

**IN THE MATTER OF AN OPPOSITION
by Institut National des Appellations d'Origine
to application No. 666,851 for the trade-mark
THE COGNAC OF FINE BEER filed by
Brick Brewing Co., Limited**

On October 2, 1990, the applicant, Brick Brewing Co., Limited, filed an application to register the trade-mark THE COGNAC OF FINE BEER for "beer" based on proposed use in Canada. The application as filed contained a disclaimer to the word BEER and the application was subsequently amended to extend that disclaimer to include the word FINE. The application was advertised for opposition purposes on January 29, 1992.

The opponent, Institut National des Appellations d'Origine, filed a statement of opposition on February 3, 1992, a copy of which was forwarded to the applicant on March 4, 1992. The first ground of opposition is that the application does not comply with the provisions of Section 30(i) of the Act. In support of this ground, the opponent has alleged that the applicant could not have been satisfied that it was entitled to use its mark in Canada because the use of the term COGNAC in the applicant's mark contravenes the Food and Drugs Act and regulation B.02.054 to that Act.

The second ground of opposition is that the applied for trade-mark is not distinctive because it is not adapted to distinguish the applicant's wares from wines originating from the region of France known as Cognac and bearing the appellation of origin cognac. In support of this ground the opponent alleged that the use and registration of the applicant's trade-mark is calculated to deceive and mislead the public as to the origin and character of the applicant's product.

The third ground of opposition is that the applied for trade-mark is not registrable pursuant to Sections 9(1)(d) and 12(1)(e) of the Act because it consists of or so nearly resembles the word cognac and that word would lead to the belief that the applicant's wares have received or are produced or sold with the approval and authority of the government of France. The fourth ground is that the applied for mark is not registrable pursuant to Sections 10 and 12(1)(e) of the Act because it so nearly resembles as to be likely to be mistaken for the

appellation of origin cognac, that appellation having, by ordinary and 'bona fide' commercial usage, become recognized in Canada as designating brandy produced in the Cognac region of France.

The fifth ground of opposition is that the applied for trade-mark is not registrable in view of the provisions of Section 12(1)(b) of the Trade-marks Act. In this regard, the opponent has alleged that the applicant's mark is deceptively misdescriptive of the character or quality of the applied for wares and of their place of origin because it deceptively connotes a product having the characteristics, qualities and place of origin of brandy produced in the Cognac region of France.

The applicant filed and served a counter statement. The opponent's evidence consists of the affidavits of Joy Morrow, David L. McCormack, Nancy Kay, Michael Sainsbury, Christopher Chan, Dennis S.K. Leung and Jean-Marc Girardeau. Mr. Girardeau was cross-examined on his affidavit and the transcript of that cross-examination, the exhibits to that cross-examination and the subsequently filed replies to undertakings form part of the record of this proceeding. The applicant did not file evidence. Only the opponent filed a written argument and an oral hearing was conducted at which both parties were represented.

As for the first ground of opposition, the applicant has formally complied with the provisions of Section 30(i) of the Act by including the required statement in its application. The issue then becomes whether or not the applicant has substantively complied with that subsection - i.e. - was the statement true when the application was filed? Previous oppositions based on non-compliance with Section 30(i) of the Trade-marks Act have been successful where an opponent has made out a 'prima facie' case that the applicant's proposed use of its mark was in potential violation of a federal statute: see, for example, the decisions in E. Remy Martin & Co. S.A. v. Magnet Trading Corp. (HK) Ltd. (1988), 23 C.P.R.(3d) 242 (T.M.O.B.) and Co-operative Union of Canada v. Tele-Direct (Publications) Inc. (1991), 38 C.P.R.(3d) 263 (T.M.O.B.). In the present case, the opponent contends that the applicant's statement that it was satisfied that it was entitled to use the applied for mark could not have been true because

the applicant's intended use of its mark will contravene Section 5 of the Food and Drugs Act which reads as follows:

5.(1) No person shall label, package, treat, process, sell or advertise any food in a manner that is false, misleading or deceptive or is likely to create an erroneous impression regarding its character, value, quantity, composition, merit or safety.

(2) An article of food that is not labelled or packaged as required by, or is labelled or packaged contrary to, the regulations shall be deemed to be labelled or packaged contrary to subsection (1).

and Regulation B.02.053 pursuant to that Act which reads as follows:

Cognac Brandy or Cognac shall be brandy manufactured in the Cognac district of France in accordance with the laws of the French Republic for consumption in that country.

The opponent submitted that the applicant's intended use of its mark will offend both subsections of Section 5 of the Food and Drugs Act. It is at least arguable that the applicant's proposed use of its trade-mark THE COGNAC OF FINE BEER for beer would be in contravention of Section 5(2) of the Food and Drugs Act and Regulation B.02.053. On the other hand, it could be argued that the regulation in question only applies to products that are brandy. However, it seems equally plausible that the regulation is intended to apply to any food product - i.e. - that cognac is only to be used on a particular type of brandy and should not be used on any other food or beverage product.

In view of the above, I find that the opponent has met the evidential burden on it respecting the applicant's possible non-compliance with Section 30(i) of the Act. It was therefore incumbent on the applicant to show that it has complied with that subsection. Since the applicant has filed no evidence, I am left in a state of doubt regarding the applicant's compliance. I must therefore resolve that doubt against the applicant and find that the first ground of opposition is successful.

As noted, the opponent also contended that the first ground should be successful because the applicant's intended use of its mark would also offend Section 5(1) of the Food and Drugs Act quite apart from the provisions of Section 5(2). However, it is not apparent from

the evidence of record that the use of the trade-mark THE COGNAC OF FINE BEER for beer would create an erroneous impression regarding the beer's character, value, merit, etc. The opponent's evidence establishes, at most, that Canadian consumers are aware that cognac is an alcoholic beverage. Those consumers would likely be somewhat puzzled by the use of the word cognac in the context of the applicant's trade-mark but it seems unlikely that they would erroneously assume anything about the product. The grammatical construction of the applicant's trade-mark gives it a somewhat laudatory connotation but I do not consider such a result to be contrary to Section 5(1) of the Food and Drugs Act.

As for the second ground of opposition, the material time for considering the circumstances respecting the issue of distinctiveness is as of the filing of the opposition. The onus or legal burden is on the applicant to show that its applied for trade-mark actually distinguishes or is adapted to distinguish its services from those of others throughout Canada. There is, however, an evidential burden on the opponent to prove its supporting allegations of fact.

The opponent's evidence establishes that the French government has designated various geographical indications for French wines and that it created the opponent as the organization to oversee and protect those indications. It appears that those indications (or appellations of origin as they are known in France) function much like certification marks under our Trade-marks Act. In other words, an indication means that a particular wine comes from a particular region of France and that it meets certain character or quality standards. It would appear, however, that the opponent has not obtained a Canadian registration for cognac as a certification mark.

In the present case, the opponent has evidenced the meaning of the indication or appellation cognac and the extent to which that indication has been used in Canada. French law dictates that the name cognac can only be used to refer to a brandy manufactured in the Cognac region of French in accordance with certain standards (see the Girardeau affidavit).

Protection for the name has been extended to Canada through Regulation B.02.053 under the Food and Drugs Act. Cognac is recognized as being a French brandy or a particular type of French brandy in numerous dictionaries, encyclopedias and reference works (see the Leung affidavit) although it is not apparent that Canadians are generally aware of those references. Some Canadians have become familiar with the name through steady sales of cognac in Canada over the years from various French producers (see the Girardeau, Kay, Sainsbury and Chan affidavits) although it is not apparent that Canadian purchasers are aware of the specific nature and origin of cognac.

Although the opponent's evidence is not as detailed or extensive as one might like, I consider that it is sufficient for me to conclude that a number of Canadians are aware of the indication cognac. The evidence is insufficient, however, to allow me to conclude that a significant number of Canadians are aware that cognac signifies a brandy originating from a particular region of France.

The opponent's own evidence establishes that a number of producers have sold cognac for many years in Canada and that each producer uses its own trade-mark in conjunction with the product descriptor "cognac." That same evidence shows advertisements for some of those products in which cognac is used generically to refer to the product. Canadian consumers have thus become acquainted with various brands of cognac such as COURVOISIER cognac, REMY MARTIN cognac and HENNESSY cognac and have therefore been educated to the fact that cognac emanates from various sources. The term cognac is therefore, in the minds of many Canadian consumers, a common trade term.

Given that cognac is a non-distinctive trade term in Canada and given that most Canadians are unaware of the particular significance of the word cognac as designating a brandy produced in a particular region of France, the use of that word in the context of the applicant's proposed mark does not render that mark non-distinctive. Most Canadian consumers would not ascribe any particular meaning to the trade-mark THE COGNAC OF

FINE BEER. At most, they would ascribe a slight laudatory connotation to the trade-mark because of its grammatical construction irrespective of the inclusion of the word **COGNAC**. In other words, the construction **THE _____ OF FINE BEER** is laudatory 'per se.' Those consumers who are aware that cognac is a French brandy and perceive it to be of higher quality than other brandies would likely react to the applicant's mark as an attempt to describe the applicant's beer as being of higher quality than other beers. Therefore, at most, the applicant's mark **THE COGNAC OF FINE BEER** for beer is somewhat laudatory or suggestive of beer of a higher quality. The second ground of opposition is therefore unsuccessful.

The third ground of opposition is based on the provisions of Sections 9(1)(d) and 12(1)(e) of the Act. The opponent contends that the applicant's trade-mark is likely to lead to the belief that the applicant's services have received or are produced, sold or performed under the patronage, approval or authority of the French government. The material time respecting the third ground is the date of my decision. Further, the onus or legal burden is on the applicant to show its compliance with Section 9(1)(d) but there is an evidential burden on the opponent. Finally, as stated in Section 9(1) of the Act, the test to be applied is whether or not the applicant's mark consists of, or so nearly resembles as to be likely to be mistaken for, the prohibited word or symbol: see the opposition decision in Canadian Olympic Association v. Schwauss (1995), 61 C.P.R.(3d) 104. In other words, is the applicant's mark identical to, or almost the same as, the prohibited term?

The opponent's third ground does not raise a proper ground of opposition because the provisions of Section 9(1)(d) of the Act do not afford protection to foreign governments: see the opposition decisions in United States Government v. Amada Co. Ltd. (1983), 75 C.P.R.(2d) 228 and Government of Spain v. T.G. Bright & Co., Limited (1987), 16 C.P.R.(3d) 308. Thus, the third ground is unsuccessful. However, even if Section 9(1)(d) of the Act extended protection to foreign governments, the opponent's third ground would have nevertheless been unsuccessful since the applicant's mark **THE COGNAC OF FINE BEER** is not the same as or almost the same as the word cognac.

The fourth ground of opposition is that the applied for trade-mark is not registrable pursuant to Section 12(1)(e) of the Act because it contravenes Section 10 of the Act which reads as follows:

Where any mark has by ordinary and 'bona fide' commercial usage become recognized in Canada as designating the kind, quality, quantity, destination, value, place of origin or date of production of any wares or services, no person shall adopt it as a trademark in association with such wares or services or others of the same general class or use it in a way likely to mislead, nor shall any person so adopt or so use any mark so nearly resembling that mark as to be likely to be mistaken therefor.

The opponent's evidence establishes that the term cognac has by ordinary and 'bona fide' commercial usage become recognized in Canada as designating a type of alcoholic beverage although it is less likely that it has become recognized as a particular type of brandy originating in France.

As submitted by the opponent, there are then three specific prohibitions in Section 10 to consider. The first is that no one shall adopt the prohibited mark as a trade-mark. In the present case, the applicant has not violated that prohibition since its trade-mark consists of more than the word cognac. The second prohibition is that no one is to use the prohibited mark in a way likely to mislead. For the reasons discussed previously, the applicant's proposed use of the trade-mark THE COGNAC OF FINE BEER would more likely puzzle consumers than mislead them. The third prohibition is essentially the same one as the one set out in Section 9(1) of the Act. The test then is essentially the same as the test in Section 9(1), namely is the applicant's mark almost the same as the term cognac? As with the third ground of opposition, the answer is no. Thus, the fourth ground is also unsuccessful.

As for the fifth ground of opposition, the material time for considering the circumstances respecting the issue arising pursuant to Section 12(1)(b) of the Act is the date of my decision: see the decision in Lubrication Engineers, Inc. v. The Canadian Council of

Professional Engineers (1992), 41 C.P.R.(3d) 243 (F.C.A.). The issue is to be determined from the point of view of an everyday user of the wares. Furthermore, the trade-mark in question must not be carefully analyzed and dissected into its component parts but rather must be considered in its entirety and as a matter of first impression: see Wool Bureau of Canada Ltd. v. Registrar of Trade Marks (1978), 40 C.P.R.(2d) 25 at 27-28 and Atlantic Promotions Inc. v. Registrar of Trade Marks (1984), 2 C.P.R.(3d) 183 at 186.

The opponent has restricted its fifth ground to an allegation that the applicant's mark is deceptively misdescriptive of the character or quality or place of origin of the wares. As discussed, the opponent's evidence establishes that a number of Canadians are aware of the word cognac and that it is an alcoholic beverage. However, the evidence does not establish that the average consumer of the applicant's wares would be aware that cognac is only produced in the Cognac region of France and that it must meet certain production standards. Thus, it seems unlikely that the average consumer or purchaser of beer would react to the trade-mark THE COGNAC OF FINE BEER for beer as being misdescriptive. Knowing that cognac is an alcoholic beverage would leave such a consumer somewhat puzzled about the character of the applicant's beer although he would not likely assume it contained cognac. As to the origin of the applicant's beer, even if the average user of the applicant's beer knew that cognac is from France, he would not, in my view, conclude that the applicant's beer also came from France. As discussed, the grammatical construction of the applicant's trade-mark gives it a somewhat laudatory connotation whether or not it includes the word COGNAC. Thus, I consider that the fifth ground is unsuccessful. Even if I could have concluded that the applicant's mark is somehow misdescriptive of the character, quality or place of origin of the applicant's wares, I do not consider that it is deceptively so.

As previously discussed, the evidence and the grammatical construction of the applicant's trade-mark suggest that the everyday user of the applicant's beer would react to the applicant's mark as being a somewhat laudatory or suggestive description of the quality of the beer, namely that it is somehow better than other beers. Those consumers who are

aware that cognac is a brandy of French origin and perceive it to be of higher quality than other brandies would more likely view the applicant's trade-mark as laudatory. In this respect, if the evidence had established that the everyday user of the applicant's beer also reacted to the applicant's mark in this fashion, it could have provided some support for an argument that the applicant's mark is strongly laudatory and is therefore possibly clearly descriptive. In any event, no such ground was raised in the statement of opposition.

In view of the above, I refuse the applicant's application.

DATED AT HULL, QUEBEC, THIS 8th DAY OF DECEMBER 1995.

**David J. Martin,
Member,
Trade Marks Opposition Board.**