

**IN THE MATTER OF AN OPPOSITION by
Havana Club Holdings S.A. to
Application No. 821459 for the Trade-
mark OLD HAVANA and design filed by
Bacardi & Company Limited**

On August 30, 1996, Bacardi & Company Limited («Applicant») filed an application to register the trade-mark OLD HAVANA and Design («Mark») as illustrated below



in association with distilled alcoholic beverages, namely rum, («Wares») based on use since August 1, 1996. The application was subsequently advertised on May 28, 1997, for opposition purposes in the *Trade-marks Journal*.

On June 9, 1997, Havana Club Holdings S.A. (the «Opponent») filed a Statement of Opposition. The Applicant served and filed on July 4, 1997, a Counter Statement in response to the Statement of Opposition, in which it denied each and every ground of opposition raised by the Opponent in its Statement of Opposition. Both parties filed written arguments and a hearing took place on September 16, 2003 during which both parties made oral representations.

The grounds of opposition can be summarised as follows:

- a) The application does not comply with Section 30 of the Trade-marks Act («Act») in that:
 - (i) The Applicant did not use the Mark in association with the Wares;

- (ii) The Applicant abandoned the Mark in whole or in part;
 - (iii) The Applicant falsely declared that it was entitled to use the Mark in Canada in view of the facts hereinafter set forth;
- b) The Mark was not registrable in view of the provisions of Section 12 (1) of the Act as:
- (i) Whether depicted, written or sounded, either clearly describes or is deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is proposed to be used or of the conditions of their production or of their place of origin, namely Cuba wherein Havana is the capital;
 - (ii) It is confusing with the Opponent's registered trade-marks «HAVANA CLUB», registration number UCA 03512 and «HAVANA CLUB & DESIGN», registration number 212087 as illustrated below



both in association with rum;

- c) The Applicant is not the person entitled to the registration of the Mark in view of the provisions of section 16 of the Act as:
- (i) At the claimed date of first use of the Mark, it was confusing with the trade-marks HAVANA and HAVANA CLUB previously used or

- made known in Canada by the Opponent or its predecessor-in-title in association with alcoholic beverages namely liquors and rum;
- (ii) The application does not comply with the provisions of section 30 of the Act as it should not have been based on use but on proposed use, or the Mark was abandoned as the case may be and is not registrable;
- d) The Mark is not distinctive, within the meaning of section 2 of the Act, of the Applicant's Wares nor is it adapted to distinguish them from those of the Opponent because:
- (i) Of the adoption, use, making known and registration of the Opponent's famous trade-marks as well as the use and making known of its business names;
 - (ii) Subsequent to its transfer, there remained use rights to two or more entities which were exercised by them concurrently the whole contrary to the provisions of section 48(2) of the Act;
 - (iii) The Applicant allowed third parties to use the Mark in Canada, and in fact those third parties used it, outside the scope of protection of licensed use provided at section 50 of the Act.

It should be noted that there is no evidence of use by the Opponent of the word HAVANA alone as a trade-mark.

The Opponent's evidence consists of the affidavits of Johanne Dalton together with exhibits JD-1 to JD-8; Panagiota Koutsogiannis together with exhibits PK-1 to PK-4 and Noel Adrian. The Applicant filed the affidavits of Carol Luciani together with exhibits A-1 to A-26 and of Andrea Risk together with exhibits A to JJ. The file histories for trade-mark registrations number UCA 03512, 212087, 211345 and 357802 were also filed as part of the Applicant's evidence. Opponent's affiants Johanne Dalton and Noel Adrian were examined and transcripts of these cross-examinations were filed into the record. Exhibits INA1 to INA13 to the cross-examination of Mr. Adrian held on June 15, 1998, were also filed into the present record.

There are two preliminary issues that I must dispose of at this stage which were raised by the parties. First, during Noel Adrian's cross-examination it was agreed that the transcript of his earlier

discovery or cross-examination held on April 15, 1998, with respect to injunction proceedings taken by the Opponent against the Applicant before the Superior Court of Quebec («injunction proceedings») would form an integral part of this file. A Mr. Larretche was also examined in the injunction proceedings. It would appear that during his examination held on March 14, 1997, Mr Larretche made several undertakings and filed numerous documents. The Applicant filed all the answers to undertakings and the documents referred to during such examination in the present file. The Opponent objected to the filing of such documentation as well as the documentation filed as part of Mr. Adrian's earlier discovery on the basis that there was no agreement to that effect.

I reviewed pages 6, 7, 114 and 115 of the transcript of the June 15, 1998, cross-examination of Mr. Adrian. The statements made by the Opponent's attorney on what he was prepared to admit as evidence in the present record are ambiguous to say the least. Taken in their context, the representations made by the parties' attorneys during such cross-examination lead me to conclude that their intention was to file in the present record the replies to the undertakings made during the examinations of Mr Larretche held on March 14, 1997 and Mr. Adrian held on April 15, 1998 save and except for any contractual documents, as those documents or at least those that were considered pertinent to this case were to be filed during the June 15, 1988, cross-examination of Mr. Adrian.

The second preliminary issue relates to the status of the Opponent. The Applicant argues that the Opponent is not a person interested within the meaning of Section 2 of the Act as the Opponent's chain of title of ownership in the trade-marks registrations enumerated above is based on a purported confiscation of Canadian assets by the Cuban Government. As such purported confiscation would not be recognized or enforced by Canadian law, the Opponent could not have been satisfied that it was a «person interested» within the definition of section 2 of the Act or that it had the quality and interest as defined in section 38(1) of the Act, to oppose the Applicant's application to register the Mark. The Applicant, in opposition proceedings to application number 845949 involving the same parties, raised the same argument that was dismissed by hearing officer M. Herzig and the Federal Court confirmed his decision [See unreported judgment *Bacardi & Company Limited v. Havana Club S.A., T-1181-01*]. Mr. Justice L. Martineau summarized the Applicant's position as follow:

«The applicant [Bacardi & Company Limited] however takes the position that the record in the register of the respondent's name as owner is of no legal effect. The applicant argues that on an opposition proceeding, the Registrar may ignore that registration and treat it as invalid. In fact, the applicant contends that the respondent is not the real owner of the registered mark because its title and that of its predecessors is invalid. Relying, *inter alia*, on *Lecouturier v. Rey*, [1910] A.C. 262 (H.L. (Eng.)) and *Laane & Balster v. Estonian State Cargo and Passenger Steamship Line*, [1949] S.C.R. 530, the applicant submits that courts will not give effect in their territorial jurisdiction to the provisions of a penal statute enacted by a foreign country whose goal was to expropriate without compensation an asset that might be outside the country; that would be the case here because on October 13, 1960, the Republic of Cuba apparently nationalized the assets of various companies by forced expropriation, including those of Jose Arechabala S.A. (the original registrant) whose name appeared in the register as owner of the registered trade-mark as of July 11, 1934. According to the applicant, the Registrar did not have the power to amend nor should he have amended the entry in the register, as he did on September 24, 1963, to substitute the name of the nationalized company, Jose Arechabala S.A. Nacionalizada, for that of the original registrant. Arguing that the ownership of a registered mark constitutes an intangible asset, the applicant submits that the respondent has not discharged its onus of establishing its right to register the new mark because nothing in the Registrar's record indicates that compensation was paid to those affected by the forced expropriation.»

The court ruled that the Registrar doesn't have jurisdiction to determine the validity of a trade-mark registration. He has to acknowledge that the Opponent is the current owner of the registered trade-marks cited by it, as it appears from certified copies of those trade-mark registrations. As mentioned by Mr. Justice Martineau, there are means available to the Applicant to challenge the validity of those certificates of registration. Therefore I conclude that the Opponent is a person interested within the meaning of section 2 of the Act.

The legal burden is upon the Applicant to show that its application complies with the provisions of Section 30 of the Act, but there is however an initial evidential burden on the Opponent to establish the facts relied upon by it in support of such grounds of opposition. Once this initial burden is met, the burden shifts to the Applicant who must prove that the particular grounds of opposition should not prevent registration of the Mark [See *Joseph E. Seagram & Sons Ltd. et al v. Seagram Real Estate Ltd.*, 3 C.P.R. (3d) 325, at pp. 329-330; and *John Labatt Ltd. v. Molson Companies Ltd.*, 30 C.P.R. (3d) 293].

The Opponent adduced no evidence to support grounds of opposition a), c)(ii), d)(ii) and (iii) described above and they are therefore dismissed. The remaining grounds of opposition relate to the

issues of the descriptiveness of the Mark and likelihood of confusion with the Opponent's registered trade-marks.

The material time for considering the issue of non-entitlement based on subsection 16(1) of the Act is the claimed date of first use of the Mark (August 1, 1996) [Section 16 of the Act]. The material date for assessing the issue of distinctiveness is generally accepted to be the date of filing of the opposition (June 9, 1997) while registrability under section 12(1)(d) must be assessed as of the date of my decision.[See *Andres Wines Ltd. and E&J Gallo Winery (1975)*, 25 C.P.R. (2d) 126 at 130 (F.C.A.) and *Park Avenue Furniture Corporation v. Wickes/Simmons Bedding Ltd. (1991)*, 37 C.P.R. (3d) 413 at 424 (F.C.A)]

There are however different views on the relevant date with respect to the ground of opposition based on section 12(1)(b) of the Act. Prior to *Park Avenue Furniture Corporation op cit* decision, it was accepted that the issue of descriptiveness of the mark applied for was assessed as of the date of filing of the application. The Supreme Court of Canada in *Lightning Fastener Co. v. Canadian Goodrich Co.*, [1932], 1 D.L.R. 297 adopted this position and was followed by the Exchequer Court in *Association Of Professional Engineers Of Ontario v. Registrar Of Trade Marks* 31 C.P.R. 79. Prior to its decision in *Park Avenue*, the Federal Court of Appeal in *Oshawa Group Ltd. v. Creative Resources Co. Ltd.*, (1982) 61C.P.R. (2d) 29, in an *obiter*, adopted the position taken by Mr. Justice Cattanach in *Sico Inc. v. Borden Inc.*,(1970) 63 C.P.R. 223 where he concluded that the relevant date to determine a ground of opposition based on section 12(1)(d) (confusion with registered trade-marks) is the date of the disposition of the matter.

The Federal Court of Appeal in *Park Avenue* analyzed in depth the question of the relevant date when dealing the issue of confusion with a registered trade-mark (section 12(1)(d) of the Act). The Court made the following statements:

«The trial judge agreed with the Registrar that the material date for determining the issue of confusion was the date of the filing of the opposition and not the date of the filing of the application He added that either date was inconsequential because the same result would flow.

....

The Trade-marks Act contains provisions which indicate the date at which certain situations are to be assessed. For instance, s. 16(1) of the Act refers to the date the mark was first used or was made known in relation to wares or services as the date where confusion is to be assessed. Section 16(3) of the Act refers to the date of filing of the application as the date where confusion is to be assessed. Section 6(5) of the Act, however, contains no indication as to the material date for determining whether trade marks or trade names are confusing. In such circumstances, the rule generally applicable in adjudicating matters should prevail, that is the date where the matter is disposed of on the evidence adduced.

...

In an opposition to registrability, the view adopted by Heald J.A. in *Oshawa* appears to me to be the most logical one. [FN12] I find no fallacy in the possibility of an update of the situation by the parties when the issue is whether statutory recognition should be given to a mark. It is important, it would seem to me, that the decision of the Registrar or the court be taken on an accurate state of the record. Registrability should be decided at the date of registration or at the date of refusal of registration»

Subsequently the Federal Court of Appeal in *Lubrication Engineers, Inc. V. Canadian Council Of Professional Engineers, (1992) 41 C.P.R. (3d) 243* did refer to its decision in *Park Avenue* to conclude that the Registrar was wrong in concluding that the relevant date to determine the issue of registrability when facing a ground of opposition based on Section 12(1)(b) is the date of the application. There was no analysis made by the Court as to the possibility of adopting a different relevant date when dealing with ground of opposition based on Section 12(1)(b). No distinction was made by the Court between a ground of opposition based on section 12(1)(d) and one where section 12(1)(b) of the Act is relied upon.

Recently in *Fiesta Barbeques Limited v. General Housewares Corporation (unreported, 2003 F C 1021)* Mr. Justice Russell made the following analysis to resolve this issue:

«The Applicant submits, in addition and in the alternative, that the Registrar erred in stating that the material date with respect to s. 12(1)(b) is the date of the decision rather than the filing date of the Application. The Registrar relied on the decision of *Lubrication Engineers Inc. v. Canadian Council of Professional Engineers (1992), 41 C.P.R. (3d) 243*. The Applicant submits that the dicta in that case regarding the material date were *obiter*. Moreover *Canadian Council of Professional Engineers, supra* relies on dicta in *Park Avenue Furniture Corp v. Wickes/Simmons Bedding Ltd (1991), 37 C.P.R. (3d) 413 (F.C.A.)* at pp. 422-4, which also discusses the material date under s.12(1)(b) in *obiter*. Furthermore, the dicta in *Park Avenue, supra*, were in direct contradiction to the express wording of s.12(1)(e), s.9, s.10,

s.13(1), s.12(2), s.12(1)(a) or (b) and s.16(3)(b) which support the material date as being the filing date.

In the further alternative, the Applicant submits that the dicta in *Park Avenue, supra*, are contrary to the decision of the Supreme Court of Canada in *Lightning Fastener Co. v. Canadian Goodrich Co.*, [1932] 1 D.L.R. 297 affirming [1931] 2 D.L.R. 625 at 301-302. While it is admitted by the Applicant that this case was decided under the old Act, the Applicant submits that there is no material distinction between the old and new legislation in terms of relevant dates for assessing registrability.

....

Also, in deciding that the material date for considering 12(1)(b) was "the date of the decision" (see, in this regard, *The Canadian Council of Professional Engineers (1996) v. Lubrication Engineers, Inc.*, 41 C.P.R. (3d) 243 (F.C.A.)); the Registrar ignored the decision in *Lightning Fastener Co. v. Canadian Goodrich Co.*, [1932] 1 D.L.R. 297, [1932] S.C.R. 189 (delivered under previous legislation) and applied in *Association of Professional Engineers v. Registrar of Trade-Marks* (1959), 31 C.P.R. 79 (Ex. Ct.), at pp. 87-88 (delivered under the current version of the legislation), that the applicable date is the date of the application."

He concluded that the date of the application is the date to assess the issue of descriptiveness of the mark applied for. As mentioned in *Park Avenue* we should consider as the relevant date, the date of the decision when there is no specific provision in the Act on the relevant date. Section 12(2) of the Act clearly states that when assessing the registrability of a trade-mark notwithstanding the provisions of sections 12(1)(a) or (b), the relevant date is the date of filing of the Application. It would be difficult to justify the use of the date of the decision as the relevant date to determine if a trade-mark is descriptive and therefore not registrable on one hand and, on the other hand, when facing the applicant's counter-argument based on section 12(2), have to examine the evidence as of the date of filing of the application, to determine if the trade-mark has become distinctive because of its use, despite the prohibition provisions of section 12(1)(b). I shall therefore adopt the position taken in *Fiesta* and consider the date of the application as to the relevant date with respect to section 12(1)(b) of the Act.

The evidence on the record reveals that Mrs. Dalton is the Director- Administration and Finance- of Société des Vins Fins Limitée and of Nihco International (importation) Ltée since 1996 and was the controller of such entities between 1991 and 1995. She filed, as exhibit JD-2, a certificate of authenticity with respect to the trade-mark HAVANA CLUB, registration number UCA 03512. She filed, as exhibit JD-3, product sheets describing the characteristics of three different types of

HAVANA CLUB rum. Pictures of rum bottles bearing the trade-marks HAVANA CLUB and the Mark were filed as exhibits JD-4 and JD-8 respectively. She filed as exhibit JD-5 labels bearing the trade-mark HAVANA CLUB. She also filed as exhibits JD-6 and JD-7 respectively, a circular letter no. 0132 from the Société des Alcools du Quebec («SAQ») with respect to OLD HAVANA products and information sheet on such products. The information sheet JD-7 has the following mention:

« Produits selon une authentique tradition cubaine.»

During her cross-examination she admitted having very little knowledge of exhibits JD-6, JD-7 and JD-8. She stated that the product sheets JD-3 originate from Havana Club International S.A., a licensee of the Opponent. It should be noted that the Applicant hasn't filed any evidence to contest the veracity of the documents filed by Mrs Dalton.

Mr. Adrian is the general manager of Havana Club International S.A., which holds a licence (exhibit INA-6) for the use of the trade-marks HAVANA CLUB owned by the Opponent. Société des Vins Fins Limitée distributes in Quebec and Ontario the HAVANA CLUB rums and Nihco International (importation) Lté distributes them in the other Canadian provinces. Mr Adrian alleges that Cuba is known for the quality of its rum.

During his cross-examination, Mr. Adrian explained that the SAQ might sometimes have to reduce the alcohol percentage of the rums to be sold in Canada under the trade-mark HAVANA CLUB in order to meet the Opponent's specifications. This operation is conducted by the SAQ only with respect to the white and Silver Dry rums being sold under the trade-mark HAVANA CLUB. He explained that the various rums sold under the trade-mark HAVANA CLUB are produced out of two distilleries located in Santa Cruz and Villa Clara, Cuba. It used to be manufactured in Santiago, Cuba, until a commercial agreement was concluded with the company Pernod Ricard. There is no rum distillery in Havana, Cuba. Other topics covered during his cross-examination include the documentation to support the chain of title of the Opponents' rights into the registered trade-marks cited in its statement of opposition. For the reasons mentioned above, the issues of chain of title and of ownership of the Opponents' registered trade-marks are irrelevant in the context of these opposition proceedings.

In his examination held on April 15, 1998, with respect to the injunction proceedings, the transcript of which being part of this record, Mr. Adrian stated that the rum HAVANA CLUB won prizes in London, England in 1996 and in Chicago, USA in 1995, 1996 and 1997. According to Mr. Adrian the use of the word OLD as part of the Mark gives the connotation that the Applicant's rum sold under the Mark has been aged. He tasted the Applicant's rum sold under the Mark and is convinced that it is not an aged rum and has not been manufactured with the use of Cuban sugar cane. In order to be manufactured in accordance with a Cuban method, it must be made out of Cuban sugar cane and aged in Cuban oak barrels. There was no evidence of tests conducted on the Applicant's rum other than the tasting performed by Mr. Adrian. Furthermore the Applicant has adduced no evidence to contradict these statements made by Mr. Adrian.

The answers provided by Mr. Adrian with respect to undertakings made during such examination reveals that:

- a) HAVANA CLUB rum has been sold in Quebec and Ontario since at least 1986, and in other Canadian provinces since 1989, which include New Brunswick, Nova Scotia, Manitoba and Newfoundland. [rf. exhibit INA 68];
- b) Various promotional items were used to promote the trade-mark HAVANA CLUB in Canada, such as shirts, T-shirts, shakers, cardboards, signs, leaflets, ads on restaurants and bars menu, sponsor of various events. Most of the evidence relates to promotional campaigns held after 1995.

Mr. Adrian alleges that the HAVANA CLUB rum is of superior quality, as being made in Cuba, and enjoys a reputation in Canada and more particularly in the province of Quebec. The following extracts of publications were filed to substantiate the allegation that Cuba is known for its rum (excluding publications emanating from the Opponent, its licensees or commercial partners as being self-serving evidence):

- a) Le Grand Guide de Cuba, ed. Gallimard (INA 75)
- b) Guide de Voyage Ulysse (INA 76)
- c) Guide du Routard, ed. Hachette (INA 77)

- d) Guide Michelin, Neos, Cuba (INA 78)
- e) Guide Bleu-Cuba, Hachette (INA 79)
- f) Guide de voyage Lonely Planet-Cuba (INA 80)
- g) Guide des Alcools, Editions Stock (INA 81)

There is no evidence that these publications circulated in Canada and if so as of when, or if they were available in Canada. There is no evidence in the record to support Mr. Adrian's allegation that Opponent's rum sold under the trade-mark HAVANA CLUB enjoys an enviable reputation in Canada.

The following facts either alleged by the Opponent or provided as reply to undertakings constitute uncontradicted evidence:

- a) The trade-mark HAVANA CLUB was registered in Canada on July 11, 1934, certificate of registration UCA 03512 by the Opponent's predecessor-in-title, in association with rum, and has been renewed since then by its predecessors-in-title and/or itself;
- b) The Opponent is also the registered owner of the trade-mark HAVANA CLUB and design, certificate of registration 212087, in association with rum and the trade-mark HAVANA CLUB SILVER DRY, certificate of registration 357802, in association with rum;
- c) The Opponent took the appropriate steps to protect the trade-mark HAVANA CLUB in approximately seventy countries. No document however was filed to support such allegation;
- d) The Opponent's rum sold under the trade-mark HAVANA CLUB is the only rum originating from Cuba being sold in the province of Quebec;
- e) The Opponent's market for its HAVANA CLUB rum is mainly the province of Quebec;
- f) The Opponent's sales for its HAVANA CLUB rum were provided for the years 1986 to 1996 inclusive and vary from 6,241 cases of 12 bottles of 750ml in 1986 to 11,264 cases in 1996 with a peak of 17,961 cases in 1993;
- g) The Applicant's rum has been sold in the province of Quebec since November 1996 under the trade-mark OLD HAVANA. The Applicant sold in Canada approximately 2,000 cases in 1996 and 15,000 cases in 1997 of its rum OLD HAVANA;

- h) The Applicant's rum is not manufactured in Havana, Cuba nor in such country;
- i) The Applicant's label bearing the Mark has the following inscription:

«Blended in the tradition of pre-revolutionary Cuba»

To put the figures listed in paragraphs f) and g) above in their proper context, the monthly sales report published by the Association of Canadian Distillers for the year 1996 filed as Document IPL-11 reveals that the total sales in Canada of Domestic Light Rum alone were in excess of 441,200 nine (9) litre cases. The Opponent's sales of its HAVANA CLUB rum would represent only approximately 2.5% of the total sales of rum in Canada assuming that there is no other imported rum sold in Canada beside the Opponent's rum. In any event if there were other imported brand names of rum sold in Canada, it would diminish the Opponent's share of the market.

Panagiota Koutsogiannis was at the time of execution of her affidavit a student working at Robic and filed the following documents:

- a) Various extracts of websites (PK-1);
- b) Extracts of World Book Encyclopaedia on Cuba (PK-2);
- c) Extracts of Clements Encyclopaedia of World Governments, on Cuba (PK-3);
- d) Extracts of various tourist guides on Cuba (PK-4).

Ms. Andrea Risk is a student working at Gowling. She bought various bottles of alcohol at one of the LCBO locations in Ottawa. She filed as exhibits to her affidavit photocopies of such bottles' labels. She also filed extracts of dictionaries that include the definition of the word HAVANA. She finally filed extracts of web sites that contain information on Havana.

It appears from such labels that the so-called domestic rums are either bottled in Canada or distilled in Canada. The labels filed contain the following inscriptions:

Exhibit F to Risk's affidavit: «light Caribbean rum»

- Exhibit H to Risk's affidavit: «a blend of imported rum with Canadian rum»
- Exhibit I to Risk's affidavit: «a blend of Jamaica rum with Canadian rum»
- Exhibit J to Risk's affidavit: «blended and bottled in Canada»
- Exhibit K to Risk's affidavit: «a premium quality rum blended and bottled under Canadian government supervision»
- Exhibit M to, Risk's affidavit: «Matured and bottled in Canada»

From these labels, as suggested by the Applicant in its written submissions, we can conclude that rum is often associated with the Caribbean through either the use of images or inscriptions on the labels.

Ms Carol Luciani is a trade-mark searcher at Gowlings and conducted a search of the Register using the CD-Name Search data base on CD-ROM to date as of February 4, 2000, of all the trade-marks appearing on the labels referred to in Ms. Andrea Risk's affidavit. She filed as Exhibit A1 to A26 a copy of these trade-mark registrations. It should be noted that none of them have the word HAVANA as a component of a registered trade-mark.

From the evidence filed by the parties and the arguments raised in their written submissions and at the oral hearing it appears that there are two main issues to be decided:

- a. Is the Mark confusing with the Opponent's registered trade-marks described above?
- b. Is the Mark clearly descriptive or deceptively misdescriptive of the place of origin of the Wares to be sold in association with it?

Section 12(1)(d) ground of opposition

I shall now examine the issue of confusion of the Mark raised by the Opponent with its registered trade-marks. The burden of proof lies on the Applicant who must convince the Registrar that there is no likelihood of confusion between the Mark and the Opponent's trade-marks at the abovementioned relevant dates [*see Sunshine Biscuits Inc. c. Corporate Foods Ltd. (1982), 61 C.P.R. (2d) 53*].

In order to determine whether trade-marks are confusing, section 6(5) of the Act directs that the Registrar is to have regard to all of the surrounding circumstances, including:

- i) The inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;
- ii) The length of time the trade-marks or trade-names have been in use;
- iii) The nature of the wares, services, or business;
- iv) The nature of the trade; and
- v) The degree of resemblance between the trade-marks or trade-names in appearance, or sound or any ideas suggested by them.

The test to determine if there exists, on a balance of probabilities, a likelihood of confusion between the Mark and the Opponent's registered trade-marks has been enunciated by Mr. Justice Décary in *Miss Universe Inc. v. Bohna (1994), [1995] 1 F.C. 613 (F.C.A.)* in the following terms:

«To decide whether the use of a trade-mark or of a trade-name causes confusion with another trade-mark or another trade-name, the Court must ask itself whether, as a matter of first impression on the minds of an ordinary person having a vague recollection of that other mark or name⁵*ftnote⁵ See *Coca-Cola Co. v. Pepsi-Cola Co. (1942), 2 D.L.R. 657 (P.C.)*, at p. 661, Lord Russell of Killowen. , the use of both marks or names in the same area in the same manner is likely to lead to the inference that the services associated with those marks or names are performed by the same person, whether or not the services are of the same general class.»

I shall therefore apply these principles to the evidence filed in the record by the parties.

i) inherent distinctiveness

The parties agree that the Mark and the Opponent's registered trade-marks, as far as the word portion of these marks are concerned, possess, *per se*, about the same degree of inherent distinctiveness. The same applies to the design portion of the Mark and of the Opponent's trade-mark HAVANA Club, certificate of registration 212087. The Opponent however argues that the degree of distinctiveness of its marks should be improved because of their extensive use in Canada. [See *Pernod Ricard c. Molson Breweries (1992)*, 44 C.P.R. (3d) 359]. The Opponent's share of the market, as appears from the sales figures mentioned above, falls short from establishing that the Opponent's trade-marks have become widely known in Canada or that they have attained any substantial public reputation or notoriety in association with its rum. Therefore this circumstance does not favour either party.

ii) length of time the trade-marks have been in use

The Opponent, at the time of filing of the application, used its trade-marks in Canada since at least 1986. The Applicant based its application on use since August 1, 1996. Therefore such criterion favours the Opponent.

iii) & iv) nature of the wares and trade

The wares and nature of the trade are identical.

v) degree of resemblance

With respect to this criterion, Mr. Justice Cattanach stated in *Beverly Bedding & Upholstery Co. v. Regal Bedding & Upholstery Ltd. (1980)*, 47 C.P.R. (2d) 145, *conf.* 60 C.P.R. (2d) 70:

“Realistically appraised it is the degree of resemblance between the trade-marks in appearance, sound or in ideas suggested by them that is the most crucial factor, in most instances, and is the dominant factor and other factors play a subservient role in the over-all surrounding circumstances.”

The dominant features of the marks in issue are the word HAVANA a city in Cuba and the design features of the Mark and the registered trade-mark HAVANA CLUB certificate of registration

212087. The trade-mark HAVANA CLUB suggests something exclusive, such as a private club, while the Mark suggests the distant past. The design feature of the Mark is totally different from that of the Opponent's trade-mark HAVANA CLUB, certificate of registration 212087.

As an additional surrounding circumstance I have considered the fact that there has been no instances of confusion alleged despite the co-existence of the marks in issue since 1996. [*Cornell Trading Ltd. v. Saan Stores Ltd* 8C.P.R.(4th) 233 and *Compulife Software inc v. CompuOffice Software inc* (2001) 13 C.P.R.(4th) 117]

Taking into consideration all the above surrounding circumstances, I concluded that the Applicant has discharged its onus to show, on the balance of probabilities, that the Mark would not likely cause confusion with the Opponent's trade-marks HAVANA CLUB and HAVANA CLUB and design when used in association with the Wares. The Opponent's ground of opposition b) ii) described above is therefore dismissed.

The question of confusion between the Opponent's trade-marks and the Applicant's Mark is also the central issue with respect to grounds of opposition c)i) and d)i) describe above except that, as discussed earlier, the relevant date for both of these grounds of opposition is different from the critical date used under section 12(1)(d). Notwithstanding such difference, the result would have been identical to the one reached on the question of registrability of the Mark (Section 12(1)(d) of the Act). Therefore grounds of opposition c)i) and d)i) are also dismissed.

Section 12(1) (b) ground of opposition

It is well settled that a trade-mark cannot be considered descriptive of the place of origin of the wares if they do not originate from the geographic designation used as a trade-mark. [See *Deinhard & Co. v. Andres Wines* (1977), 38 C.P.R. (2d) 225 at 231, *Bio Generation Laboratories Inc v. Pantron I, Corp.* (1991), 37 C.P.R. (3d) 546 and *Bata Industries Ltd. v. Seychelles Inc.* (1993), 48 C.P.R. (3d) 414 at 416] Furthermore, the issue whether the Mark is clearly descriptive or deceptively misdescriptive is to be determined from the point of view of the average Canadian

consumer of rum. The Mark must not be dissected into its component or be carefully analysed but rather be considered in its entirety and a matter of first impression. [See *Der Stabilisierungsfonds Fur Wein v. Jordan & Ste-Michelle Cellars Ltd. (1986)*, 9 C.P.R. (3d) 535, *Comité Interprofessionel du Vin de Champagne v. Source Perrier (1986)*, 13 C.P.R. (3d) 229 and *Deutscher Weinfonds v. Ridout Wines Ltd. (1992)*, 45 C.P.R. (3d) 545]. Finally the issue must be resolved on the balance of probabilities. [See *Christian Dior, S.A. v. Dion Neckwear Ltd [2002]* 3 C.F.405]

The Applicant has not filed any evidence as to the origin of the rum sold in association with the Mark. The uncontradicted evidence reveals that the Applicant's rum sold in Canada in association with the Mark is not manufactured in Havana or in Cuba. The Applicant has not challenged such statement. Therefore the Mark can't be considered clearly descriptive of the place of origin of the Wares within the meaning of section 12(1)(b) of the Act. But could it be deceptively misdescriptive of the place of origin of the Wares? The concept of deceptively misdescriptive within the meaning of section 12(1)(b) has been analysed by Mr. Justice Cattnach in *Atlantic Promotions inc. v. Registrar of Trade marks (1984)*, 2 C.P.R. (3d) 183. He stated:

« By virtue of para. 26(1)(c) of the Unfair Competition Act registration was prima facie, denied to word marks that "were clearly descriptive or misdescriptive of the character or quality of the wares". The adverb "clearly" also modified the adjective "misdescriptive".

In para. 12(1)(b) of the Trade Marks Act the word "clearly" as modifying the word "misdescriptive" has been replaced by the word "deceptively" so that it now reads "deceptively misdescriptive".

The change was deliberate.

Many words may be "clearly misdescriptive" of the wares with which they are used in association but are not necessarily "deceptively misdescriptive".

In my view the proper test to be applied to the determination as to whether a trade mark in its entirety is deceptively misdescriptive must be whether the general public in Canada would be misled into the belief that the product with which the trade mark is associated had its origin in the place of a geographic name in the trade mark. [\[page187\]](#)

Whether a trade mark is deceptively misdescriptive is as much a question of fact as is whether one trade mark is confusing with another.»

[See also *T. G. Bright & Co., Ltd. v. Registrar Of Trade Marks (1985) 4 C.P.R. (3d) 64.*]

The evidence filed into the record leads me to conclude that, on a balance of probabilities, the average Canadian consumer of rum would recognize, on first impression, HAVANA as a city in Cuba and assume that the rum sold in association with the trade-mark OLD HAVANA originates from Havana, Cuba. [See *T. G. Bright & Co., Ltd. op. cit.*] I base my conclusion on the following facts:

- a) Havana, Cuba is located in the Caribbean;
- b) Havana, Cuba is known to the average Canadian as a city located in Cuba, as appears from the various dictionary definitions filed by the Applicant and extracts of web pages and encyclopaedias filed by the Opponent;
- c) The Caribbean is known as a source of origin of rum, as admitted by the Applicant in its written submissions;
- d) The Applicant's label does refer to Cuba.

It should be noted that I have reached my conclusion without subscribing to the Opponent's argument that Cuba is known in Canada for the superior quality of its rum as there is no evidence filed in the present record to substantiate such allegation. As such the Opponent's ground of opposition based on section 12(1)(b) of the Act is maintained.

Therefore, having been delegated authority by the Registrar of Trade-marks by virtue of subsection 63(3) of the Act, I refuse the Applicant's application to register the Mark pursuant to subsection 38(8) of the Act.

DATED, IN MONTREAL, QUEBEC, THIS 12 OF JANUARY 2004.

Jean Carrière,
Member,

Trade-marks Opposition Board