



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

Citation: 2012 TMOB 14
Date of Decision: 2012-01-26

**IN THE MATTER OF A SECTION 45 PROCEEDING
requested by Wal-Mart Stores, Inc. against registration
No. TMA416,591 for the trade-mark RISTORANTE
MARCHÉLINO MOVENPICK & Design in the name of
Mövenpick-Holding AG**

[1] At the request of Wal-Mart Stores, Inc. (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 April 8, 2009, to Mövenpick Holding AG, the registered owner (the Registrant) of registration No. TMA416,591 for the following trade-mark (the Mark):



[2] The Mark is registered for use in association with “*Operation of restaurants; consulting to hotels and restaurants*” (the Services).

[3] Section 45 of the 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. In this case, the relevant period for showing use is any time between April 8, 2006 and April 8, 2009 (the Relevant Period).

[4] “Use” in association with services is set out in subsection 4(2) of the *Trade-marks Act*:

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

[5] Lastly, in the absence of use as defined above, pursuant to s. 45(3) of the Act, a trade-mark is liable to be expunged, unless the absence of use is due to special circumstances.

[6] In response to the Registrar’s notice, the Registrant furnished the statutory declaration of Robert Staub, together with Exhibits RS-1 to RS-5. Both parties filed written submissions; however, only the Requesting Party participated in an oral hearing.

[7] In his declaration, Mr. Staub identifies himself as Group General and in-house counsel, having provided legal services since 2003 to the Mövenpick Group of companies, to which the Registrant is a member.

[8] Upon review of Mr. Staub’s declaration, it is clear that there is no evidence of use of the Mark by the Registrant in Canada during the Relevant Period. Instead, the entirety of Mr. Staub’s declaration and documentary evidence concerns the history of use of the Mark in Canada prior to the Relevant Period and the circumstances surrounding the cessation of its use, as well as the Registrant’s efforts to re-enter the Canadian marketplace. Thus, the issue to be decided in this case is whether the Registrant has shown “special circumstances” that would excuse the absence of use of the Mark, permitting the maintenance of the registration.

[9] A determination of whether there are special circumstances excusing non-use involves the consideration of three criteria:

- (i) the length of time during which the mark has not been in use;
- (ii) whether the reasons for non-use were due to circumstances beyond the control of the registered owner; and
- (iii) whether there exists a serious intention to resume use shortly [see *Canada (Registrar of Trade-marks) v. Harris Knitting Mills Ltd.* (1985), 4 C.P.R. (3d) 488 (F.C.A.)].

[10] With respect to the second criteria, “circumstances beyond the owner’s control” mean “circumstances that are unusual, uncommon or exceptional” [*John Labatt Ltd. v. The Cotton Club Bottling Co.* (1976), 25 C.P.R. (2d) 115 (F.C.T.D.)].

[11] The decision in *Smart & Biggar v. Scott Paper Ltd.* (2008), 65 C.P.R. (4th) 303 (F.C.A.) offered further clarification with respect to the interpretation of the special circumstances criteria in *Harris Knitting, supra*. In particular, the Court determined that the proper test when assessing whether there are special circumstances, which would excuse non-use of a mark, must refer to the cause of the absence of use and not to some other consideration. It would appear from this analysis that the second criterion of the *Harris Knitting* test must be satisfied in order for there to be a finding of special circumstances excusing non-use of a mark. However, this is not to say that the other two criteria are not relevant factors to consider, but just that those factors, in isolation, cannot constitute special circumstances. Indeed, the relevance of the first criterion is apparent, as reasons that may excuse a brief period of non-use, may not excuse an extended period of non-use [*Harris Knitting, supra; Re: Goldwell* (1974), 29 C.P.R. (2d) 110 (R.T.M.)]. In any event, the intent to resume use must be substantiated by the evidence [*Arrowhead Spring Water Ltd. v. Arrowhead Water Corp.* (1993), 47 C.P.R. (3d) 217 (F.C.T.D.); *NTD Apparel Inc. v. Ryan* (2003), 27 C.P.R. (4th) 73 (F.C.T.D.)].

[12] I will now turn to the application of the special circumstances test as described above, to determine if the Registrant has satisfied such criteria.

The Length of Time During Which the Mark Has Not Been in Use

[13] Although Mr. Staub explains that the Registrant is a large international hotel and restaurant chain which commenced its operations in 1950, it appears that the Registrant did not enter the Canadian marketplace until 1993. In this regard, Mr. Staub explains that beginning in 1993, the Registrant’s master franchisee and licensee, Richtree Inc. (Richtree), and its successor, operated restaurants in Canada in association with the Mark.

[14] It was at the end of January 2005 however, Mr. Staub explains, that Richtree last performed services in association with the Mark in Canada. The circumstances surrounding this cessation in use commence Mr. Staub’s discussion and introduction of evidence regarding the

reasons for non-use of Mark and efforts taken by the Registrant to re-enter the Canadian marketplace. Consequently, for the purposes of the ensuing discussion, I find it appropriate to consider the reasons for non-use together with the evidence concerning resumption of use of the Mark.

The Reasons for Non-Use and Whether there Exists a Serious Intention to Resume Use Shortly

[15] The cessation in use of the Mark, Mr. Staub explains, relates to events which began in 2004. It was at this time that Richtree and its operating subsidiary Richtree Markets Inc. went into court-administered receivership and emerged as Richtree Markets Inc. (Richtree Markets), a new legal entity. The sale of Richtree's restaurants bearing the Mark to Richtree Markets was then completed by a statutorily appointed interim receiver. Mr. Staub explains that by virtue of a Court Order, Richtree Markets then acquired the Registrant's long developed trade secrets, business records and all of the retail leases in Toronto and Ottawa previously secured and guaranteed by the Registrant.

[16] Unable to meet the terms of a proposed license agreement, ties between Richtree Markets and the Registrant were ultimately severed at the end of January 2005. Mr. Staub explains that it was then that Richtree Markets commenced operations in Canada using the very retail space previously secured by the Registrant and the proprietary information obtained from the Registrant through Court Order. Richtree Markets had effectively turned from master franchisee and licensee to competitor. As a result of these events, which Mr. Staub asserts were beyond the control of the Registrant, the Registrant's Canadian operations were destroyed.

[17] The Requesting Party argues that while the bankruptcy and sale of the Registrant's Canadian licensee may have been out of the Registrant's control, initially excusing non-use of the Mark for a very brief period of time, the long-term continued non-use of the Mark since January 2005 was entirely within the Registrant's control. In this regard, it submits that bankruptcies and the resultant need to restart business operations are not uncommon or unusual events in business, including the restaurant business. Furthermore, although bankruptcies are sometimes out of the control of a registered owner, they have been held to excuse only short periods of non-use [see *Rogers & Scott v. Naturade Products Inc.* (1988), 19 C.P.R. (3d) 504 at

506; *Lapointe Ronsenstein v. Maxwell Taylor's Grill Inc.* (2001), 19 C.P.R. (4th) 263 at 266; and *Scott & Ayles v. Stanback Co. Ltd.* (1988), 17 C.P.R. (3d) 279 at 281-282].

[18] The Registrant, on the other hand, submits that cases involving bankruptcy are highly fact sensitive to which the present case is clearly distinguishable. While it is a fact that the bankruptcy hindered the Registrant, the real obstacle and cause for cessation in use of the Mark was the loss of prime retail space and the accumulated knowledge, proprietary information and contacts that were required to run its Canadian operations. The result, the Registrant submits, was that it was put in the position of having to start a completely new business from the ground up; a situation, it argues, that is more on par with the case of *Cobalt Brands, LLC v. Gowling Lafleur Henderson LLP* (2010), 82 C.P.R. (4th) 245 (F.C.).

[19] While I agree with the Registrant that the present case is somewhat different in that its losses were not strictly limited to the bankruptcy of its licensee, the case of *Cobalt Brands, supra* does not appear to apply. The present case does not involve a series of consecutive disruptive events, such as the deaths of two succeeding registered owners as in the *Cobalt* case. While I find it reasonable to accept that the additional losses in operational assets experienced by the Registrant, both tangible and otherwise, *could* further delay a registered owner from resuming use of its trade-mark for a *short period* of time, whether such reasons excuse the prolonged non-use of the Mark for more than four years is questionable. In other words, was the prolonged non-use beyond the control of the Registrant?

[20] To answer this question, I find it necessary to discuss what transpired as the Registrant undertook to re-enter the Canadian marketplace.

[21] In an effort to rebuild its Canadian operations, Mr. Staub attests that specialized training required for the performance of the Registrant's Services involved a protracted search of two years to locate an employee for relocation to Canada. He does not however, provide any detail as to the steps taken or the difficulties encountered in locating this employee. He simply explains that concurrent with this search, employees and management of the Registrant were flying back and forth between Canada and Switzerland to learn and understand all of the legal requirements to locate space and operate in Canada.

[22] Mr. Staub then explains that it was in 2007, after numerous and unsuccessful discussions with Richtree Markets, that the Registrant commenced discussions with several landlords in Toronto in an effort to secure viable retail space. This ultimately resulted in the lease of retail space in downtown Toronto in late 2008, nearly four years after the date of last use of the Mark. Again, I find that insufficient detail has been provided to explain this lengthy delay.

[23] Absent further information, in my view, it is difficult to ascertain whether the non-use of the Mark in Canada persisted as a result of factors beyond the control of the Registrant, or if it was simply the result of deliberate business decisions. Given that the entire burden rests with the Registrant, I find the Registrant has failed to satisfy the Registrar that the prolonged non-use of the Mark in Canada, for more than four years, was due to factors that were beyond its control.

[24] In the event that I am wrong in so concluding, the Registrant must nevertheless satisfy the third criterion of the *Harris Knitting Mills* test; that is, the Registrant must demonstrate a serious intention to shortly resume use [see *Arrowhead Spring Water Ltd, supra; NTD Apparel Inc, supra*].

[25] With respect to evidence regarding this third criterion, in addition to the steps noted above, Mr. Staub provides Exhibits RS-3, RS-4 and RS-5. I note however, that Exhibit RS-5 clearly relates to activities that were initiated after the Relevant Period, relates to “catering services” and not the services as registered, and does not display the Mark.

[26] Exhibit RS-3 consists of a copy of a news release distributed in Canada on March 23, 2009, by Newswire, announcing the anticipated opening of various restaurants in Toronto in 2010, including a “Marchélino” restaurant. I note that the announcement is merely anticipatory in nature. Furthermore, I find the news release ambiguous as to whether the anticipated re-opened restaurants will be operating under the trade-mark as registered.

[27] This ambiguity is further highlighted by Exhibit RS-4 which is described by Mr. Staub as consisting of pages from the Registrant’s website that advertised, since February 22, 2009, employment opportunities for its anticipated re-launch of restaurants bearing the Mark. For ease of reference and comparison, I have reproduced below the Mark beside the mark that appears in the exhibit:



[28] Clearly, these marks differ substantially, to the extent that use of the mark in this exhibit would not constitute use of the mark as registered [see *Nightingale Interloc Ltd.v. Prodesign Ltd.* 2 C.P.R. (3d) 535; *Registrar of Trade-Marks v. Compagnie Internationale Pour L'Informatique CII Honeywell Bull, Societe Anonyme et al.* (1985), 4 C.P.R. (3d) 523].

[29] While the Registrant *may* have shown a serious intention to re-enter the Canadian marketplace, based on the foregoing, I cannot conclude that the Registrant has shown a serious intention to resume use of the Mark as registered. In view of the foregoing, I cannot conclude that the Registrant has demonstrated special circumstances that would excuse the absence of use of the Mark during the Relevant Period.

Disposition

[30] Accordingly, 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.

Kathryn Barnett
Hearing Officer
Trade-marks Opposition Board
Canadian Intellectual Property Office