license for the use of your trademarks as we did in the past - but nevertheless to pay a fee for the use of the word "Marché" under license in a new logo distinctive to Richtree. We are of the opinion this materially strengthens your rights opposite all others under your existing registrations. While we would

join the scores of others who use the word "Marché" in the restaurant and food services industry, we would be different because we would be legitimately operating under an agreement and paying for the right. Is there a basis under which you would be prepared to discuss this alternative further with us?

(emphasis added)

[26] In my view, there is nothing prejudicial to the subject application in what appears to be a sensible business proposal by Old Richtree.

Cross-Examination Testimony

[27] It is clear from Mr. Hamid's transcript of cross-examination that he was ill informed concerning much of his affidavit evidence, as well as uncooperative throughout. I am in general agreement with the applicant's assessment of Mr. Hamid's cross-examination found, in part, at paragraphs 109 -111 of the opponent's written argument:

109. At the time he swore his affidavit, Mr. Hamid was employed by the Opponent as Country Controller Canada . . . Mr. Hamid's affidavit was substituted for that of Mr. Staub's . . . [who] . . . was not available for cross-examination . . .

110. It is respectfully submitted that Mr. Hamid was not the best source of the evidence contained in his affidavit and that his affidavit should be given no weight.

111. Mr. Hamid had been employed with the Opponent for less than five (5) months before swearing his affidavit. It was clear during Mr. Hamid's cross-examination that he had virtually no personal knowledge of the statements contained in his affidavit. The affidavit was that of Mr. Staub's and not Mr. Hamid's and was essentially unchanged in its facts. Mr. Hamid had no knowledge of the facts and could not attest to the truth of many of the statements in his affidavit. Furthermore, he was often vague, ambiguous and evasive when responding to questions during his cross-examination.

[28] In view of the foregoing, I have given little weight to Mr. Hamid's affidavit evidence, except for those portions which are clearly based on records kept by the opponent in the usual and ordinary course of business.

[29] I also agree with the opponent's submissions that (i) "many of the statements in Mr. Hamid's affidavit are irrelevant to this opposition" and that (ii) Mr. Hamid is incorrect in stating that a predecessor in title bound the present applicant to the terms of

the Franchise and Licence Agreements referred to above: see Mr. Williams' testimony, summarized at paragraphs 40 - 43, below.

Michael Mulvey

[30] Mr. Mulvey identifies himself as an Assistant Professor of Marketing at the University of Ottawa's Telfer School of Management. In August 2008, at the request of the opponent, he designed and implemented a survey of restaurant-goers in Toronto and Ottawa for the purpose of obtaining information regarding "the reputation and continuing impression of the MARCHÉ trade-mark in Canada."

[31] Mr. Mulvey conducted an online survey with over 6,400 restaurant-goers in the Greater Toronto Area and the National Capital Region. The complete survey report is attached as Exhibit B to his affidavit. His conclusions, stated in paragraph 8 of his affidavit, are a reiteration of his key findings and conclusions found on page 2 of Exhibit B:

The MARCHÉ trade-mark is distinctive, has acquired distinctiveness and achieved secondary meaning in the minds of the relevant public. The MARCHÉ trade-mark is viewed as offering a unique restaurant experience, one that is matched by few competitors in the industry. The consuming public continues to have accurate lingering impressions of the MARCHÉ trade-mark. These results testify to the strength of the MARCHÉ trade-mark and are particularly impressive in light of the fact that the Canadian franchises of MARCHÉ restaurants were closed in 2005. The large sample of category- and brand-users, along with the convergent results of the two-study approach adds support and confidence to this conclusion.

[32] The applicant submits that Dr. Mulvey's conclusions, based on his survey, are not relevant, reliable or valid: see paragraphs 48 – 108 of the opponent's written argument. From my own review of Exhibit B, I find that there is merit to the applicant's objections. The survey appears to be flawed in several respects. In this regard, Dr. Ruth Corbin offers, in her affidavit filed as part of the applicant's evidence, a critical analysis of Dr. Mulvey's survey. Dr. Corbin explains why (i) the sampling in the Mulvey survey was non-random, (ii) questions posed to respondents were ambiguous, and (iii) questions posed to respondents were either leading or misleading, in both cases tending to increase the likelihood of a reply favourable to the opponent.

[33] Dr. Corbin also explains, at paragraphs 45 - 46 of her affidavit, why Dr. Mulvey's survey was not measuring what it was intended to measure:

45. The mandate said that the survey was to be about the perceived characteristics of MARCHE (on its own), and Mr. Mulvey drew inferences that people were talking about his client. However, the survey question actually asked for people's reactions to the entire name MOVENPICK MARCHE. This makes it tautological, inevitable, that anyone who remembered MOVENPICK MARCHE restaurants would have something accurate to say about them. The responses to the question are not in keeping with the mandate at all. The fact that reactions to the word MARCHE were evaluated only in association with the name MOVENPICK casts a bias over the entire data set, and makes it impossible to predict perceptions of the mark MARCHE on its own or in combination with other words.

46. It should be acknowledged that Part 1 of the survey did present the word MARCHE alone, inside a logo design, for purposes of asking a few closed-ended questions. The logo was actually the MOVENPICK MARCHE logo with the name MOVENPICK removed. It was thus a fictitious logo, and not one in which MARCHE has been encountered by the public. Survey answers cannot be used to infer what people would think of the word "rnarche" used in other contexts or accompanied by other words-the responses are irrelevant to the mandate.

[34] The issue of whether Dr. Mulvey's survey tested the mandate given to him was also addressed at the commencement of his cross-examination, at pages 2-3, shown below:

7 Q. Okay. And you didn't test for the word "marché" by itself, did you?

A. The logo used in Part 1 is Restaurant Marche, and so that would be a test of "Marché" without Movenpick. The one on the right would include Movenpick.

8 Q. Certainly, but it is still a logo, as you've called it, a logo using Part 1 of the survey?

A. Yeah, I used - - -

9 Q. Because Marché & Design logo isn't - - -

A. Yeah, I used the "Design" because that's how people encounter it in the marketplace.

10 Q. Right. And so you didn't test for the word "Marché by itself, did you?

A. No, I didn't.

[35] In view of the above, I have difficulty in accepting that Dr. Mulvey conducted a survey having a statistical basis which can be accepted as relevant evidence.

[36] With hindsight, it is apparent that Dr. Mulvey's affidavit was submitted to support the substantive grounds of opposition alleging confusion between the applied-for mark and the opponent's MARCHÉ marks. However, when the statement of opposition was amended to delete the substantive grounds, Dr. Mulvey's evidence became, in any event, less relevant.

Ahmad Abou-Nassif

[37] Mr. Abou-Nassif identifies himself as an articling student employed by the firm representing the opponent. His affidavit serves to introduce the following exhibit material into evidence:

Exhibit A is a certified copy of the file wrapper of the subject trade-mark application No. 1,240,090.

Exhibit B consists of certified copies of the opponent's trade-mark registrations referred to in paragraph 10, above. I note that the certified copies are dated between December 5th and 8th, 2008, that is, prior to four of the marks being expunged (see para. 11, above).

Exhibit C consists of an extract of printouts from the present applicant's website as of April 2008.

Exhibit D is a copy of extracts from a document entitled Canadian Intellectual Property Office – The Wares and Services Manual. The Manual provides applicants with guidance on what wares and services are acceptable to CIPO.

Exhibit E is a Corporation Profile Report. It appears to confirm Mr. Williams' evidence, filed on behalf of the applicant, concerning the amalgamation of companies referred to in paragraph 43, below.

Lisa Nicole Rausch

[38] Ms. Rausch identifies herself as an "assistant" employed by the firm representing the opponent. Her affidavit serves to introduce a single exhibit into evidence, namely, a copy of a cease and desist letter, dated April 27, 2010, from counsel for New Richtree to counsel for the opponent. The letter demands that the opponent stop using the mark NATURAL BAKERY, which the applicant considers to be confusing with its mark THE NATURAL BAKER. I do not consider that Ms. Rausch's evidence has any probative value.

APPLICANT'S EVIDENCE

Matthew Williams

[39] Mr. Williams identifies himself as the President and CEO of Natural Market Restaurants Corp., the parent company of the present applicant New Richtree, a wholly owned subsidiary. Prior to May 17, 2005, Mr. Williams held various positions, including Operations Manager, with the original applicant Old Richtree.

[40] In 2004, as a result of financial difficulties, Old Richtree became insolvent and sought protection under the Companies Creditors Arrangement Act (CCAA). A court order dated October 18, 2004 commenced the CCAA insolvency process.

PriceWaterhouseCoopers was appointed as Interim Receiver

[41] On May 17, 2005, the Court approved the sale of the assets of Old Richtree, from PriceWaterhouseCoopers, to a numbered company 1659382 Ontario Inc. The Approval and Vesting Order stipulated that 1659382 Ontario Inc. obtained the assets of Old Richtree free and clear of any and all rights and claims (with minor exceptions not relevant to this opposition proceeding).

[42] Pursuant to the May 17 Order, PriceWaterhouseCoopers assigned the trade-marks applications which are the subjects of the present opposition proceedings (and other marks) to 1659382 Ontario Inc.

[43] On May 17, 2005, Richtree Market Restaurants Inc. and 1659382 Ontario Inc. amalgamated to form 1660145 Ontario Inc. which operates under the name Richtree Market Restaurants Inc. (“New Richtree”).

[44] Mr. Williams further states that Old Richtree operated a MARCHELINO restaurant in Ottawa but not a MARCHÉ restaurant in Ottawa (which contradicts Mr. Hamid’s testimony).

[45] Prior to June 15, 2004, Old Richtree operated MARCHÉ and MARCHELINO restaurants in Canada under license and franchise agreements with the opponent Movenpick. Those agreements were terminated pursuant to a settlement agreement, dated June 15, 2004, between Old Richtree and the opponent.

[46] Mr. Williams goes on to discuss the use of the applied-for marks by New Richtree, and advertising under the marks. However, those details are not necessary to decide any of the remaining issues raised in the statement of opposition.

Cross-Examination

[47] The opponent submits, quite correctly, that at cross-examination Mr. Williams was unable to respond with any precision to questions dealing with the date of first use of the applied-for mark:

at page 38 of the transcript of cross-examination

150 Q. So from one day to the next, when you went from old Richtree to new Richtree, when the restaurant was taken, you used exactly the same trademarks, for instance?

A. I think with that there was a period of - - there was a period of change. It wasn't - - it was never an overnight thing. It was never expected that it would be an overnight thing, in my understanding. We certainly did work before old Richtree ceased to exist and we continued to do work after new Richtree

emerged. And the process of changing the branding was -- happened over a period of time.

[48] As I understand it, the “period of change” that Mr. Williams referred to began before October 18, 2004, the date on which Old Richtree became insolvent. In this regard, it appears that Old Richtree was making plans to operate without using the opponent’s marks as early as September 2, 2004: see paragraph 25, above.

Documentation concerning the first use of the applied-for RICHTREE MARKET RESTAURANTS & Tree Design mark, provided by way of answers to questions taken under advisement, indicates that Old Richtree was preparing for imminent use of the applied-for marks in November of 2004: see paragraphs 58 - 63, below, for further discussion.

Ruth Corbin

[49] I have discussed aspects of Dr. Corbin’s evidence in paragraphs 32 – 33, above. I do not see that it would serve a worthwhile purpose to discuss her evidence further.

Lynda Palmer

[50] Ms. Palmer identifies herself as a trade-mark searcher. Her affidavit serves to introduce into evidence two searches of the trade-marks register, one for marks comprised of the component MARKET and one for marks comprised of the component MARCHE, for use in association with restaurants, grocery stores, supermarkets, food services and food products. The results of her searches are attached as exhibits to her affidavit. From my inspection of the exhibit material, I conclude that such marks have been commonly adopted and are in general use in the marketplace.

Bernard Schober

[51] Mr. Schober identifies himself as a private investigator. His evidence confirms that there are numerous restaurants, grocery stores and convenience stores with the term “Marché” as part of their name operating in Montreal.

James Meadway

[52] Mr. Meadway identifies himself as an investigator. His evidence confirms that there are numerous restaurants, grocery stores and convenience stores with the term “Market” as part of their name operating in Ontario.

LEGAL ONUS AND EVIDENTIAL BURDEN

[53] As mentioned earlier, before considering the grounds of opposition, I will review (i) the evidential burden on the opponent to support the allegations in the statement of opposition and (ii) the legal onus on the applicant to prove its case.

[54] With respect to (i) above, there is in accordance with the usual rules of evidence, an evidential burden on the opponent to prove the facts inherent in its allegations pleaded in the statement of opposition: see *John Labatt Limited v. The Molson Companies Limited*, 30 CPR (3d) 293 at 298 (FCTD). The presence of an evidential burden on the opponent with respect to a particular issue means that in order for the issue to be considered at all, there must be sufficient evidence from which it could reasonably be concluded that the facts alleged to support that issue exist. With respect to (ii) above, the legal onus is on the applicant to show that the application does not contravene the provisions of the *Trade-marks Act* as alleged by the opponent in the statement of opposition (for those allegations for which the opponent has met its evidential burden). The presence of a legal onus on the applicant means that if a determinate conclusion cannot be reached once all the evidence is in, then the issue must be decided against the applicant.

CONSIDERATION OF THE REMAINING GROUNDS OF OPPOSITION

[55] At the oral hearing, counsel for the opponent chose to only address the grounds of opposition based on s.30(b) and the first branch of the ground under s.30(i), while counsel for the applicant addressed all the grounds based on s.30. It is generally accepted that the material date for considering compliance with s.30 is the date of filing the application, in this case December 14, 2004: see *Georgia-Pacific Corp. v. Scott Paper Ltd.* (1984), 3 CPR (3d) 469 at 475 (TMOB).

Section 30(a) – are the services stated in ordinary commercial terms?

[56] It appears that the opponent was objecting to the services “franchising and training services and seminars” which were included in the subject application as initially filed but which were subsequently deleted. However, the opponent did not amend its statement of opposition to reflect the changes in the application.

[57] There is no evidence of record to suggest that the applied for services, namely, “restaurant, catering and take-out services,” are not stated in ordinary commercial terms. The first ground is therefore rejected for the reason that the opponent has not met its evidential burden to put the allegation into issue.

Section 30(b) - was the mark in fact used since the date claimed in the application?

[58] The ground of opposition based on s.30(b) is found at paragraph 6(b) of the statement of opposition, shown below:

The Application does not conform to the requirements of Section 30(b) because the subject mark had not been in use in Canada in association with the services covered by the Application before the filing of the Application. Therefore, the Application is incorrectly based on use in Canada.

By a request served and filed on February 8, 2012, to change the date of first use of the subject mark to new date of first use which is after the Application filing date, the Applicant admitted that it has not used the subject mark prior the Application filing date.

[59] The opponent submits that the subject application, as initially filed, claims December 1, 2004 as the date of first use but that the applicant subsequently requested leave to amend that date to “January 2005.” From my review of the file record, I note that while the applicant did make such a request on February 8, 2012, the applicant withdrew its request the next day. There is no other evidence of record to suggest that the claimed date of first use is incorrect.

[60] The applicant’s submissions on this issue are found, in part, at paragraph 139 of its written argument:

Apart from the Opponent's letter of February 8, 2012, [i.e., the applicant’s letter requesting leave to amend, relied on by the opponent as evidence] the Opponent has not filed any evidence in support of this allegation. Contrary to

the Opponent's position, the letter of February 8, 2012 was not an admission of any kind. Moreover, the letter does not contain any facts regarding the Applicant's use of the Trade-mark.

I agree with the applicant's above submissions. Neither the letter of February 8 nor February 9 (withdrawing the request) contains any facts regarding the applicant's use of the subject mark.

[61] I recognize that the opponent's evidential burden with respect to a ground of opposition based on s.30(b) is relatively light because the opponent has less access to information than the applicant regarding the date of first use of the applicant's mark. I am also aware that, even if an opponent is unable to adduce any evidence concerning the date of first use, the opponent is not limited to relying only on "clearly inconsistent" evidence adduced by the applicant: see *Corporativo de Marcas GJB, SA de CV v. Bacardi & Company Ltd.*, 2014 FC 323 at paragraphs 30 - 38 (CanLII).

[62] At the oral hearing and in its written argument, counsel for the opponent argued cogently that there is no clear, unequivocal evidence establishing December 1, 2004 as the date of first use of the applied-for mark, either in Mr. Williams' affidavit, or at his cross-examination, or in the documents filed as answers to questions taken under advisement. I agree with the opponent's assessment - there is no clear, unequivocal evidence establishing December 1, 2004 as the date of first use. However, it appears to me that Mr. Williams' testimony, together with the various documents provided as answers to questions taken under advisement, indicate that it is more probable than not that the applied-for mark was in fact used on or before December 1, 2004. In this regard, I have been guided by the approach taken in *Corporativo de Marcas GJB*, above, that all of the pertinent evidence of record is to be assessed, taking into consideration:

its provenance (including its quality and reliability), the absence of evidence that might reasonably be expected to exist, and whether it has been tested on cross-examination and if so, how it fared. Multiple diverse considerations inform the assessment of evidence.

[63] In the instant case, I have no reason to doubt the quality or reliability of Mr. Williams' evidence; the absence of more precise evidence is reasonably expected given

(i) the complex transition from operating as Old Richtree to operating New Richtree and
(ii) the passage of time from December 1, 2004 to November 22, 2011, that is, from the
claimed date of first use for the applied-for mark to the date of Mr. Williams' cross-
examination.

[64] The second ground is therefore rejected.

*Section 30(i) – was the applicant satisfied that it was entitled to use the applied-for mark
in Canada?*

[65] Section 30(i) requires a statement in the application that the applicant is satisfied
that it is entitled to use the applied-for mark in Canada.

[66] Section 30(i) is not a “catch all clause” but it can be used as a ground of
opposition if, for example, fraud or bad faith is alleged on the part of the applicant or if
specific federal statutory provisions prevent the registration of the mark: see, for example
Sapodilla Co. Ltd. v. Bristol-Myers Co. (1974), 15 CPR (2d) 152 (TMOB) at 155 and
Canada Post Corporation v. Registrar of Trade-marks (1991), 40 CPR (3d) 221.

(i) breach of contractual obligations

[67] The opponent alleges that, at the material date December 14, 2004, the original
applicant was acting in bad faith owing to contractual obligations with the opponent. Of
course, the material date December 14, 2004 is prior to the date on which New Richtree
became the owner of the subject application, which occurred on May 17, 2005.
Accordingly, the issue of whether or not New Richtree was encumbered with Old
Richtree's obligations (in my view it was not) is immaterial. The opponent's allegation
relies on the provisions of the Franchise and Licence Agreements, referred to in para. 24,
above, and specifically to paragraph 5.13 of the Master Franchise Agreement (attached as
Exhibit C to Mr. Hamid's affidavit), shown below:

No Permanent Interest in Marks - Neither this agreement nor the operation of
the Restaurants shall in any way give or be deemed to give to Master Franchiser
or Reichert any interest in the marks except for the right to use the Marks in
accordance with the terms and conditions of this agreement, the License
Agreement, the Consumer Products Agreement and any other license agreement

entered into by the parties. Neither Master Franchisor nor Reichert shall use the Marks in any manner calculated to represent that it or he is the owner of the Marks. Neither during the term of this agreement nor at any time after termination hereof shall Master Franchisor or Reichert either directly or indirectly, dispute or contest the validity or enforceability of the Marks, attempt any registration thereof (without the prior written consent of Movel Holdings), or attempt to dilute the value of any goodwill attaching to the Marks. Any goodwill associated with the Marks shall enure[sic] exclusively to the benefit of Movel Holdings.

[68] In my view, the argument that Old Richtree was in breach of contract has no merit because:

(i) there is no evidence to show that Old Richtree used the opponent's marks. Old Richtree was using different marks, that is, the marks which are the subject of these proceedings. Nor is it clear that the opponent is alleging that the applied-for marks are confusing with the opponent's marks. I recognize that Old Richtree used the same "get-up" for its restaurants as the opponent, but that, by itself, is insufficient to find a breach of paragraph 5.13,

(ii) Old Richtree is not contesting any of the opponent's proprietary rights in respect of the opponent's marks nor is it attempting to register them. Old Richtree is attempting to register different marks, that is, the marks which are the subjects of these proceedings,

(iii) there is insufficient evidence to put into issue whether the applicant has attempted "to dilute the value of any goodwill" attaching to the opponent's marks (which is a different issue than whether the applicant has contravened s.22 of the *Trade-marks Act*, discussed at paragraphs 70 – 72, below).

[69] In view of the foregoing, I find that the applicant has met the legal onus on it to demonstrate, on a balance of probabilities, that there is no factual basis to sustain the opponent's allegations. The first branch of the last ground is therefore rejected.

(ii) depreciation of goodwill

[70] The second branch of the last ground of opposition is based on s.22 of the *Trade-marks Act*, shown below:

(1) No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.

(2) In any action in respect of a use of a trade-mark contrary to subsection (1), the court may decline to order the recovery of damages or profits and may permit the defendant to continue to sell wares marked with the trade-mark that were in his possession or under his control at the time notice was given to him that the owner of the registered trade-mark complained of the use of the trade-mark.
(emphasis added)

[71] While this Board permits opponents to plead s.22 as a ground of opposition in conjunction with s.30(i), the Board's jurisdiction to entertain such a ground is an open question: see, for example, *Euromed Restaurant Limited v Trilogy Properties Corporation*, 2012 TMOB 19 at para. 13 (CanLII). The opponent has assumed that it has pleaded a valid ground of opposition, and has omitted to provide legal arguments to support its position. As the burden is on the opponent to substantiate each aspect of its case, in the absence of submissions from the opponent on the issue of jurisdiction I am unable to make a finding that the opponent has pleaded a valid ground of opposition.

[72] Even if the opponent had made convincing arguments on the issue of the Board's jurisdiction, I nevertheless would have found that s.22 does not apply in the instant case. In this regard, the original applicant Old Richtree was not using any of the opponent's registered marks. Old Richtree was using different marks, albeit one integrating the component MARCHÉ. Of course, the only registered mark that the opponent might have relied on is the mark MARCHÉ as the opponent's other registered marks were expunged prior to the material date December 14, 2004.

[73] In view of the foregoing, the second branch of the last ground is rejected.

CONCLUSION

[74] As each ground of opposition has been rejected, the opposition is rejected.

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[75] The second trade-mark which has been applied for, shown below,



is the French equivalent of the trade-mark application discussed above.

[76] The file record for the second opposition parallels the first opposition, discussed above. That is, the issues, evidence, material dates and considerations in the second opposition are entirely analogous to those in the first opposition, with one exception: the second trade-mark which has been applied for contains the component MARCHÉ, while the first application contains the English equivalent MARKET. However, the same considerations that were applied in the first opposition also apply in the second opposition, and the same results follow. Accordingly, the opposition to the second application is rejected.

DISPOSITION

[77] In view of the foregoing, the oppositions to applications Nos. 1,240,090 and 1,240,080 are rejected.

[78] These decisions have been made pursuant to a delegation of authority by the Registrar of Trade-marks under s.63(3) of the *Trade-marks Act*.

Myer Herzig, Member,
Trade-marks Opposition Board
Canadian Intellectual Property Office