

SECTION 45 PROCEEDINGS
TRADE-MARK: GOLESTAN
REGISTRATION NO: TMA 498,650

On May 26, 2003, at the request of McCarthy Tétrault LLP (the “requesting party”), the Registrar issued the notice prescribed by s. 45 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the “Act”) to Rex, Inc., the registered owner of registration No. TMA 498,650 for the trade-mark GOLESTAN (the “Mark”). The Mark is registered for use in association with “tea and rice”.

Section 45 of the *Trade-marks Act*, R.S.C. 1985, c. T-13, 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 May 26, 2000 and May 26, 2003.

“Use” in association with wares is set out in subsections 4(1) and 4(3) of the *Trade-marks Act*:

- (1) A trade-mark is deemed to have been used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.
- (3) A trade-mark that is marked in Canada on wares, or on the packages in which they are contained is, when the wares are exported from Canada, deemed to be use in Canada in association with those wares.

In this case only s-s. 4(1) applies.

In response to the Registrar's notice, the registrant furnished a document sworn on September 10, 2003 entitled "the affidavit of Farhad Tavaf-Rashti". The requesting party subsequently filed a written argument wherein it challenged the validity of the document and requested that it not be considered by the Registrar as evidence since it is neither an affidavit nor a statutory declaration as contemplated by subsection 45(1) of the Act and since it contains no evidence of use of the Mark. The registered owner requested and was granted a retroactive extension of time pursuant to subsection 47(2) of the Act to file supplementary evidence in the form of an additional affidavit by Mr. Tavaf-Rashti sworn on April 21, 2004. The requesting party filed a further written argument, wherein it commented on the subsequent affidavit and reiterated its position with respect to the first affidavit. Presumably in error, following the filing of the requesting party's written argument, the Office issued a letter to the registrant notifying it that no written argument had been received by the requesting party and inviting the registrant to file a written argument. I note that the requesting party identified on its covering letter that it had forwarded a copy of its written argument to the registrant by way of registered mail. Accordingly, I consider that the registrant was duly notified of the requesting party's written argument. Further, in this particular case, I find that no real prejudice befalls the registrant. No written argument was received by the registrant and neither party requested an oral hearing.

I shall begin by addressing whether I will consider the registered owner's first document as an affidavit. The requesting party has submitted that it is not a proper affidavit as contemplated by subsection 45(1) of the Act. I have to agree that the document in question has many shortcomings. However, I am prepared to consider it as an affidavit as it is identified as an "affidavit" and as it has been properly sworn before a notary public. The fact that Mr Taraf-Rashti has not explained what his role is in regards to his deposition or his relationship to the registered owner is not fatal in this case since a second affidavit by the same affiant was furnished on April 21, 2004 (seven months subsequent to the first affidavit). In the second affidavit, Mr Taraf-Rashti is identified as the President of Rex Inc. and it is specified that he has access to Rex Inc.'s corporate

records and has detailed knowledge of its business. Further, the licence agreement attached as Exhibit “A” to the second affidavit is dated January 20, 2000 and I note that it is signed by Mr Taraf-Rashti as an officer of Rex Inc.. In view of the above, I find it reasonable to infer that on September 10, 2003 (the date of swearing of the first affidavit) Mr Taraf-Rashti was probably the President of Rex Inc. or an officer thereof and that he had a detailed knowledge of the owner’s business and had access to its corporate records.

In the first affidavit, Mr Tavaf-Rashti states that since the filing of the application, the applicant (which is referred to as Rex Inc.), by itself and/or through a licensee, has commenced use of the Mark in Canada in association with tea and rice. Sales are listed as \$ 24, 000.00 per year. He states “we have used GOLESTAN name in Ontario for over ten years now mainly in the Mediterranean and ethnic market in all over Canada.” The distributors are identified as Sigma 2000 Inc. & Sigma Consulting Inc., Top Star Distribution Inc. and Rex Inc. With respect to this affidavit, I agree with the requesting party that it contains many ambiguities. It is not clear what portion is in respect of the relevant three-year period. In addition, it fails to show the manner the trade-mark was associated with the wares at the time of their transfer as required by s-s. 4(1) of the Act.

In the subsequent affidavit, Mr Tavaf-Rashti states that the current owner entered into an exclusive license agreement for the use of the GOLESTAN trade-mark in association with the registered wares with Universal Foods Inc. (“the licensee”), an Ontario company operating as a food wholesaler in Canada. A copy of the license agreement signed on January 20, 2000 is entered as Exhibit “A”.

I note that in its written argument, the requesting party has submitted that this supplementary affidavit is unreliable since the information contained therein is inconsistent with the information contained in the initial affidavit. It submits that in the first affidavit there is no reference to the existence of a licence agreement with Universal Foods Inc. and this causes the supplementary affidavit to be unreliable at best. I agree that in the first affidavit, Universal Food Inc. is not identified as a “licensee”. However, Mr Tavaf-Rashti does state that the applicant (which is in reference to Rex Inc.), by itself

and/or through a licensee, has used the mark. (I would note here that even though the affiant refers to Rex Inc. as “applicant” rather than as “registered owner” this has no bearing on the second affidavit). Further, although several distributors are listed in his first affidavit, there is no evidence when the entities listed acted as distributors for the wares. In any event, this is not inconsistent with the fact that Universal Food Inc. is a licensee since there is a difference between an entity licensed to use a trade-mark as contemplated by Section 50 of the Act and a distributor. Consequently, I cannot agree with the requesting party that the second affidavit is unreliable.

Concerning any use by Universal Food Inc. during the relevant period, subsections 50(1) and (2) of the *Trade-marks Act* state:

- (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.
- (2) For the purposes of this Act, to the extent that public notice is given of the fact that the use of a trade-mark is a licensed use and of the identity of the owner, it shall be presumed, unless the contrary is proven, that the use is licensed by the owner of the trade-mark and the character or quality of the wares or services is under the control of the owner.

The requesting party has submitted in its written argument that while the license agreement speaks to the character and quality of the wares covered by the trade-mark, the affiant does not specify anywhere in his affidavit that the owner has exercised or exercises any control, whether direct or indirect, over the use of the GOLESTAN mark,

nor over the character or quality of the wares with which the trade-mark might be used. I have reproduced paragraph 4(a) of the license agreement below:

Licensee agrees to strictly comply with the Trade Mark specifications outlining the character and quality of the Licensed Products as provided by Licensor from time to time including (i) Trade Mark notices marked on the Licensed Products or packaging in which they are distributed and (ii) standards of quality and merchantability.

I would note here that there is no requirement that the information regarding the “control” be stated in the affidavit. Further, for the purposes of Section 45, the fact that there are control provisions in the licence agreement is considered sufficient to satisfy the requirement of subsection 50(1) of the Act (see *Bereskin & Parr v. Canadian Lung Association*, 14 C.P.R. (4th) 386). Accordingly, I conclude that any use by Universal Food Inc. is use accruing to the registered owner pursuant to subsection 50(1) of the Act.

Turning to the wares “tea”, the affiant explains that in the regular course of its business during the period prior to the notice date, the current owner by its licensee has sold tea under the GOLESTAN trade-mark as marked on the product packaging as shown on a photocopy of the product label in Exhibit “B”. The wares sold under the GOLESTAN trade-mark are “blended” black tea packaged in “loose tea” format. Exhibit “C” features a photocopy of a series of invoices showing sales of tea by the licensee from the period of February 22, 2001 to September 5, 2003 in association with the Mark in Canada.

The requesting party, in its written argument, makes two main submissions with respect to the evidence of use in association with tea. First, it submits that there is nothing in the affidavit, be it annual sales figures, location of sales or otherwise concerning the use of the trade-mark with tea, that assists in establishing the nature of the business of the owner or the licensee or its practices or experiences in the ordinary course of its business. It relies on the sentiments conveyed in *S.C. Johnson, Inc. v. Registrar of Trade-marks* (1958) [sic], 5 C.P.R. [sic] (2d) 34 (F.C.T.D.) to support its argument. Second, referring to the product label attached as Exhibit “B”, it raises questions regarding the label, such

as whether it appeared on any of the wares being sold during the relevant period, including tea, and whether it is a representative label.

After carefully considering the evidence as well as the requesting party's written argument, I have concluded that the current owner has established that the trade-mark GOLESTAN has been used in the normal course of trade in Canada during the three year period immediately preceding the date of the notice in association with "tea". As held, there is a difference between a bare statement and a statement of fact (*Mantha & Associates v. Central Transport Inc.* (1995) 64 C.P.R. (3d) 354 (F.C.A.)). Further, information such as annual sales figures is not mandatory and in fact, a single sale may be sufficient. In addition evidentiary overkill is not required in Section 45 proceedings (*Union Electric Supply Co. Ltd. v. Registrar of Trade-marks* (1992) 63 C.P.R. (2d) at 56 (F.C.T.D.); *Philip Morris Inc. v. Imperial Tobacco Ltd. et al.* (1987) 17 C.P.R. (3d) 237 (F.C.T.D.)).

Here, viewing the evidence as a whole (*Kvas Miller Everitt v. Compute (Bridgend) Limited* (2005) 47 C.P.R. (4th) 209 at 213 (T.M.O.B.)), I find it clear that the current owner has granted a license to Universal Foods Inc. who operates as a food wholesaler in Canada to use the trade-mark in association with tea. In my view, the invoices show bona fide sales of SPECIAL BLEND TEA GOLESTAN 250 GR. X 24 by the licensee and this is sufficient to permit me to conclude that these sales were made in the normal course of trade.

Concerning the product label furnished as Exhibit B, I note that the net weight depicted on such label is 250g, which is identical to the weight listed in the invoices for the "tea". Therefore, taking this into consideration with the information provided in paragraph 7 of the affidavit to the effect that the owner by its licensee has sold tea under the GOLESTAN trade-mark as marked on the product packaging prior to the notice date, satisfies me that the tea sold during the relevant period bore the type of label shown in Exhibit "B". Consequently, I conclude that the evidence shows that at the time of

transfer of the wares, the trade-mark was associated with the “tea” in a manner complying with the requirements of s-s. 4(1) of the Act.

There is another issue that I wish to address regarding the label furnished even though the parties have not raised it. I have noted that the label shows the trade-mark with additional matter. The use of a trade-mark in combination with additional words or features constitutes use of the registered mark if the public as a matter of first impression, would perceive the trade-mark *per se* as being used. This is a question of fact which is dependent on whether the trade-mark stands out from the additional material, for example by the use of different lettering or sizing or whether the additional material would be perceived as clearly descriptive matter or as a separate trade-mark or trade name ((*Nightingale Interloc Ltd. v. Prodesign Ltd.* (1984) 2 C.P.R. (3d) 535 (T.M.O.B); 88766 *Canada Inc v. National Cheese Co.* (2002) 24 C.P.R. (4th) 410 (T.M.O.B)), and whether the trade-mark remains recognizable (*Promafil Canada Ltée v. Munsingwear Inc.* (1992), 44 C.P.R. (3rd) 59 (F.C.A.)). On the label, the trade-mark appears as “GOLESTAN TEA”. I am prepared to consider it to be use of the mark GOLESTAN considering that the word “tea” is the name of the wares and would be perceived as such by the public.

Turning now to the issue of the wares “rice”, Mr Tavaf-Rashti states that the current owner by itself or through a licensee has been unable to sell rice because it is seeking more suitable arrangements for satisfactory sources of the wares and that it does not anticipate resuming use of the GOLESTAN trade-mark in association with rice in the immediate future. It appears to me that the registrant has conceded that there has been no use of the Mark in association with rice in the three-year period prior to the date of the notice. Mr Tavaf-Rashti has not explained what steps, if any, were taken by the owner in seeking more suitable arrangements for satisfactory sources of “rice”. Further, as he has indicated that the registrant does not have any intention to commence use of Mark in association with rice in the near future, I conclude that the registrant has not shown a serious intention to commence use of the Mark at any time soon. Consequently, I conclude that the non-use of the trade-mark with the “rice” has not been shown to have been due to special circumstances excusing the non-use.

In view of all the foregoing, it is my conclusion that registration no. TMA498,650 for the trade-mark GOLESTAN ought to be amended to remove the wares “rice” from the description of wares. Registration No. 498,650 will be amended accordingly pursuant to the provisions of subsection 45(5) of the Act.

DATED AT GATINEAU, QUEBEC, THIS 13TH DAY OF DECEMBER 2007.

D. Savard
Senior Hearing Officer
Section 45 Division