

SECTION 45 PROCEEDINGS  
TRADE-MARK: STARAYA MOSKVA  
REGISTRATION NO: TMA 529,099

At the request of Messrs. Marks & Clerk, (the “requesting party”) the Registrar forwarded a notice under section 45 of the *Trade-marks Act* on July 29, 2003 to Cristall U.S.A. Inc., the registered owner of the above referenced trade-mark (the “registrant”).

The trade-mark STARAYA MOSKVA is registered for use in association with:

Distilled alcoholic beverages, namely, vodka.

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 July 29, 2000 and July 29, 2003.

Use in association with wares is set out in subsection 4(1) of the *Trade-marks Act*:

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.

In response to the Registrar's notice, the registrant furnished the affidavit of Donna Murray, President of Cristall U.S.A Inc. Both parties filed written submissions; no oral hearing was conducted.

Ms. Murray states that she been President of the registrant since 1995, and that as such she has access to and is familiar with the manufacturing, exporting and sales history of STARAYA MOSKVA vodka in Canada. The requesting party argued that many of the affiant's statements are hearsay, as the affiant does not identify which are based on knowledge and which on information and belief. In view of the summary nature of s.45 proceedings, I find that overall the affidavit is acceptable for the purposes of section 45. I am satisfied that it is reasonable to expect the president (of 9 years) of a vodka manufacturing company to have knowledge of the distribution chain of its product, as well as knowledge of the importation regulations and special ordering procedures relating to distilled alcoholic beverages.

One of the issues raised by the requesting party is that the affidavit does not establish that the agreement between the registrant and its licensee meets the requirements of s. 50(1) of the *Act*, and that therefore use did not enure to the benefit of the registrant.

#### Use by a Licensee

In paragraph 3 of her affidavit, Ms Murray states that the registrant licenses Frank Pesce International Group Limited to use the subject mark in the USA and Canada. The affiant also states that the registrant controls the character and quality of the vodka, which vodka is manufactured in Russia for the licensee for sale in the USA and Canada. It is well established that for the purposes of Section 45, a sworn statement is sufficient to conclude that there is a licence agreement in effect in which the registrant has direct or indirect control over the character and quality of the wares. (*Gowling Strathy & Henderson v. Samsonite Corp.*, 66 C.P.R. (3d) 560; *Sim & McBurney v. Lesage Inc.* 67 C.P.R. (3d) 571; and see *Mantha & Associates v. Central Transport Inc.*, 64 C.P.R. (3d) 354 regarding statements of fact). The present situation can be distinguished from the decision of Hearing Officer Foltz in *Flansberry, Menard & Associates v. RB Music Ltd.*

(2000) 7 C.P.R. (4<sup>th</sup>) 569, which was relied on by the requesting party, as in that case there was no clear statement that the registrant had control over the character or quality of the wares; rather the Hearing Officer was asked to infer the requisite control from the language of the licence agreement. Furthermore, I do not consider the fact that the sample label in Exhibit B contains the information “Distilled and bottled in the Cristall Distillery Moscow, Russia” to be determinative in this issue. The requesting party advances the notion that the Cristall Distillery is the name of some other unexplained entity and questions whether the registrant has the requisite control to satisfy s.50(1). I see no reason not to accept that the label merely identifies the location of manufacture. I therefore conclude that, on balance, keeping in mind the intention and purpose of s.45, the affiant’s statement that the registrant controls the character and quality of the wares is sufficient to find that use of the mark enures to the benefit of the registrant pursuant to section 50(1) of the *Trade-marks Act*.

Another issue raised was that use was not in accordance with s.4 (1) of the *Act* as it was not in the normal course of trade.

#### Normal Course of Trade

Paragraph 4 states that the licensee “Frank Pesce” sells STARAYA MOSKVA through distributors, including ECO Wines & Spirits Inc. The affiant states that ECO “is *responsible* for the distribution of the STARAYA MOSKVA in Canada” through an agent in Canada – United Impex Canada Inc. The requesting party suggests that the choice of the word “responsible” is deliberate and should be interpreted as meaning that normal commercial sales in Canada had not yet commenced or that the only product shipped was trade samples rather than wares for re-sale. I agree that this statement “responsible for the distribution” is not particularly informative. Without further details I am unable to determine that “Impex” was actively selling the registrant’s vodka in Canada during the relevant period.

In paragraph 7 Ms. Murray explains that “Impex” placed a Special Order with the LCBO for a case of vodka (among other products) on March 28, 2003. A copy of the Specialty

Services Private Ordering Form is attached as Exhibit D. The listing for 1 case of 12 bottles of vodka appears on the fourth page of the order form. The following sentence is appears handwritten at the bottom of page four: "Please note that supplier has to provide samples and cover all shipment expenses at no cost value to customer." There is however, somewhat contradictory to this statement, a dollar amount entered next to the vodka entry. This is contrary to the entries for other goods that appear with no monetary value placed next to them on the order form. The affidavit makes no reference to the fact that there is a figure in the cost column for vodka, and no explanation of the handwritten reference to samples is provided. No information is given as to the role of this special order in the marketing of the subject wares in Ontario, and no details of any commercial activity subsequent to this special order are provided. In short, it is unclear whether the vodka was supplied to Impex as samples (whether free of charge or paid for), or as part of a normal sales transaction between the parties involved.

To the extent that this may have been a transfer of samples, it should be noted that in some circumstances provision of samples can be considered use in the normal course of trade. It must be demonstrated, however, that the provision of samples was part of an overall activity with all the necessary commercial ingredients to make the sale or transfer of the goods a sale or transfer in the normal course of business (*Lin Trading Co. v. CBM Kabushiki Kaisha* (1988), [21 C.P.R. \(3d\) 417](#)).

Board Member Martin sets out what he considers necessary commercial ingredients to make a sale or transfer of samples a sale or transfer in the normal course of trade in *Canadian Olympic Association v Pioneer Kabushiki Kaisha* 42 C.P.R. (3d) 470 at p.475:

"Where samples are shipped from a company to its Canadian distributor in advance of regular shipments of the goods for marketing, informational and promotional purposes and this is the regular practice of the parties and where the Canadian distributor then takes delivery of regular shipments of the goods and makes normal commercial sales of the goods, I consider that the transfer of the

possession of the sample goods to the Canadian distributor constitutes use of the trademark in the normal course of trade.” (Emphasis mine)

In the present case, having regard to the prior discussion of the statement “responsible for the distribution”, and in view of the fact that there is evidence of only one shipment of goods, I am unable to determine that the shipment is within the regular practice of the parties. In paragraph 6 the affiant notes the fact the LCBO Private Ordering department is used to respond to requests for product not yet available in LCBO stores; yet no information has been provided which supports a conclusion that the shipment of the case of vodka was in advance of the product becoming generally available through the LCBO. Although the affiant states in paragraph 11 that such sales should continue in 2004 and beyond, no details are provided to allow me to conclude that the distributor subsequently took delivery of more shipments. Therefore I am unable to conclude that the shipment of one case of vodka, whether as samples or not, was in the normal course of trade.

Having regard to all of the above, I do not consider it necessary to make a determination on the other issues raised in the written arguments.

In view of all of the foregoing, and since no facts were advanced to support a finding of special circumstances that would excuse the absence of use, I am unable to conclude that there has been use of the registered trade-mark within the meaning of s.4(1) and s.45 of the Act. It is therefore my conclusion that TMA 529,099 for STARAYA MOSKVA ought to be expunged from the Register for failure to show use pursuant to Section 45 of the *Trade-marks Act*.

DATED AT GATINEAU, QUEBEC, THIS 31<sup>st</sup> DAY OF JANUARY 2007.

P. Heidi Sprung  
Member,  
Trade-marks Opposition Board