



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

Citation: 2014 TMOB 288
Date of Decision: 2014-12-30

**IN THE MATTER OF OPPOSITIONS by
Kabushiki Kaisha Mitsukan Group
Honsha to application Nos. 1,520,586 and
1,520,821 for the trade-marks SAKURA
and SAKURA AND DESIGN in the name
of Sakura-Nakaya Alimentos Ltda.**

[1] Kabushiki Kaisha Mitsukan Group Honsha (the Opponent) opposes registration of the word mark SAKURA and design mark SAKURA AND DESIGN, shown below, (the Marks) that are the subject of application Nos. 1,520,586 and 1,520,821 respectively by Sakura-Nakaya Alimentos Ltda. (the Applicant).



[2] Each application is based on proposed use of the trade-mark in Canada in association with the following goods:

Sauces and condiments, namely, soy sauce, pepper sauce, teriyaki (oriental sauce derived from soy sauce), barbecue sauce, worcestershire sauce, sweet and sour sauce, garlic sauce. (the Goods)

[3] In each case, the Opponent alleges that: (i) the application does not conform to sections 30(e), 30(h) and 30(i) of the *Trade-marks Act*, RSC 1985, c T-13 (the Act); (ii) the

Applicant is not the person entitled to registration of the trade-mark under sections 16(3)(a) and 16(3)(c) of the Act; and (iii) the trade-mark is not distinctive under section 2 of the Act.

[4] For the reasons that follow, I reject the opposition in each case.

The Record

[5] In each case, the Opponent filed its statement of opposition on June 19, 2012 and the Applicant filed and served its counter statement on September 12, 2012 denying all of the grounds of opposition.

[6] In support of each opposition, the Opponent filed the identical affidavit of Koji Nozawa, Marketing Director of Mizkan Americas, Inc. In support of each application, the Applicant filed the essentially identical affidavit of James Haggerty, trade-mark searcher employed by the Applicant's trade-mark agent.

[7] In each case, both parties filed written argument. An oral hearing for both opposition proceedings was also held at which both parties were represented.

The Parties' Respective Burden or Onus

[8] The Applicant bears the legal onus of establishing, on a balance of probabilities, that each of its applications complies with the requirements of the Act. However, there is an initial evidential burden on the Opponent to adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exist [see *John Labatt Ltd v Molson Companies Ltd.* (1990), 30 CPR (3d) 293 (FCTD) at 298].

Grounds of Opposition Summarily Dismissed

[9] The grounds of opposition raised under section 30 of the Act against each application are summarily dismissed for the reasons that follow. In its statements of opposition, the Opponent alleges that:

- 1) the Applicant was already using the Marks at the time of filing of the applications, contrary to section 30(e) of the Act;

- 2) the trade-marks proposed to be used are not the Marks covered by the subject applications, contrary to sections 30(e) and 30(h) of the Act;
- 3) the Applicant never intended to use the Marks in association with each of the Goods, contrary to section 30(e) of the Act;
- 4) the Marks are not trade-marks since they are solely ornamental and decorative, contrary to section 30(e) of the Act; and
- 5) the statements that the Applicant is satisfied as to its entitlement to use the Marks in Canada are false, contrary to section 30(i) of the Act in view of the Applicant's knowledge of the Opponent's rights and the unlawfulness of such use (a) in that such use is encroaching upon the proprietary rights of the Opponent and (b) in that such use would direct public attention to the Applicant's goods, services or business in such a way to cause confusion in Canada between these goods, services or business and those of the Opponent, contrary to section 7(b) of the Act.

[10] The Opponent has failed to satisfy its initial evidentiary burden to put into issue the application's conformity with the requirements of section 30 in each case.

[11] Since each of the applications contains a statement that the Applicant by itself or through a licensee intends to use the Mark in Canada, it formally complies with section 30(e) of the Act. In the case of the design mark SAKURA AND DESIGN, the application also formally complies with section 30(h) of the Act in that at the filing date of the application, the Applicant provided a copy of the drawing of the trade-mark concurrently with the application. In each case, the Opponent did not provide nor refer to any evidence in support of the section 30(e) and 30(h) grounds of opposition.

[12] Section 30(i) of the Act requires an applicant to declare in the application that it is satisfied that it is entitled to use the trade-mark in Canada. Where an applicant has provided the required statement, the jurisprudence suggests that non-compliance with section 30(i) of the Act can be found only where there are exceptional circumstances that render the applicant's statement untrue [see *Sapodilla Co Ltd v Bristol-Myers Co* (1974), 15 CPR (2d) 152 (TMOB) at 155]. The Opponent did not provide nor refer to any evidence in support of either section 30(i) ground of opposition in each case.

[13] Consequently, I dismiss all of the non-conformity to section 30 grounds of opposition in view of the Opponent's failure to meet its initial burden in each case.

Was the Applicant the Person Entitled to Registration of the Marks?

[14] The Opponent alleges that the Applicant is not the person entitled to registration of the Marks:

- 1) pursuant to section 16(3)(a) of the Act, on the ground that at the date of filing of the subject applications, the Marks were confusing with SAKURA, a trade-mark that had been previously used or made known in Canada by the Opponent or its predecessors in title (or for their benefit, by licensees) for vinegar and/or products of the same nature as the Goods; and
- 2) pursuant to section 16(3)(c) of the Act, on the ground that at the date of filing of the subject applications, the Marks were confusing with SAKURA, a trade-name that had been previously used in Canada by the Opponent or its predecessors in title (or for their benefit by licensees) for goods and/or services belonging to the food industry.

Confusion with Opponent's Trade-mark and Trade-name SAKURA

[15] In each case, with respect to the section 16(3)(a) ground of opposition, the Opponent has the initial burden of proving that the alleged trade-mark SAKURA was used or made known in Canada prior to the material date and had not been abandoned at the date of advertisement of each of the applications [section 16(5) of the Act].

[16] In each case, with respect to the section 16(3)(c) ground of opposition, the Opponent has the initial burden of proving that the alleged trade-name SAKURA was used in Canada prior to the material date and had not been abandoned at the date of advertisement of each of the applications [section 16(5) of the Act].

[17] The material date for the section 16 grounds of opposition is the filing date of the subject applications, namely March 24, 2011 for application No. 1,520,586 for the trade-mark SAKURA and March 25, 2011 for application No. 1,520,821 for the trade-mark SAKURA AND DESIGN.

[18] For reasons that follow, I dismiss the section 16(3)(a) and 16(3)(c) grounds of opposition in each case for the Opponent's failure to satisfy its initial burden.

The Opponent's Initial Evidential Burden

[19] As a preliminary matter, I note that the Opponent did not provide any evidence pertaining to the use of the alleged trade-name SAKURA. While trade-mark and trade-name usage are not necessarily mutually exclusive [see *Consumers Distributing Co/Cie Distribution aux Consommateurs v Toy World Ltd*, 1990 CarswellNat 1398 (TMOB)], Mr. Nozawa makes no reference to the use of the term SAKURA as a trade-name in his affidavit. In fact, Mr. Nozawa only introduces evidence regarding the use of the term SAKURA as a trade-mark in association with the Opponent's goods. Thus, the Opponent has failed to satisfy its initial burden with respect to its section 16(3)(c) ground of opposition in each case.

[20] I now turn to the evidence put forth by Mr. Nozawa regarding the use of the trade-mark SAKURA. In his affidavit, Mr. Nozawa states that the Opponent is a Japanese company that produces vinegar, including seasoned rice vinegars, balsamic vinegars and wine vinegars, as well as mustards, salad dressings, sauces, in addition to other condiments and food products. Mr. Nozawa further states that Mizkan Americas, Inc. (Mizkan) acts as distributor of the Opponent's products in Canada and the United States.

[21] According to Mr. Nozawa, there were between 200 and 1100 cases of SAKURA vinegar sold to Canadian retailers each year from 2000 to 2012 [Exhibit A-2]. Printouts of what appear to be hundreds of orders dated between 1999 and 2010, presumably extracted from a computerized system, are attached as Exhibit A-3 to the Nozawa affidavit. The printouts identify the name and the address of various customers in Canada, and include items described as "4.2% SAKURA RICE VGR MITSUKAN". The same exhibit includes dozens of invoices, three of which are dated prior to the material date, issued by Mizkan to companies with Canadian addresses for sales of "4.2% Sakura Rice Vgr Label: Mitsukan" and other items. In his affidavit, Mr. Nozawa describes Exhibit A-3 in its entirety as "invoices relating to the sale in Canada of the SAKURA vinegar of [the Opponent], as distributed by [Mizkan]". While these sample invoices support Mr. Nozawa's assertions of sales of the Opponent's vinegar in Canada prior to the material date, I note that there is no evidence that the invoices were associated with the goods at the time of the

transfer of property or possession [see *Riches, McKenzie & Herbert v Pepper King Ltd (2000)*, 2000 CanLII 16133 (FC), 8 CPR (4th) 471 (FCTD)].

[22] In terms of the manner in which the notice of association is made between the trade-mark SAKURA and the vinegar, Mr. Nozawa attaches as Exhibit A-4 “a label used by [Mizkan], as affixed on the boxes containing the SAKURA vinegar, distributed in Canada by [Mizkan]”. Photos of boxes bearing the following label can be seen in Exhibits A-5 and A-6:



[23] Since the only evidence of use of the trade-mark SAKURA in association with the Opponent’s vinegar, within the meaning of section 4(1) of the Act, is the application of this label on cases of vinegar by Mizkan, the issue of licensing needs to be addressed. Attached as Exhibit A-1 to the Nozawa affidavit is a document entitled “Confirmatory License” between the Opponent and Mizkan regarding the licensed use of the trade-mark SAKURA. Paragraph 1 of the document identifies the Opponent as the owner of the trade-mark SAKURA and “confirm[s] [Mizkan] as a licensee of the trade-mark SAKURA (be it in a word, design or with logo formats) with respect to vinegar”. The document also contains provisions pertaining to the verification and inspection of the premises, the equipment and accessories, the quality, the quantity, the presentation, the labeling, the packaging, the advertising and the promotion of the goods offered in association with the trade-mark SAKURA, by any person designated by the Opponent, to ensure compliance with its quality standards and controls.

[24] The document provides that the license covers Canada “for an indefinite period” which could be ended by the Opponent upon a 3-month notice. The “Confirmatory License” was

executed by the Opponent and Mizkan on December 13, 2011, with no reference to past events or prior agreements.

[25] In its written argument, the Applicant submits that the “Confirmatory License” cannot be presumed to be effective prior to its execution on December 13, 2011, given that (i) it does not indicate the effective date of the license nor when the license was initially agreed upon, (ii) the language of the document is prospective rather than confirmatory in nature, and (iii) the document does not confirm a prior license but rather establishes a forward looking license. Consequently, the Applicant argues that any use of the trade-mark SAKURA by Mizkan prior to December 13, 2011, which is after the material dates, cannot accrue to the benefit of the Opponent.

[26] As I understand it, at the oral hearing, the Opponent did not dispute the fact that the effective date of the “Confirmatory License” is December 13, 2011. However, the Opponent submitted that by virtue of section 50(1) of the Act, use of the trade-mark by the licensee *is deemed to have always had* the same effect as use by the owner. In other words, the Opponent takes the position that any use of the trade-mark SAKURA by Mizkan prior to the effective date of the agreement is deemed to have always had the same effect as use by the Opponent pursuant to section 50(1) of the Act in view of the subsequent license agreement. The Opponent cited *TGI Friday’s of Minnesota Inc v Registrar of Trademarks* (1999) 241 NR 362 (FCA) in support of its submissions. The Opponent further argued that the principle applies only in cases where the validity of the trade-mark in question is not at issue, such as that of the Opponent’s trade-mark in the present opposition proceeding.

[27] In response, the Applicant submitted at the oral hearing that section 50(1) of the Act does not extend the effects of a license to use that predates the effective date of the agreement. Instead, the Act simply retroactively extends the deeming provision to license agreements that were in effect prior to the adoption of section 50(1) of the current legislation. Moreover, the Applicant argued that there is no indication that the provision should be applied differently depending on whether it is an opponent’s or an applicant’s trade-mark.

[28] For ease of reference, I reproduce section 50(1) of the Act below:

50. (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the goods or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner. [My underlining]

[29] Section 50(1) of the Act provides that the use of a trade-mark by a licensee is deemed to be use by the registered owner if the requirements are met. In the present case, I am satisfied that the “Confirmatory License” attached as Exhibit A-1 to the Nozawa affidavit, effective as of December 13, 2011, contains provisions pertaining to the control of the character or quality of the goods by the Opponent. However, I am unable to subscribe to the Opponent’s argument that the same provision extends the effects of a licensed use of the trade-mark that satisfies the requirements of section 50(1) of the Act to a period that predates a license agreement.

[30] On the contrary, I am of the view that a valid agreement that is in force during the period in question remains a condition for the deeming provision to take effect. In this regard, I refer to section 50(1) of the Act which provides that “if an entity is licensed by [...] the owner of a trade-mark to use the trade-mark [...] then the use [...] of the trade-mark [...] by that entity has, and is deemed always to have had, the same effect as such a use [...] of the trade-mark [...] by the owner” [My underlining]. Furthermore, while it is true that the validity of the Opponent’s trade-mark is not at issue in the present proceeding, I agree with the Applicant that there is no indication that the provision should be interpreted differently depending on whose trade-mark is under consideration.

[31] In reference to the licensing provisions of section 50 and the decision *Eli Lilly & Co v Novopharm Ltd* (2000) 10 CPR (4th) 10 (FCA), Fox (Kelly Gill & R. Scott Joliffe, *Fox on Canadian Law of Trade-marks and Unfair Competition*, 4th ed, loose-leaf, (Toronto: Carswell, 2003) states the following at 15.3(c):

An owner may now license a trade-mark, whether registered or unregistered, without the necessity of recording the licensee as a registered user, provided the owner complies with each aspect of s. 50, including creating a license under which the licensor has direct or indirect control of the character or quality of the wares and services. Additionally, the words “and is deemed always to have had” introduces a retroactive effect to the new

licensing provisions. Agreements that may have been inadequate and made prior to the enactments of this section can be retroactively corrected and a valid license can be inferred.

[32] One of the issues addressed in *TGI Friday's of Minnesota Inc* was whether the retroactive effect of the then new deeming provision of section 50(1) would apply to an appeal from a judgment of the Trial Division following the Registrar's decision to expunge a trade-mark in a summary expungement proceeding that was initiated some 15 years prior to the adoption of the deeming provision in 1993. In paragraph 7 of the decision, the Federal Court of Appeal discusses the phrase "and is deemed always to have had" of section 50(1) of the Act as "intended to declare the law not only for the future but for the past". In other words, the Court was of the view that the phrase "and is deemed always to have had" applies retroactively to agreements that were in place prior to the adoption of the deeming provision in 1993. It does not, however, retroactively extend the effects of a license prior to its effective date. Furthermore, applying the Opponent's reasoning would strip the control requirement of section 50 of all meaning if, by the effect of the law, the parties can retroactively claim any uncontrolled use as licensed use that was in compliance with section 50(1) of the Act.

[33] Based on a fair reading of the Nozawa affidavit in conjunction with the "Confirmatory license" attached as Exhibit A-1, I am of the view that the attached license agreement evidences an arrangement between the Opponent and Mizkan that was in effect as of December 13, 2011. Despite the use of the term "Confirmatory license", the title cannot alter the plain text of the agreement which does not confirm an agreement that took place at a prior date. Thus, I am of the view that any use of the trade-mark SAKURA by Mizkan prior to December 13, 2011 does not accrue to the Opponent.

[34] In the alternative, as I understand it, the Opponent submitted at the oral hearing that in view of paragraph 5 of the "Confirmatory License", any use of the trade-mark SAKURA by Mizkan and any rights it may have "by way of past use of same", that predate the effective date of the license agreement, should be considered as those of the Opponent's predecessor-in-title, which were assigned to the Opponent in the agreement.

[35] I disagree.

[36] For ease of reference, I reproduce paragraph 5 of the “Confirmatory license” below:

5. The licensee recognizes that any use (it may had made, makes or will make) of the trade-mark SAKURA (be it in a word, design or logo formats, in English language or in any other language) will benefit only and entirely to the owner and the licensee shall not claim any rights or interests in the trade-mark SAKURA (be it in a word, design or logo formats, in English language or in any other language) by way of its use of same. Inasmuch as necessary, the licensee hereby assigns to the owner any rights it may have in the trade-mark SAKURA (be it in a word, design or logo formats, in English language or in any other language) by way of past use of same. [My underlining]

[37] There is simply not sufficient evidence to allow me to conclude that Mizkan was the Opponent’s predecessor-in-title with respect to the trade-mark SAKURA. As I understand it, the Opponent is relying on paragraph 5 of the “Confirmatory License” to suggest that Mizkan had rights in the trade-mark SAKURA, prior to becoming the Opponent’s licensee on December 13, 2011. However, the language used in that paragraph is far from clear. Paragraph 5 of the “Confirmatory License” makes reference to “any rights” Mizkan *may* have in the trade-mark SAKURA, without further details; the same paragraph speaks of past use of the trade-mark to the sole benefit of the Opponent, without any reference to a predecessor-in-title.

[38] Similarly, the “Confirmatory License” makes no reference to a predecessor-in-title nor any prior assignment or transfer of rights between the parties that would suggest Mizkan’s prior ownership of the trade-mark SAKURA. Instead, the agreement consistently refers to the Opponent as the owner of the trade-mark SAKURA, and Mizkan as the licensee. Furthermore, Mr. Nozawa’s own affidavit also consistently identifies Mizkan as the Opponent’s licensee, with no indication that Mizkan was ever the Opponent’s predecessor-in-title at any point in time. I agree with the Applicant that it would have been a simple matter for the Opponent to adduce clear evidence to that effect; however, the Opponent elected not to.

[39] In the end, when the “Confirmatory License” is viewed in its entirety in conjunction with Mr. Nozawa’s affidavit, I am not prepared to accept Mizkan as the Opponent’s predecessor-in-title based on a single reference to unspecified rights that Mizkan may or may not have in the trade-mark at some point in the past. Thus, I am the view that any use of the trade-mark SAKURA by Mizkan prior to December 13, 2011 cannot be considered as use by the Opponent’s predecessor-in-title.

[40] In view of the foregoing and given that the Opponent did not provide any evidence of its own use of the trade-mark SAKURA prior to March 24, 2011 for application No. 1,520,586 for the trade-mark SAKURA and March 25, 2011 for application No. 1,520,821 for the trade-mark SAKURA AND DESIGN, the Opponent has failed to meet its initial evidential burden for the section 16(3)(a) ground of opposition in each case.

Were the Marks distinctive of the Applicant's goods at the filing date of the statement of opposition?

[41] In each of its statements of opposition, the Opponent alleges that “the trade-mark does not actually distinguish the wares in association with which the trade-mark is used or proposed to be used by the applicant from the wares of the opponent, nor is it adapted to so distinguish them”, in view of the provisions of section 2 of the Act [My underlining]. It is noted that an opposition is to be assessed in view of the grounds of opposition as pleaded [see *Massif Inc v Station Touristique Massif du Sud (1993) Inc* (2011), 95 CPR (4th) 249 (FC)].

[42] In order to meet its initial burden, the Opponent was required to show that its alleged trade-mark or trade-name had become known sufficiently in Canada, as of the filing date of the statement of opposition, to negate the distinctiveness of the Marks [see *Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* (2004), 2004 FC 1185 (CanLII), 34 CPR (4th) 317 (FC); *Motel 6, Inc v No 6 Motel Ltd* (1981), 56 CPR (2d) 44 (FCTD); and *Bojangles' International LLC v Bojangles Café Ltd* (2006), 2006 FC 657 (CanLII), 48 CPR (4th) 427 (FC)].

[43] The material date to assess the ground of opposition is the filing date of the statement of opposition, namely June 19, 2012 in each case [see *Metro-Goldwyn-Mayer Inc*]. For the reasons that follow, I dismiss the ground of opposition in each case for the Opponent's failure to satisfy its initial burden.

[44] As discussed above, the Opponent has not provided any evidence of use of its alleged trade-name. Moreover, I am of the view that any use of the Opponent's trade-mark SAKURA by Mizkan prior to December 13, 2011 does not accrue to the Opponent nor is it use by its predecessor-in-title. Thus, the only evidence of use provided by Mr. Nozawa that would enure to

the benefit of the Opponent is that of Mizkan between the effective date of the license agreement, December 13, 2011, and the material date, June 19, 2012.

[45] In this regard, I note that the Opponent did not provide any information on the annual revenues generated by, nor any advertising expenditures related to, its SAKURA vinegar products in Canada. From the sales data attached as Exhibit A-4 of Mr. Nozawa's affidavit, it would appear that 10 orders of 12 cases of SAKURA rice vinegar were sold to a single entity, "Nishimoto Trading" of British Columbia, within the six-month period. Similarly, only two of the invoices attached as Exhibit A-5 to Mr. Nozawa's affidavit are dated between the relevant dates, with both orders shipped to "Nishimoto Trading". According to the two invoices, the cost of 12 cases of "4.2% Sakura Rice Vgr Label: Mitsukan" in December 2011 was \$228. When the Opponent's evidence is viewed in its entirety, at best, all that I am able to determine is that 120 cases of SAKURA vinegar, representing approximately \$2300 of sales, were sold by Mizkan as a licensee of the Opponent in a six-month period prior to the material date in Canada.

[46] Consequently, in view of the small volume of sales to a single customer in Canada and the relatively short period of use within the meaning of section 50 of the Act, I am not satisfied that the Opponent's trade-mark SAKURA had become known sufficiently to negate the distinctiveness of the Marks in Canada, as of June 19, 2012.

Disposition

[47] Pursuant to the authority delegated to me under section 63(3) of the Act, I reject the opposition under section 38(8) of the Act with respect to each application.

Pik-Ki Fung
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office