

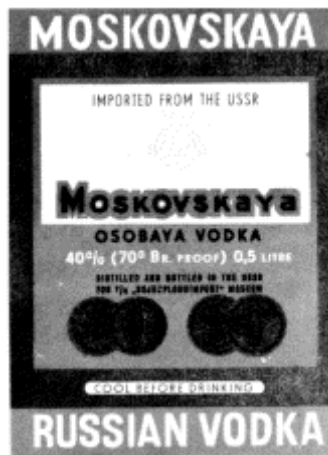


LE REGISTRAIRE DES MARQUES DE COMMERCE  
THE REGISTRAR OF TRADE-MARKS

**Citation: 2010 TMOB 122**  
**Date of Decision: 2010-08-10**

**IN THE MATTER OF A SECTION 45 PROCEEDING  
requested by BCF S.E.N.C.R.L. against registration  
No. TMA208,808 for the trade-mark RUSSIAN VODKA  
& Design in the name of Spirits International B.V.**

[1] At the request of BCF s.e.n.c.r.l. (the Requesting Party), the Registrar of Trade-marks forwarded a notice under s. 45 of the *Trade-marks Act* R.S.C. 1985, c. T-13 (the Act) on June 18, 2008 to Spirits International B.V. (the Registrant), the registered owner of the above-referenced trade-mark registration. The trade-mark RUSSIAN VODKA & Design (the Mark), shown below, is registered for use in association with “vodka” (the registered wares).



[2] Section 45 of the Act requires the registered owner to show whether the trade-mark has been used in Canada in association with each of the wares or 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 any time between June 18, 2005 and June 18, 2008 (the Relevant Period). I note that the Canadian Intellectual Property Office recorded the Registrant as owner of the registration on June 29, 2007, following a “conversion” from Spirits International N.V. on March 29, 2007.

[3] “Use” in association with wares is set out in s. 4(1) and 4(3) 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.

[...]

(3) A trade-mark that is marked in Canada on wares or on the packages in which they are contained is, when the wares are exported from Canada, deemed to be used in Canada in association with those wares.

In this case, s. 4(1) applies.

[4] In response to the Registrar’s notice, the Registrant furnished the affidavit of Pavel Fedoryna together with Exhibits “A” through “D”, as well as that of Michael S. Mulvey together with Exhibits “A” through “C”. Mr. Fedoryna states that he is the Acting Manager of the Swiss Branch of the Registrant; Dr. Mulvey states that he is an Assistant Professor of Marketing at the University of Ottawa’s Tefler School of Management and a Visiting Professor at the Bucharest School of Management-Canadian MBA program. Both parties filed written submissions and were represented at an oral hearing.

[5] It is well established that mere assertions of use are not sufficient to demonstrate use in the context of a s. 45 proceeding [*Plough (Canada) Ltd v. Aerosol Fillers Inc.* (1980), 53 C.P.R. (2d) 62 (F.C.A.)]. Moreover, in the case of wares, it is not the Registrar’s or the Court’s function to find and set standards of the normal course of trade [*Philip Morris Inc. v. Imperial Tobacco Ltd. et al.* (1987), 17 C.P.R. (3d) 237 (F.C.A.)]. Although the threshold for establishing use in these proceedings is quite low [*Woods Canada Ltd. v. Lang Michener* (1996), 71 C.P.R. (3d) 477

(F.C.T.D.) at 480], and evidentiary overkill is not required [*Union Electric Supply Co. Ltd. v. Registrar of Trade Marks* (1982), 63 C.P.R. (2d) 56 (F.C.T.D.)], sufficient facts must still be provided to permit the Registrar to arrive at a conclusion of use of the trade-mark in association with each of the wares or services specified in the registration during the relevant period. In addition, the entire burden is with the registered owner [*88766 Inc. v. George Weston Ltd.* (1987), 15 C.P.R. (3d) 260 (F.C.T.D.)] and any ambiguities in the evidence are to be interpreted against the registered owner [*Plough (Canada) Ltd. v. Aerosol Fillers Inc.*, supra].

[6] At paragraph 1 of his affidavit, Mr. Fedoryna states the following:

I am the Acting Manager of the Swiss Branch of Spirits International B.V. (formerly known as Spirits International N.V.). Reference to MY COMPANY in this Affidavit includes S.P.I. Group and its affiliate companies as well as Spirits International B.V.'s acquired rights in 1999 from Closed Joint Stock Company Sojuzplodimport and its predecessors.

Mr. Fedoryna goes on to discuss MY COMPANY's control over the character and the quality of the registered wares, the normal course of trade set out by MY COMPANY, the manner in which the Mark appears on MY COMPANY's vodka products and MY COMPANY's sales figures in Canada during the Relevant Period.

[7] In support of his assertion regarding the composition of MY COMPANY, Mr. Fedoryna attaches a copy of an extract of a corporate record dated June 2006 as Exhibit "D"; it "sets out [the Registrant's] position within the S.P.I. Group and its affiliates". The document in question is entitled "Certificate of S.P.I. Group SA"; it contains multiple provisions related to S.P.I. Group SA's relationship as a shareholder with various corporate entities, namely with Spirits Product International Intellectual Property B.V., Spirits International N.V., ZAO Sojuzplodimport, and S.P.I. Spirits (Cyprus) Limited. In closing, the certificate states that since S.P.I. Group SA holds the majority of the shares of each of these companies, "it can be concluded that [these four companies] are affiliate companies of [S.P.I. Group SA] and that they belong to one and the same group of companies, being the S.P.I. Group."

[8] Since the Registrant's entire evidence of use is based on that of MY COMPANY, a designation given to a group of companies, it will be necessary to determine whether such use would enure to the benefit of the Registrant. For the purpose of this proceeding, in order to

satisfy the requirements of s. 50(1) of the Act, the registered owner or the licensee needs to clearly state in the affidavit or the statutory declaration that the control required by s. 50 exists [see *Gowling, Strathy & Henderson v. Samsonite Corp.* (1996), 66 C.P.R. (3d) 560 (T.M.O.B.) and *Mantha & Associates. v. Central Transport Inc.* (1995), 64 C.P.R. (3d) 354 (F.C.A.)]. Alternatively, a description of the control or a copy of the licence agreement containing provisions pertaining to control would also suffice.

[9] The jurisprudence also recognized that the requirements of s. 50 may be satisfied if the president or the director of a corporate owner is also the president or the director of the user of the trade-mark [see *Petro-Canada v. 2946661 Canada Inc.* (1998), 83 C.P.R. (3d) 129 (F.C.T.D.) and *Automobility Distribution Inc. v. Jiangsu Electronics Industries Ltd.*, (2005), 43 C.P.R. (4th) 157 (T.M.O.B.)]. On the other hand, it is clear that corporate structure alone does not allow the Registrar to make the inference that a registered owner has control over the character or quality of the wares and services used in association with a licensed trade-mark [see *MCI Communications Corp. v. MCI Multinet Communications Inc.* (1995), 61 C.P.R. (3d) 245 (T.M.O.B.); *3082833 Nova Scotia Co. v. Lang Michener LLP*, 2009 FC 928 (F.C.); *Dynatech Automation Systems Inc. v. Dynatech Corp.* (1995), 64 C.P.R. (3d) 101 (T.M.O.B.)].

[10] On this point, the Requesting Party submits that the Registrant failed to show use of the Mark in association with the registered wares by itself or by a licensee under s. 50 of the Act. Specifically, it contends that the use of the term MY COMPANY in Mr. Fedoryna's affidavit is ambiguous and that even though the affiant provided a statement of control by MY COMPANY, it remains unclear whether the Registrant is the entity who exercised the said control among the numerous companies identified under such a designation. In return, the Registrant submits that the Registrant is clearly part of MY COMPANY and that regardless of its composition, the Registrant has provided the statement of control required under s. 50 of the Act. In addition, it argues that the affidavit simply establishes that there are five companies located in different countries that have a hand in the sales process of the registered wares; any use of the Mark in association with vodka was under the control of the Registrant.

[11] In his affidavit, Mr. Fedoryna states in no uncertain terms that MY COMPANY, not the Registrant, had direct and/or indirect control over the character and quality of the vodka sold in

association with the Mark in Canada during the Relevant Period. In this regard, the affiant's sworn statements as well as the "Certificate of S.P.I. Group SA" produced as Exhibit "D" corroborate the Registrant's own submission that the Registrant is merely one of the many corporate entities grouped under the name MY COMPANY. This is the only statement of control furnished by the Registrant. There is no description of the control nor is there a copy of the license agreement. There is also no detail provided regarding the presidents, the directors or the officers of the entities involved in MY COMPANY.

[12] When the evidence is considered in its entirety, I can only conclude that a group of companies designated as MY COMPANY, which includes no less than five distinct entities, exercised some form of control over the character or quality of the registered wares during the Relevant Period. While the Registrant might belong to or be affiliated with one or all of these entities, there is simply not sufficient evidence of control to allow me to conclude that the sales of the registered wares in association with the Mark by MY COMPANY or any of the affiliated companies would enure to the benefit of the Registrant.

[13] Since there is no other evidence of use provided besides that of MY COMPANY and having decided that the Registrant failed to clearly confirm its control over the quality or the character of the registered wares sold during the Relevant Period, there is no need to assess the relevance of Mr. Fedorynas's remaining evidence regarding the use of the Mark. I would however like to address an argument raised by the Registrant during the oral hearing. As an alternative argument, the Registrant alleges that the question of whether the requirements of s. 50 of the Act have been met is not within the jurisdiction of the present proceeding. As a result, it takes the view that it is not necessary to show use by the Registrant or a licensee under its control, as any use of the Mark in Canada within the Relevant Period would suffice.

[14] While I agree that the Courts have stated on numerous occasions that s. 45 proceedings are not intended to determine substantive rights such as ownership, distinctiveness, descriptiveness or abandonment of a registered trade-mark [see *United Grain Growers Ltd. v. Lang Michener* (2001) 12 C.P.R. (4<sup>th</sup>) 89 (F.C.A.), *Phillip Morris Inc. v. Imperial Tobacco Ltd.* (1987), 13 C.P.R. (3d) 289 at 293 (F.C.T.D.)], I however disagree with the Registrant that the issue of control under s. 50 is beyond the scope of a s. 45 proceeding, or that showing use of the

Mark by anyone in Canada during the Relevant Period is sufficient in response to a s. 45 notice. Section 50 is an issue that is separate from distinctiveness, one that has been addressed in s. 45 proceedings since its introduction in 1993. “Use”, as defined in s. 4 of the Act, means use by the owner of the trade-mark or an entity licensed by or with the authority of the owner of the trade-mark under s. 50 of the Act. To say that use of the Mark by anyone would comply with s. 45 of the Act, a statute based on the principle of acquisition of rights by use, is contrary to the very definition of a trade-mark.

[15] In view of the foregoing, pursuant to the authority delegated to me under s. 63(3) of the Act, the registration will be expunged in compliance with the provisions of s. 45 of the Act.

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P. Fung  
Hearing Officer  
Trade-marks Opposition Board  
Canadian Intellectual Property Office