

SECTION 45 PROCEEDINGS
TRADE-MARK: DANIEL & DESIGN
REGISTRATION NO.: TMA 354,264

On January 15, 2001, at the request of Cassels Brock & Blackwell LLP, the Registrar forwarded a Section 45 notice to Montorsi Francesco E Figli - S.p.A. ("Montorsi Francesco"), the registered owner of the above-referenced trade-mark registration.

The trade-mark DANIEL & DESIGN (shown below) is registered for use in association with the following wares: San Daniele Ham.



Section 45 of the Trade-marks 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/or services listed on 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 use since that date. The relevant period in this case is between January 15, 1998 and January 15, 2001.

In response to the notice, the affidavit and additional affidavit of Didoné Donato, with exhibits attached, has been furnished. Each party filed written submissions and was represented at the oral hearing.

In his initial affidavit, Mr. Donato indicates that he is the Director of Marketing of Montorsi Francesco. He states that Montorsi Francesco became the owner of the registered trade-mark in December 31, 1994, as a result of the reorganization of the original registered owner and the merger of the surviving corporation of that reorganization.

San Daniele Ham is a regional food specialty from the Friuli-Venezia-Giulia region of Italy. The European Community granted San Daniele Ham certification recognition of Denomination of Protected Origin in 1996. According to Mr. Donato in paragraph 5 of his affidavit, in order to be able to sell San Daniele Ham, one must be a member of the San Daniele Ham Consortium. The San Daniele Ham Consortium was established in 1970 to guarantee the regional integrity of San Daniele Ham and to ensure that the ham was produced according to certain methods and subject to special controls so as to maintain its specific quality. Mr. Donato notes, in paragraph 12, that Montorsi Francesco is a member of the San Daniele Ham Consortium.

In paragraph 8 of his affidavit, Mr. Donato states that Montorsi Francesco has not sold San Daniele Ham in Canada under the registered trade-mark. He contends that Montorsi Francesco's lack of sales in Canada was due to compliance requirements imposed by the Canadian Food Inspection Agency and compliance with an Agreement between the European Community and the

Government of Canada, dated December 14, 1998 (“Agreement”). Such compliance was necessary in order for San Daniele Ham to be exported into Canada.

Mr. Donato states his company began the process of attempting to comply with the import regulations of Canada at the time it acquired the trade-mark. He submits that exportation to Canada could not begin until the facilities of the members of the San Daniele Ham Consortium had been inspected by the Canadian Food Agency. He indicates that visits of various establishments were conducted between September 14 and October 5, 1997 by Dr. Lou Skrinar of the Canadian Food Inspection Agency.

Mr. Donato indicates that his company has made all the necessary changes and adaptations to its facilities required by the Canadian Food Inspection Agency and the Agreement. In paragraph 14 of his affidavit, he adds that all members of the San Daniele Ham Consortium must be in compliance with the Canadian Food Inspection Agency requirements before approval of products of the consortium for export into Canada is given. Mr. Donato notes that to obtain Canadian approval requires passing a certification process which has yet to be completed by the Italian authorities. Mr. Donato states:

To the best of my knowledge, such certification processes have not been completed at this time, nor have all of the members of the San Daniele Ham Consortium been able to bring their facilities into compliance with the requirements of the Canadian Food Inspection Agency.

Thus, Mr. Donato states that Montorsi Francesco has for circumstances beyond its control been

prevented from exporting its San Daniele Ham to Canada under the registered trade-mark.

The second affidavit introduces two exhibits, Exhibit A is a copy of a letter dated May 20, 1994 detailing that negotiations have been underway since 1990 to determine upon what conditions uncooked ham of Italian origin could be accepted for import into Canada. Exhibit B is a circular dated April 12, 2002 unsolicited by his company, from an association of firms operating in the field of meat of any type and which represents the needs and expectations of Italian industrialists before the Government of Italy.

It is clear from the evidence that Montorsi Francesco has not sold San Daniele Ham in Canada under the registered trade-mark. The issue then is whether the non-use has been due to special circumstances that excuse the absence of use.

“Special circumstances” mean circumstances that are unusual, uncommon or exceptional and refer to circumstances affecting the individual registered owner and not necessarily all traders: *John Labatt Ltd. v. Cotton Club Bottling Co.*, 25 C.P.R. (2d) 115. “Special circumstances” are understood in the sense of being peculiar or abnormal and which are a result of the working of some external forces as distinct from the voluntary acts of any individual trader: *Noxzema Chemical Co. of Canada Ltd. v. Sheran Manufacturing Ltd. et al.*, 55 C.P.R. 147. However, “special circumstances” cannot be precisely defined: *Registrar of Trade Marks v. Harris Knitting Mills Ltd.*, 4 C.P.R. (3d) 488 (“*Harris Knitting Mills*”).

The test for special circumstances excusing non-use of a trade-mark was laid out by the Federal Court of Appeal in *Harris Knitting Mills*. There are three considerations. First, the length of time during which the trade-mark has not been in use; second, whether the registered owner's reasons for not using its trade-mark were due to circumstances beyond his or her control; and third, whether there exists a serious intention on the part of the registrant to shortly resume use.

Requesting party's arguments

The requesting party submits that there has been no use of the registered trade-mark in Canada in the twelve years that it has been registered and the current registrant has not used the trade-mark in Canada since having acquired it in December 1994. Concerning the registrant's reason for the absence of use, the requesting party argues that compliance with legal requirements is a necessary component of carrying on a business in Canada and an inability to meet such requirements cannot constitute special circumstances. Further, or in the alternative, it submits that the period of non-use is too long a period to be considered reasonable in the circumstances, particularly so in light of the lack of any documentation showing that all necessary steps are being taken by the registrant to ensure that use of the trade-mark will commence in the near future.

Registrant's arguments

The registrant submits that it is a member of the San Daniele Consortium which holds the right to the product San Daniele Ham; that export of San Daniele Ham under the mark cannot begin until approval of all members of the San Daniele Consortium is granted by the Canadian Agency. Further, specific requirements have been set out with respect to how the process of export will be

certified and such certification process is not in the control of the registrant and has not been completed. The registrant submits that it has shown a serious intention to use the trade-mark in Canada since it has completed all of the changes to its facilities required by the Canadian Food Inspection Agency as well as under the Agreement which changes were extensive, expensive and time consuming.

Analysis

It is clear from the evidence that the current registrant has never used the trade-mark in Canada since the date it acquired it. Consequently, at the date of the Section 45 notice the period of non-use by the current owner amounted to approximately six (6) years namely December 31, 1994 to January 15, 2001. Further, when it filed its evidence on July 3, 2001 and July 2, 2002, the trade-mark still was not in use.

Concerning the reasons for the absence of use, the fact that the San Daniele Ham is a regional food specialty, the place of origin which is protected, and the process of which is controlled by the San Daniele Ham Consortium and the fact that changes to the manner of process were required for compliance with the Canadian government standards as well as the Agreement and the fact that the registrant is not in a position to act independent of the San Daniele Ham Consortium and the San Daniele Ham Consortium is not able to act independent of the Italian government and the Italian government is not able to act independent of the Canadian government, are circumstances that in my view, are beyond the registrant's control.

Concerning steps taken, the evidence shows that steps to export San Daniele Ham into Canada

were taken prior to the date of the Section 45 notice and probably as early as 1994.

In this regard, it can be inferred from the letter of May 1994 (Exhibit A to the second affidavit) from the Italian Embassy to the Consortium, that inquiries by the Consortium concerning the future possible import into Canada of San Daniele Ham had been made. Further, from the fact that the Canadian Food Inspection Agency visited various establishments in Italy engaged in the manufacture of ham between September 14 and October 5, 1997, I think it is reasonable to infer, particularly in view of the number of intermediaries involved, i.e. the Consortium, the Italian Government and the Canadian Government, that steps taken to initiate such visits had started well prior to 1997.

It is clear from the letter dated May 25, 1998 from the Canadian Government addressed to the Italian Government, that several deviations from the European Union and/or Canadian standards were observed during such visits. Although the registrant's facilities were not visited (the registrant had no control which members of the Consortium would be visited), it seems the registrant took all necessary steps so that its facilities would be in compliance with the Canadian government standards and the Agreement. In fact, Mr. Donato clearly confirms that the registrant has made all the necessary changes to its facilities. He explains that the changes have been extensive, expensive and time-consuming. The changes included the restoration of dressing rooms; the restoration of the area in which the fresh hams are received; the restoration of the cells for the first salt and second salt, pre-rest, pressing; the restoration of forwarding department and outer structural interventions.

Mr. Donato does not indicate how long a period it took the registrant to effect all of the changes. However, based on the renovations to be made and on his comments that the changes have been extensive, expensive and time-consuming, I am prepared to infer that the registrant's renovations would have probably commenced in late 1998 or beginning of 1999 and would probably have lasted over a year.

Given that it appears ongoing steps have been taken by the Consortium, the Italian Government, and the registrant prior to the date of the notice in order for San Daniele Ham to be accepted for export into Canada, and taking into consideration that several intermediaries are involved which lengthens the process, and considering that expensive and extensive changes have been made by the registrant to its facilities, I conclude that the registrant has shown that it has a serious intention to commence using the trade-mark in Canada in the nearest possible future.

Considering all of the above, the fact that Mr. Donato has stated that all members of the San Daniele Ham Consortium must be in compliance with the requirements of the Canadian government and the Agreement and that a certification process must be set up by the Italian government and approved by the Italian government before export to Canada can commence, it is my view that the period of non-use in the present case is not unreasonable. I would add that the present case is clearly distinguishable from the case law relied upon by the requesting party. For example, unlike the registrant in *Sim & McdBurney v. Renault*, 13 C.P.R. (4th) 573, the registrant here has made changes to its facilities prior to the date of the Section 45 notice in order to

comply with the requirements of the Canadian government. As for the case *Robic, Robic & Associates v. South African Co-operative Citrus Exchange Ltd.*, 44 C.P.R. (3d) 530, in that case the registrant was unable to provide the reason for the absence of use during the three-years prior to the trade sanctions imposed upon South Africa. Here, the registrant has always been barred from exporting San Daniele Ham to Canada.

The requesting party also relied on the decision in *Consorzio del Prosciutto di Parma v. Maple Leaf Meats Inc.*, 18 C.P.R. (4th) 414 (F.C.A.), wherein the Trial Judge stated the following with respect to the importation of PARMA ham (ham of Italian origin) into Canada "The Canadian government expressed some health concerns, but later allowed the Consorzio's product to be imported into Canada. Sales in Canada commenced in 1997". The requesting party argued that if the PARMA ham is no longer barred then it follows that if the San Daniele Ham Consortium had taken all necessary steps to comply with the Canadian Government regulations, its product could similarly have been granted approval for export to Canada. However, the fact that the Canadian government has allowed the importation into Canada of PARMA ham has no bearing on the present case as we have no evidence that the steps that were required to be taken regarding the PARMA ham were identical to the steps required to be taken in this case. Further, as pointed out by counsel for the registrant, from that decision it appears that the owner of the PARMA trade-mark was the Consortium itself and not an individual member as in this case. Therefore, in that case there was one less "intermediary" to deal with.

Having regard to the evidence furnished in this case, I conclude that the registrant has shown that

the absence of use of the trade-mark has been due to special circumstances excusing the absence of use. Accordingly, I conclude that the trade-mark registration ought to be maintained

Registration No. 354,264 will be maintained in compliance with the provisions of Section 45(5) of the Act.

However, given that Mr. Donato's evidence is vague concerning the reason all members of the Consortium must comply with the requirements of Canadian government before approval of the product for export to Canada particularly when it appears from the letter of May 25, 1998 from the Canadian Agency that, once some of the establishments visited have been listed, members of the San Daniele Ham Consortium would be able to export San Daniele ham to Canada (as long as assurances were given by the Italian government and as long as an acceptable certification process is in place) and given that his affidavit is silent concerning the number of members involved and concerning any enquiries his company might have made with respect to obtaining information as to when the changes to all members' facilities are expected to be completed (if such is the case), and that with respect to the certification process involved Mr. Donato has not indicated the efforts the registrant might have made with respect to obtaining information concerning when it is expected the process will be completed, I have decided to issue a second Section 45 notice concurrently with this decision to the registered owner requiring it to show compliance with Section 45 of the Trade-marks Act again. A new Section 45 notice will therefore be issued to the registered owner.

As pointed out by the requesting party and as stated in *Re Goldwell Ltd.*, 29 C.P.R. (2d) 110, "It

was not the intention that a foreign based registrant should be able to maintain in Canada indefinitely, without using the trade-mark, a registration obtained on the basis of registration and use abroad. In this respect..., it is to be noted that Section 44 [now Section 45] of the Act protects a registration from proceedings under that section (at the instance of a person other than the Registrar) for a period of only three years after the date of registration”.

DATED AT GATINEAU, QUEBEC, THIS 5TH DAY OF JUNE 2003.

D Savard
Senior Hearing Officer
Section 45 Division