SECTION 45 PROCEEDINGS
TRADE-MARK: HOT EATS COOL TREATS & Design
REGISTRATION NO.: TMA467,681

[1] At the request of Riches, McKenzie & Herbert LLP (the "requesting party"), the Registrar forwarded a notice under section 45 of the *Trade-marks Act* R.S.C. 1985, c. T-13 (the "Act") on October 25, 2007 to American Dairy Queen Corporation (the "registrant"), the registered owner of registration No. TMA467,681 for the trade-mark HOT EATS COOL TREATS & Design, as illustrated hereafter:

[2] The trade-mark HOT EATS COOL TREATS & Design is registered for use in association with "restaurant services".

[3] 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 and/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 between October 25, 2004 and October 25, 2007 (the "relevant period").

[4] "Use" in association with services is set out in subsection 4(2) of the Act:

> **4.** (2) A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.

[5] In response to the Registrar's notice, the registrant furnished the affidavit of O. Michael Rinke sworn on January 9, 2008, together with Exhibits A and B. Neither party filed written submissions; an oral hearing was not requested.

[6] Mr. Rinke states that he is the Vice-President and Assistant General Counsel of the registrant, and based on his personal knowledge and his review of the registrant's business records, he has knowledge of the matters set out in the affidavit.

[7] In paragraphs three through six of his affidavit, Mr. Rinke describes how the subject mark was used during the relevant period. He states that the trade-mark has been continuously displayed in Canada in connection with the performance of restaurant services by the registrant's franchised restaurants during the relevant period. Attached as Exhibits A and B are photographs which he explains show the prominent display of the trade-mark at franchised DAIRY QUEEN restaurants in Ontario (Exhibit A) and British Columbia (Exhibit B). He adds that the signage displaying the trade-mark in the photographs was continuously displayed at each of these restaurants during the relevant period. Mr. Rinke states that in addition to those restaurants, there are over seventy-five franchised DAIRY QUEEN restaurants in Canada that display the trade-mark in the performance of restaurant services, and that they have been doing so continuously during the relevant period.

[8] In view of the above, I find that the trade-mark was displayed in the performance of restaurant services within the meaning of subsection 4(2) of the Act.

[9] In paragraph seven of his affidavit, Mr. Rinke provides information pertaining to license agreements that existed during the relevant period between the registrant, the registrant's sister company, Dairy-Queen Canada Inc. ("DQCI"), and the Canadian franchisees. It appears that pursuant to these agreements, the registrant granted a license to DQCI to sub-license the trade-mark to the franchisees. The affiant states that:

> On behalf of ADQ, DQCI closely monitors and controls the quality of the services performed by all franchised restaurants in Canada, in association with ADQ's trade-marks. As a result, since prior to and during the Relevant Period, and under the terms of such written licence agreements between ADQ, DQCI and our Canadian franchisees, ADQ indirectly monitors and controls the quality of the services performed

> by our franchised restaurants in Canada in association with ADQ's trade-mark HOT EATS COOL TREATS & Design.

[10] Under subsection 50(1) of the Act, use by licensees such as franchisees is deemed to be use by the trade-mark owner if the owner has "direct or indirect control of the character or quality of the wares or services". Mr. Rinke's sworn statements affirming the existence of a license as well as the control under the license are sufficient to satisfy the requirements of subsection 50(1) for the purposes of section 45 proceedings [see *Shapiro Cohen Andrews & Finlayson v. 1089751 Ontario Ltd.* (2003), 28 C.P.R. (4th) 124 (T.M.O.B.)]. Accordingly, on the basis of all of the foregoing, I am satisfied that the use of the registrant's Canadian franchisees enures to the benefit of the registrant pursuant to subsection 50(1) of the Act.

[11] In view of the foregoing, I am satisfied that there was use of the trade-mark within the meaning of section 45 and subsection 4(2) of the Act in association with "restaurant services". Accordingly, and pursuant to the authority delegated to me under subsection 63(3) of the Act, registration No. TMA467,681 for the trade-mark HOT EATS COOL TREATS & Design will be maintained in compliance with the provisions of subsection 45(5) of the *Trade-marks Act*, R.S.C. 1985, c. T-13.

DATED AT GATINEAU, QUEBEC THIS 29th DAY OF DECEMBER 2009.

Céline Tremblay
Member
Trade-marks Opposition Board