



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

Citation: 2013 TMOB 98
Date of Decision: 2013-05-27

**IN THE MATTER OF SECTION 45 PROCEEDINGS
requested by ExxonMobile Oil Corporation against
registration Nos. TMA459,991 and TMA540,161 for the
trade-marks MARCHÉLINO and RESTAURANT
MARCHÉLINO MÖVENPICK & Design in the name of
Mövenpick-Holding AG**

[1] On January 18, 2010, at the request of ExxonMobile Oil Corporation (the Requesting Party), the Registrar of Trade-marks forwarded notices under section 45 of the *Trade-marks Act*, RSC 1985, c T-13 (the Act) to Mövenpick-Holding AG (the Registrant). The notices required the Registrant to show that its trade-marks, MARCHÉLINO (registration No. TMA459,991) and RESTAURANT MARCHÉLINO MÖVENPICK & Design (registration No. TMA540,161, shown below) had been used in Canada in association with each of the registered services within the previous three years.



[2] Both trade-marks (the Marks) are registered for use in association with services described as: “Operation of restaurants; retail sale of prepared food and beverages; take-out food services” (the Services).

[3] Section 4(2) of the Act sets out the meaning of use with respect to services:

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

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

[5] Section 45 proceedings are considered to be summary and expeditious for clearing the register of non-active trade-marks. The expression “clearing deadwood” has often been used to describe such proceedings [*Philip Morris Inc v Imperial Tobacco Ltd* (1987), 13 CPR (3d) 289 (FCTD)]. Consequently, the threshold for establishing use in these proceedings is quite low [*Woods Canada Ltd v Lang Michener* (1996), 71 CPR (3d) 477 (FCTD)] and evidentiary overkill is not required in order to properly reply to a section 45 notice [*Union Electric Supply Co Ltd v Registrar of Trade-marks* (1982), 63 CPR (2d) 56 (FCTD)]. However, it is well established that ambiguities in the evidence are to be interpreted against the interests of the registered owner [*Plough (Canada) Ltd v Aerosol Fillers Inc* (1980), 53 CPR (2d) 62 (FCA)].

[6] In response to the Registrar’s notices, the Registrant filed affidavits of Afzal Hamid, the Country Controller Canada of Marché Restaurants Canada Ltd. (Marché Canada), a licensee of the Registrant. Both parties filed written submissions and were represented at an oral hearing.

[7] I note that the affidavits furnished in response to each notice are nearly identical and that the Registrant makes no allegation of use of the Marks during the Relevant Period. Accordingly, the issue to be decided is whether the Registrant has shown special circumstances that would excuse the absence of use of the Marks, thus permitting the registrations to be maintained.

[8] A determination of whether there are special circumstances that excuse the absence of use involves the consideration of three criteria, as set out in *Registrar of Trade-marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA). The first criterion is the length of time during which the trade-mark has not been in use, the second is whether the reasons for non-use were beyond the control of the registered owner, and the third is whether there exists a serious intention to shortly resume use.

[9] The decision in *Smart & Biggar v Scott Paper Ltd* (2008), 65 CPR (4th) 303 (FCA) offered further clarification with respect to the interpretation of the special circumstances criteria in *Harris Knitting*. In particular, the Court determined that the second criterion must be satisfied in order for there to be a finding of special circumstances excusing non-use of a mark. In other words, the other two factors are relevant but, considered by themselves in isolation, cannot constitute special circumstances.

[10] 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; in other words, the reasons for non-use will be weighed against the length of period of non-use [*Harris Knitting, supra; Re: Goldwell* (1974), 29 CPR (2d) 110 (RTM)]. Furthermore, with respect to the second criterion, circumstances of non-use must be those which do not exist in the majority of cases involving non-use or, likewise, must be “circumstances that are unusual, uncommon or exceptional” [see *John Labatt Ltd v The Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 (FCTD)]. In any event, the intent to resume use must be substantiated by the evidence [*Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 CPR (3d) 217 (FCTD); *NTD Apparel Inc v Ryan* (2003), 27 CPR (4th) 73 (FCTD)].

The Length of Time During Which the Marks Have Not Been in Use

[11] With respect to this first criterion, Mr. Hamid explains that the Registrant is an international restaurant and hotel chain based in Switzerland which commenced operations in 1950. He further explains that from 1993 until the end of January 2005, the Registrant’s master franchisee and licensee, Richtree Inc. (Richtree), and Richtree’s successor, operated restaurants in Canada identified by the Registrant’s trade-marks. He states that under the terms of a license agreement, the Registrant exercised control over the character or quality of the services provided in Canada by Richtree and Richtree’s successor in association with the Marks.

[12] With respect to the manner of such use, Mr. Hamid explains that Richtree displayed the Marks on signs and menus in its restaurants and in advertising for such restaurants, on uniforms worn by its employees while performing such services, and on packaging of foods and beverages prepared by Richtree and sold in Canada. In support, he attaches a pamphlet displaying the

Marks that he states was distributed in Canada, as well as a screen shot from a web page, both of which advertised the Services performed by Richtree in Canada.

[13] Mr. Hamid explains that it was at the end of January 2005 that Richtree last performed the Services in association with the Marks in Canada. Further to this, for reasons that will be apparent below, Mr. Hamid states that the Registrant no longer has access to Richtree's business records nor to Richtree's archives of materials showing use of the Marks in Canada.

[14] The Requesting Party submits that the Registrant has not provided reliable evidence to establish the date when the Marks were last in use. However, in view of the deterioration of the relationship between the Registrant and its Canadian licensee (as will be discussed below), it is understandable that further direct documentary evidence is not available [see *Frumkin, Feldman, and Glazman v Mazza* (2004), 38 CPR (4th) 567 (TMOB)]. In any event, for purposes of establishing the date of last use, I accept Mr. Hamid's sworn statements at face value and I am satisfied that the evidence supports the date of last use of the Marks as being the end of January 2005.

[15] Accordingly, the period of non-use of the Marks in Canada up until the date of the section 45 notice is approximately five years.

Were the Reasons for Non-use Beyond the Control of the Registrant?

[16] With respect to the second criterion, Mr. Hamid attests that the cessation of use of the Marks related 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. A statutorily appointed interim receiver then completed the sale of Richtree's restaurants to Richtree Markets. Mr. Hamid states that these restaurants bore, among other marks, the Marks. Mr. Hamid further explains that by virtue of a Court Order, Richtree Markets then acquired over thirty years of the Registrant's trade secrets, know-how, business records and all of the retail leases in Toronto and Ottawa previously secured and guaranteed by the Registrant.

[17] Mr. Hamid states that ties between Richtree Markets and the Registrant were completely severed at the end of January 2005, as Richtree Markets was unable to meet the terms of a proposed license agreement and protect the Registrant's trade-marks from receivership. Mr. Hamid explains that it was then that Richtree Markets commenced operations in Canada using the very retail space that had been previously secured by the Registrant, as well as the proprietary information and know-how obtained from the Registrant on a confidential basis. Mr. Hamid characterizes Richtree's behaviour as "anti-competitive", resulting in the Registrant losing access to its network of local vendors and contacts in Canada, including, most significantly, its group of prime retail space. These events, Mr. Hamid attests, were beyond the control of the Registrant and "destroyed" the Registrant's Canadian operations.

[18] The Requesting Party recognizes that receivership may, in certain circumstances, justify a short period of non-use [citing for example *Burke-Robertson v Swan Recreational Products Ltd* (1990), 33 CPR (3d) 56 (TMOB); *Rogers & Scott v Naturade Products Inc* (1988), 19 CPR (3d) 504 (TMOB)]. However, the Requesting Party distinguishes these cases on the basis that the licensee in the present case did not cease to exist, but rather emerged from the receivership proceedings under different ownership.

[19] The real reason for non-use of the Marks at this time, the Requesting Party submits, was that the Registrant could not reach an agreement with Richtree Markets regarding the terms of a proposed license agreement; a situation that the Registrant perpetuated over time as it determined how to resume operations in Canada. The Requesting Party argues that this was not a circumstance beyond the control of the Registrant, but rather was a voluntary business decision and therefore not a justifiable reason for the absence of use. I would note that given the lack of detail in Mr. Hamid's affidavit regarding discussions with Richtree Markets concerning the proposed license agreement, it is difficult to ascertain the extent to which such an agreement would have been within the control of the Registrant.

[20] The Registrant argues, on the other hand, that in addition to the bankruptcy, the primary obstacle and cause for cessation in use of the Marks was the loss of prime retail space and 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 CPR (4th) 245 (FC).

[21] 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 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 Marks for five years is questionable. In other words, was the prolonged non-use beyond the control of the Registrant?

[22] To answer this question, I find it necessary to discuss what transpired as the Registrant undertook to re-enter the Canadian marketplace after January 2005.

[23] In an effort to rebuild its Canadian operations, Mr. Hamid 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 and, more importantly, he does not indicate when this search commenced. 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. Similar to the lack of detail regarding the proposed license agreement with Richtree Markets, I find this information to be ambiguous as to the extent that this was a factor beyond the control of the Registrant which prolonged the non-use of the Marks [*Plough, supra*].

[24] In addition, Mr. Hamid explains that in 2007, following numerous and unsuccessful discussions with Richtree Markets, 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 early 2009, approximately four years after the date of last use of the Marks. Mr. Hamid states that this location was planned to be the Registrant's flagship

restaurant in Toronto. Again, however, I find that insufficient detail has been provided to explain this lengthy delay. In particular, although ties with Richtree Markets were severed at the end of January 2005, it is not clear why it was necessary for the Registrant to wait until 2007 to commence discussions with other landlords for alternate retail space. Furthermore, as will be discussed at greater length under the analysis of the third criterion below, the evidence indicates that efforts to re-establish operations in Canada at that time related to the Registrant's "flagship" Marché restaurant, and not Services associated with the Marks *per se*.

[25] The Registrant argues that as a foreign-based company, similar to the situation in *Spirits International NV v Canada (Registrar of Trade-marks)* (2006), 49 CPR (4th) 196 (FC), delays were suffered when trying to re-establish its Canadian operations, as it was necessary to rely on local Canadian advice. However, I find the *Spirits International* case distinguishable on several points. To begin with, the period of non-use in the present case is longer. More significantly, however, I do not read the *Spirits International* decision as accepting the proposition that delays experienced by any foreign-based company attempting to establish operations in Canada amount to circumstances beyond the Registrant's control. The Registrant in *Spirits International* was from an "emerging nation" that, on the particular facts of that case, unnecessarily delayed its commencement of operations in Canada due to local advice that was either incorrect or misunderstood. In the present case, the Registrant is a large Swiss-based international corporation employing roughly 16,200 people worldwide. The evidence shows that it has significant international experience, including the fact that it has franchised its business and licensed its Marks previously in Canada. Furthermore, the Registrant provides no evidence of circumstances in this respect that could be considered "unusual, uncommon or exceptional", as was the case in *Spirits International* [*John Labatt, supra*].

[26] Absent such further information, it is difficult to ascertain whether the non-use of the Marks 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 [*88766 Canada Inc v George Weston Ltd* (1987), 15 CPR (3d) 260 (FCTD)], I find the Registrant has failed to establish that the prolonged non-use of the Marks in Canada was due to factors beyond its control.

Is the Intention to Resume Use of the Marks Substantiated by the Evidence?

[27] In the event that I am wrong in concluding that the Registrant has failed to demonstrate that non-use of the Marks was beyond its control, the Registrant must nevertheless satisfy the third criterion of the *Harris Knitting* test. That is, the Registrant must demonstrate a serious intention to resume use of the Marks shortly [*Arrowhead, supra*].

[28] In addition to the steps noted above, Mr. Hamid further explains that on January 28, 2009, the Registrant formed a new company, Marché Canada, to perform Services associated with the Marks in Canada.

[29] To illustrate the Registrant's intent to re-launch restaurants bearing the Marks in Canada, Mr. Hamid attaches Exhibits AH-4 and AH-5 to his affidavit. Exhibit AH-4 consists of a copy of a news release distributed in Canada on March 23, 2009. Mr. Hamid describes Exhibit AH-5 as consisting of pages from the Registrant's website that advertised, since February 22, 2009, employment opportunities for the anticipated re-launch of restaurants bearing the Marks.

[30] I note, however, that the Exhibit AH-4 news release refers to the anticipated launch at some point in 2010 of Marché® Restaurants, Marché® Bistros, Marchélino® and Marché® Natural Bakeries. The news release makes no mention of restaurants bearing the RESTAURANT MARCHÉLINO MÖVENPICK & Design trade-mark. Consequently, I find the news release is ambiguous, at least insofar as the RESTAURANT MARCHÉLINO MÖVENPICK & Design trade-mark is concerned, as to whether the anticipated launch of restaurants includes the provision of the Services in association with both Marks.

[31] Furthermore, with respect to the Exhibit AH-5 employment postings, these pages do not refer to restaurants operating under the Marks, but rather include reference to a Marché logo which I do not consider constitutes use of either of the Marks as registered [see *Nightingale Interloc Ltd v Prodesign Ltd* (1984), 2 CPR (3d) 535 (TMOB); *Registrar of Trade-Marks v Compagnie Internationale Pour L'Informatique CII Honeywell Bull, Societe Anonyme et al* (1985), 4 CPR (3d) 523 (FCA)].

[32] Most noteworthy however, are the following paragraphs from Mr. Hamid's affidavits, sworn August 13, 2010:

42. Due to the limited retail space availability and logistics in opening all its retail outlets, all the locations opened thus far in Canada only bear the trade-mark *Marché*. Specifically, due to Mövenpick's limited access to resources in Canada, recent re-entry into the Canadian market without the assistance of unrelated local Canadian partners, Mövenpick is unable to simultaneously co-ordinate and execute the launch of different concept restaurants and their brands.

43. The Trade-mark is a kids-concept restaurant and represents a different category and concept from the *Marché* branded restaurants. Mövenpick intends to resume use of the Trade-mark at its Canadian locations before the end of 2010 once it secures additional locations.

[33] Thus, as of August 13, 2010, non-use of the Marks still persisted, amounting to a period of non-use of almost 6 years. While Mr. Hamid has stated an intent to resume use at some point before the end of 2010, and has shown steps taken to re-enter the Canadian marketplace with respect to a restaurant operating under a different trade-mark, it is still unclear as to precisely when restaurants bearing the Marks will begin to operate in Canada. Mr. Hamid has simply recited further reasons as to why resumption has not occurred, without detailing steps being taken specifically related to resumption of use of the Marks. Consequently, as stated by Rouleau J in *Arrowhead, supra*, we are still "left in the dark as to how long the duration of the non-use will persist." As such, I find the evidence ambiguous as to whether the Registrant has shown a serious intention to resume use shortly of the Marks.

[34] In view of all of the foregoing, I cannot conclude that the Registrant has demonstrated special circumstances that would excuse the absence of use of the Marks during the Relevant Period.

Disposition

[35] Accordingly, pursuant to the authority delegated to me under section 63(3) of the Act, registration Nos. TMA459,991 and TMA540,161 will be expunged in compliance with the provisions of sections 45 of the Act.

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