



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

Citation: 2015 TMOB 51
Date of Decision: 2015-03-24

IN THE MATTER OF AN OPPOSITION
by Corporativo de Marcas GJB, S.A. de
C.V. to application No. 1,275,939 for the
trade-mark CASTILLO in the name of
Bacardi & Company Limited

[1] On October 17, 2005, Bacardi & Company Limited (the Applicant) filed an application to register the trade-mark CASTILLO (the Mark). The application is based on proposed use in association with “rum, rum-based beverages, flavoured rums, cocktails flavoured with rum” (the Goods).

[2] The application was advertised for opposition purposes in the *Trade-marks Journal* of August 3, 2011.

[3] On January 3, 2012, Corporativo de Marcas GJB, S.A. de C.V. (the Opponent) filed a statement of opposition. The grounds of opposition can be summarized as follows:

- a. pursuant to sections 38(2)(a) and 30(i) of the *Trade-marks Act*, RSC 1985, c T-13 (the Act), the Applicant cannot be satisfied that it is entitled to use the Mark in Canada in view of the prior use and making known of the trade-marks CASTILLO and RON CASTILLO by the Opponent and its predecessors in title. The Applicant is aware that the Mark is confusing with the Opponent’s marks; and its actions in attempting to obtain cancellation of the Opponent’s registration through summary expungement and opposition proceedings speak to that effect and confirm that the Applicant cannot be satisfied of its entitlement to use the Mark in Canada at the material time;

- b. pursuant to sections 38(2)(a) and 30(e) of the Act, the Applicant does not intend to use the Mark in Canada in association with the Goods;
- c. pursuant to sections 38(2)(c) and 16(3)(a) of the Act, the Applicant is not the person entitled to registration of the Mark because at the date of filing the application, the Mark was confusing with the trade-marks CASTILLO and RON CASTILLO (the Opponent's CASTILLO marks) which have been previously used and/or made known in Canada by the Opponent and its predecessors in title in association with "rum and rum based beverages and preparations" prior to the adoption of the Mark by the Applicant;
- d. pursuant to sections 38(2)(a) and 16(3)(b) of the Act, the Applicant is not entitled to registration of the Mark because at the date of filing the application for the Mark it was confusing with the trade-mark RON CASTILLO LABEL Design (application No. 1,175,652) for "rum" filed by the Opponent's predecessor in title prior to the filing date for the application for the Mark;



- e. pursuant to sections 38(2)(d) and 2 of the Act, the Mark is not distinctive of the Goods since it does not actually distinguish, nor is it adapted to distinguish the Goods from the Opponent's goods in Canada..

[4] The Applicant served and filed a counter statement in which it denied the Opponent's allegations and put the Opponent to the strict proof thereof.

[5] In support of its opposition, the Opponent filed an affidavit of Ricardo Juarez Avina, a legal representative for Jose Cuervo, SA de CV. He is also the manager of the legal department of Casa Cuervo Mexico SA de CV. The Opponent is one of a group of related companies controlled by the parent company Casa Cuervo Mexico SA de CV, therefore Mr. Avina is a legal

representative for the Opponent. Mr. Avina was cross-examined on his affidavit and the transcript forms part of the record.

[6] In support of its application, the Applicant filed affidavits of Barbara Gallagher and Susan Burkhardt – both law clerks employed by the Applicant’s agent.

[7] Both parties filed written arguments and were represented at an oral hearing.

Onus and Material Dates

[8] The Applicant bears the legal onus of establishing, on a balance of probabilities, that its application 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 its ground of opposition exist [see *John Labatt Limited v The Molson Companies Limited* (1990), 30 CPR (3d) 293 (FCTD) at 298].

[9] The material dates that apply to the grounds of opposition are as follows:

- a. sections 38(2)(a)/30 - the date of filing the application [see *Georgia-Pacific Corp v Scott Paper Ltd* (1984), 3 CPR (3d) 469 at 475 (TMOB) and *Tower Conference Management Co v Canadian Exhibition Management Inc* (1990), 28 CPR (3d) 428 at 432 (TMOB)];
- b. sections 38(2)(c)/16(3) – the date of filing the application [section 16(3) of the Act];
- c. sections 38(2)(d)/2 - the date of filing of the opposition [see *Metro-Goldwyn-Mayer Inc v Stargate Connections Inc* (2004), 34 CPR (4th) 317 (FC)].

Preliminary Comment

[10] While I have reviewed and considered all of the evidence and submissions of record, for the purposes of my decision only those which are directly pertinent to my findings will be specifically mentioned.

Section 30 Grounds of Opposition

Section 30(e) of the Act

[11] The Opponent has not provided any evidence or submissions in support of its allegation that the Applicant did not and does not intend to use the Mark. As a result the Opponent has failed to meet its evidential burden and this ground of opposition is dismissed accordingly.

Section 30(i) of the Act

[12] Where an applicant has provided the statement required by section 30(i), a section 30(i) ground should only succeed in exceptional cases such as where there is evidence of bad faith on the part of the applicant [see *Sapodilla Co Ltd v Bristol-Myers Co* (1974), 15 CPR (2d) 152 (TMOB) at 155].

[13] The Opponent submits that the section 30(i) ground of opposition should be successful as the Applicant was aware of the Opponent's registered CASTILLO trade-mark when it filed its application for the Mark. In particular, the Opponent submits that the Applicant had already sought to cancel the Opponent's registration a few years prior to filing its application for the identical mark. Furthermore, the Opponent pointed out that the Applicant commenced a second section 45 proceeding against the Opponent's CASTILLO registration a few days after filing the application for the Mark.

[14] Based on this series of facts, the Opponent submits that the Applicant could not have been acting in good faith when it filed the application for the Mark.

[15] At the oral hearing the Opponent cited a handful of cases in which a section 30(i) ground of opposition was successful [*FremantleMedia North America Inc v Wright Alternative Advertising Inc* (2009), 77 CPR (4th) 311 (TMOB); *Chery Automobile Co v Wang* (2013), 113 CPR (4th) 327 (TMOB); *Lifestyles Improvement Centres, LLP v Chorney* (2007), 63 CPR (4th) 261 (TMOB)]. In *FremantleMedia* and *Lifestyles*, bad faith was found on the part of the applicant. In *Chery*, the use of the applied-for mark was found to create a prima facie case of copyright infringement and thus to be contrary to section 30(i) of the Act. By contrast, the Applicant relies on two cases in which a section 30(i) ground was dismissed as a situation

amounting to bad faith was not found [*Pepsi-Cola Ltd v Molson Breweries, A Partnership* (1993), 51 CPR (3d) 256 (TMOB); *Purafil Canada Ltd v Purafil, Inc* (2013) TMOB 105].

[16] The Applicant submits that the mere fact that the Opponent may have used or registered the trade-mark CASTILLO prior to the Applicant's filing the application for the Mark does not preclude the Applicant from making the statement. I agree.

[17] The evidence supports a finding that, at the date of filing the application for the Mark, the Opponent had not used the CASTILLO trade-mark since 1999 – some six years prior to the material date. While the Opponent's registration remained extant, the Applicant had reason to suspect the registration was no longer valid. The Applicant believed it was entitled to use the Mark in Canada in association with the applied for goods.

[18] Reviewing the evidence as a whole, I am not satisfied that the actions of the Applicant would amount to bad faith and accordingly this ground of opposition is dismissed.

Non-entitlement Grounds of Opposition

Section 16(3)(b) of the Act

[19] The application for RON CASTILLO LABEL Design (application No. 1,175,652) was filed on April 22, 2003 and thus prior to the filing date for the application for the Mark (October 17, 2005) and remained pending at the date of advertisement (August 3, 2011).

[20] I note that this application was refused on July 15, 2014 further to an opposition proceeding commenced by the Applicant in the present proceeding. A significant portion of the oral hearing was spent on the issue of whether this fact could be considered as a relevant surrounding circumstance in the confusion analysis.

[21] While I appreciate both parties' submissions on this point – I consider myself bound by the decision of the Federal Court in *ConAgra Inc v McCain Foods Ltd* (2001), 14 CPR (4th) 228 (FCTD) in which such a factor was not considered relevant. Specifically, I note the following comments from Justice Blais:

[114] I agree with the applicant that the plain language of paragraph 16(3)(b) refers to the date of filing of the application and seems to determine the issue.

[115] Furthermore, I agree that the *Molson Breweries* case presented anomalous circumstances. However, Heald, J.'s conclusion that, although the surrounding circumstance (abandonment of the application) arose after the material date, it was intrinsically connected to a circumstance which existed at the material date, might still be argued to be applicable.

[116] Nevertheless, had the intention of the legislator been that the abandonment of the application be considered at the time of the decision, it would have stated so. Currently, the Act refers to surrounding circumstances at the date of filing of the application. It is difficult for me to see how I could conclude that surrounding circumstances should include circumstances at the time of the Registrar's decision, in light of the Act as well as the *Unitel* case [*Unitel International Inc v Canada (Registrar of Trade-marks)* [2000] FCJ 1652 (FCA)]. Therefore, I am of the view that the Registrar erred in considering the 1999 abandonment of certain trade-mark applications by the applicant in his assessment of confusion under paragraph 16(3)(b). [Emphasis is mine]

[22] As a result, I am estopped from considering the fact that the application has been refused as a relevant surrounding circumstance. The Opponent has met its initial evidential burden with respect to this ground of opposition.

[23] Under the circumstances, I do not consider it necessary to engage in a fulsome confusion analysis. The parties' marks share the same dominant word component CASTILLO (which is the entirety of the Mark) and cover identical goods. Thus, the Applicant has failed to establish on a balance of probabilities that there is no likelihood of confusion as between the parties' marks.

[24] The ground of opposition based on section 16(3)(b) of the Act is accordingly successful.

Section 16(3)(a) of the Act

[25] The Opponent is under an initial burden of establishing use of one or more of its pleaded CASTILLO marks prior to the filing date for the application for the Mark (October 17, 2005) as well as non-abandonment at the date of advertisement (August 3, 2011).

[26] The evidence also includes sample labels which clearly display the CASTILLO and RON CASTILLO trade-marks and which Mr. Avino states are representative of those placed on the

Opponent's rum from 1998 – 2003 (Avino affidavit dated July 16, 2012 – para 13 and Exhibit B).

[27] The evidence shows isolated sales of the Opponent's CASTILLO rum to either the Ontario or Alberta liquor control boards on the following dates:

- a. November 24, 1987;
- b. November 21, 1994;
- c. December 10, 1996;
- d. July 3, 1998 (a, b, c and d – paragraph 12 of the July 16, 2012 Avino affidavit, Exhibit A– an affidavit of Mr. Avino dated November 10, 1998 at para 13);
- e. November 24, 1999 (para 18 Avino affidavit dated July 16, 2012);
- f. August 4, 2008 (para 19 of the July 16, 2012 Avino affidavit, Exhibit E – an affidavit of Mr. Avino dated January 28, 2009 at para 6); and
- g. June 20, 2012 (para 22, Exhibit F Avino affidavit dated July 16, 2012).

[28] The Applicant submits that Mr. Avino previously advised the Federal Court that sales of CASTILLO rum into Canada were halted in 1999 and did not occur again for the better part of a decade. The evidence supports such a finding.

[29] The Federal Court held that there had been no use in the three years prior to the commencement of the second section 45 proceeding [see *Bacardi, supra*].

[30] Therefore, despite the evidence of sales significantly pre-dating the filing date – for at least the six years prior to the filing date there was no use of the Opponent's CASTILLO and RON CASTILLO trade-marks. In fact, in the context of the second section 45 proceeding the opponent admitted that it had made a concerted decision not to use the CASTILLO mark as its business plan was to use the mark in association with the trade-mark COHIBA, and by reason of a trade-mark dispute with a third party, the Opponent was prevented from using the COHIBA trade-mark.

[31] Furthermore, the Federal Court made some cautionary statements to the Opponent regarding its pattern of isolated sales [*Bacardi, supra*]:

[37] Moreover, the Federal Court of Appeal put the appellant on notice that a single sale out of context (such as once a year or every 5 years) is not a sale “in the ordinary course of business” and may not be considered use of the trade-mark in Canada.

....

[42] The normal course of trade for rum cannot comprise of one sale in 1994, or one sale in 1999, and one sale in 2008.

[32] I echo the Federal Court's statements regarding the normal course of trade issue and query whether the evidence provided qualifies as evidence of use of the CASTILLO trade-mark in the normal course of trade.

[33] In the present case – the Opponent has established instances of use of the pleaded CASTILLO and RON CASTILLO trade-marks in association with rum which predate the filing date (albeit which ended six years prior to the filing date). Furthermore, despite the evidence that the Opponent had abandoned the CASTILLO trade-mark from approximately 1999 – 2008, the evidence does show uses of the CASTILLO trade-mark in Canada in association with rum in 2008 and both the CASTILLO and RON CASTILLO trade-marks in association with rum in 2012.

[34] In order to satisfy its evidential burden the Opponent must establish use of the pleaded mark in association with the pleaded goods in accordance with section 4(1) of the Act prior to the filing date and non-abandonment at the advertisement date. Section 4(1) of the Act states as follows:

4. (1) A trade-mark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred. [Emphasis is mine]

[35] I am of the view that the evidence put forward by the Opponent falls short of establishing use “in the normal course of trade” at the relevant material dates. The evidence shows a series of isolated sales – approximately once a year or once every few years with large gaps in use – the longest gap being one of six years prior to the filing date. Thus, I find that the Opponent has failed to meet its evidential burden and I dismiss this ground of opposition accordingly.

[36] Based on the foregoing, the section 16(3)(a) ground of opposition is dismissed.

[37] If I am incorrect and the evidence is sufficient to meet the Opponent's burden – the Opponent's position on the issue of confusion is even stronger under the section 16(3)(a) ground

of opposition, as the pleaded trade-mark CASTILLO is identical to the Mark, and the RON CASTILLO trade-mark is at least as similar as the RON CASTILLO LABEL Design mark. As was the case under section 16(3)(b), the Opponent's pleaded trade-marks are used in association with the identical goods to the Applicant's. As a result, this ground of opposition would also be successful.

[38] I have raised this alternative finding as the end result of the section 16(3)(a) ground of opposition would not change the ultimate finding as I have already refused the application on the basis of the section 16(3)(b) ground of opposition.

Non-distinctiveness Ground of Opposition

[39] While there is a legal onus on the Applicant to show that the Mark is adapted to distinguish or actually distinguishes its Goods from those of others throughout Canada [see *Muffin Houses Incorporated v The Muffin House Bakery Ltd* (1985), 4 CPR (3d) 272 (TMOB)], there is an initial evidential burden on the Opponent to establish the facts relied upon in support of the ground of non-distinctiveness.

[40] Pursuant to its evidential burden, the Opponent is under an obligation to show that, as of the filing of the statement of opposition, one or more of its pleaded CASTILLO and RON CASTILLO marks had become known sufficiently to negate the distinctiveness of the Mark [see *Bojangles' International, LLC v Bojangles Café Ltd* (2004), 40 CPR (4th) 553, affirmed (2006), 48 CPR (4th) 427 (FC)].

[41] Despite the evidence including a selection of isolated sales spread out over the years 1987 – 1999 and again some in 2008 and 2012 – there is no evidence establishing the extent to which the Opponent had developed a reputation for the CASTILLO and RON CASTILLO trade-marks necessary to meet the evidential burden under this ground of opposition.

[42] As a result, this ground of opposition is dismissed on account of the Opponent's failure to meet its evidential burden.

Disposition

[43] Pursuant to the authority delegated to me under section 63(3) of the Act, I refuse the application pursuant to section 38(8) of the Act.

Andrea Flewelling
Member
Trade-marks Opposition Board
Canadian Intellectual Property Office