



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

Citation: 2014 TMOB 186
Date of Decision: 2014-08-29

**IN THE MATTER OF A SECTION 45 PROCEEDING
requested by Lapointe Rosenstein Marchand Melançon
LLP against registration No. TMA137,134 for the
certification mark BRAZIER in the name of American
Dairy Queen Corporation**

[1] At the request of Lapointe Rosenstein Marchand Melançon LLP (the Requesting Party), the Registrar of Trade-marks issued a notice under section 45 of the *Trade-marks Act* RSC 1985, c T-13 (the Act) on March 30, 2012 to American Dairy Queen Corporation (the Owner) the registered owner of registration No. TMA137,134 for the certification mark BRAZIER (the Mark).

[2] The Mark is registered in association with the following wares and services:

- Prepared meals; ice milk mixed drinks; ice cream mixed drinks; non-alcoholic fruit flavoured drinks; coffee; tea; milk; carbonated and uncabonated (*sic*) soft drinks
- Restaurant services; restaurant services in connection with the establishment, construction, maintenance, operation and promotion of a chain of licensed food service businesses.

[3] Section 45 of the Act 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 services specified in 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 such use since that date. In this case, the relevant period for showing use is between March 30, 2009 and March 30, 2012.

[4] The relevant definitions of “use” are set out in sections 4(1) and 4(2) of the Act:

4(1) A trade-mark is deemed to be 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.

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.

[5] Section 2 of the Act defines a certification mark as follows:

“certification mark” means a mark that is used for the purpose of distinguishing or so as to distinguish wares or services that are of a defined standard with respect to

(a) the character or quality of the wares or services,

(b) the working conditions under which the wares have been produced or the services performed,

(c) the class of persons by whom the wares have been produced or the services performed, or

(d) the area within which the wares have been produced or the services performed, from wares or services that are not of that defined standard.

[6] In addition, section 23(2) of the Act provides:

(2) The owner of a certification mark may license others to use the mark in association with wares or services that meet the defined standard, and the use of the mark accordingly shall be deemed to be use thereof by the owner.

[7] In this case, the defined standard is set out in the registration: “That such wares are sold by licensees in good standing appointed by the applicant and in conformity with specifications prescribed by the applicant. That such services are performed by licensees in good standing appointed by the applicant and in conformity with specifications prescribed by the applicant.”

[8] It is well established that mere assertions of use are not sufficient to demonstrate use in the context of section 45 proceedings [*Plough (Canada) Ltd v Aerosol Fillers Inc* (1980), 53 CPR (2d) 62 (FCA)]. Although the threshold for establishing use in these proceedings is quite low [*Uvex Toko Canada Ltd v Performance Apparel Corp* (2004), 31 CPR (4th) 270 (FC)], and evidentiary overkill is not required [*Union Electric Supply Co Ltd v Registrar of Trade Marks* (1982), 63 CPR (2d) 56 (FCTD)], sufficient facts must still be provided to permit the Registrar to

arrive at a conclusion of use of the trade-mark in association with each of the wares and services specified in the registration during the relevant period.

[9] In response to the Registrar's notice, the Owner furnished the affidavit of Kerry Olson, Vice President, Assistant General Counsel, of International Dairy Queen, Inc., sworn on October 29, 2012. Only the Owner filed written representations; an oral hearing was not held.

[10] While the Owner's evidence and representations are substantively identical to those in the concurrent section 45 proceedings for registration Nos. TMA166,350, TMA168,489, TMA167,008 and TMA168,409 for the trade-marks BRAZIER and BRAZIER & DESIGN, a separate decision will issue for those registrations.

Evidence Furnished by the Owner

[11] From the evidence, it appears that the Owner operates various fast food franchise restaurants throughout Canada and the United States using a variety of trade-marks, including DAIRY QUEEN, ORANGE JULIUS, and DAIRY QUEEN/BRAZIER. In describing the Owner's normal course of trade, Ms. Olson explains that the Owner has licensed Dairy Queen Canada Inc. [DQC] to use and sublicense the Mark in Canada. In turn, DQC has licensed its franchises in Canada to use the Mark.

[12] Ms. Olson attests that the Owner is a wholly-owned subsidiary of her company, International Dairy Queen, Inc. She explains that DQC is also a wholly-owned subsidiary of International Dairy Queen, Inc. and attaches, as Exhibit B to her affidavit, a Territory Agreement to show that the Owner and DQC are affiliated as sister companies.

[13] Ms. Olson further attests that the Owner has indirect control of the character and quality of the wares and services associated with the Mark. In support, she provides Exhibit D, which is a sample of an Operating Agreement that in part outlines the relationship between the Owner and DQC. Included in the agreement are details regarding the control exercised by the Owner over the wares and services provided by DQC's franchisees such that the wares and services meet the defined standard set out in the registration.

[14] Accordingly, pursuant to section 23(2) of the Act, such use by the franchisees is deemed to be use by the Owner. In any event, in view of Ms. Olson's statements and supporting exhibits, I am satisfied that any use of the Mark by DQC's licensed franchisees during the relevant period enured to the benefit of the Owner in accordance with section 50 of the Act.

[15] With respect to whether the Mark was used in association with the wares and services specified in the registration, the remaining exhibits attached to Ms. Olson's affidavit relevant to this proceeding are as follows:

- Exhibit C is a document that Ms. Olson identifies as a Signage Report, listing 27 Dairy Queen/Brazier franchise restaurants from across Canada that displayed the Mark during the relevant period.
- Exhibit E is a series of photographs of exterior signage at six Canadian Dairy Queen/Brazier franchise restaurants. The signs are made up of two elements, with the DAIRY QUEEN logo appearing above or beside the BRAZIER logo, which itself is displayed on a separate yellow background at some locations. Only one of the photographs bears a date, but Ms. Olson attests that the photographs were taken during the relevant period.
- Exhibit F is another series of photographs that Ms. Olson attests are representative of how franchise restaurants with drive-thru windows display the Mark. A sample photograph from Exhibit F is shown below:



- Exhibit G is a Franchise Disclosure Document dated April 7, 2011, that Ms. Olson attests "is provided to prospective franchisees across Canada"; the document appears to outline the rights and responsibilities of franchisees. I note that page 5 of the exhibit indicates that Brazier franchises are being phased out by the Owner in favour of DQ Grill & Chill restaurants: "...DQC is not offering new Dairy Queen®/Limited Brazier® franchises as of

the date of this Disclosure Document...”; as well, the following is stated on page 6: “DQC has granted franchises in Canada to others to conduct ... the Brazier® business from 1963 to 2004 and the Dairy Queen®/Limited Brazier® business since 1973.” However, the document does include sample menus, displaying a variety of food and beverage items.

Use of the Mark in Association with the Services

[16] In its written representations, the Owner submits that the photographs of exterior signage (Exhibits E and F) show that the Mark was sufficiently associated with the restaurant services performed by its licensees to constitute use as required by section 4 of the Act. I agree and accept that the display of BRAZIER on exterior signage by DQC’s franchisees constitutes display of the Mark in association with the services as registered.

[17] In this respect, I do not consider a strict interpretation of the term “in connection with” to be appropriate in this case. While the “establishment” and “construction” of particular franchises in the chain may be the responsibility of the Owner, the restaurant services performed “*in connection with*” the chain would be by the franchisees. Furthermore, while there is certainly overlap, a distinction can be made between the “restaurant services” generally performed by a franchisee and the “restaurant services [performed] in connection with ... a chain”.

[18] As such, I am satisfied that the Owner has demonstrated use of the Mark in association with the services as registered within the meaning of sections 4 and 45 of the Act.

Use of the Marks in Association with the Wares

[19] With respect to the wares, the Owner submits that there is use of the Mark where it is “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 this respect, the Owner relies on certain jurisprudence to support its contention that the exterior BRAZIER signage shown in Exhibits E and F, being displayed at the time of transfer of any food items ordered by customers, is sufficient to satisfy the association requirement set out in section 4(1) of the Act.

[20] With respect to whether transfers of the wares actually occurred during the relevant period, the Owner has not furnished any invoices or sales figures showing that any particular

items were in fact sold. The only statement that Ms. Olson makes to indicate that food and beverage items were transferred to customers during the relevant period is as follows: “the Registered Marks were prominently displayed and visible during the Relevant Period when customers ordered, paid for and received food and drink items, namely...”; Ms. Olson then lists these items, which includes those listed in the statement of wares.

[21] The evidence in this respect is borderline and I echo the Registrar’s sentiments from *MacBeth & Johnson v Dylex Ltd*, (1997) CarswellNat 3442 (TMOB):

I would caution the registrant that the evidence furnished in this case barely meets the evidentiary threshold required in Section 45 proceedings. The ... affidavit is vague in several respects, particularly regarding which of the registered wares were sold during the relevant period ... It is difficult to comprehend why the registrant has chosen to risk leaving such matters to be inferred by the Registrar when the registrant could have easily provided the relevant facts ... Although I have concluded that use has been shown ... I have reached this conclusion not without difficulty, as the evidence furnished in this case is so borderline. [at paragraph 26]

[22] Nonetheless, while the Owner does not provide particulars regarding the quantity and manner of sales of the wares, it is reasonable to infer that at least some food and beverage items were sold in the normal course of trade considering the number of franchises that were operating during the relevant period [see *Eclipse International Fashions Canada Inc v Shapiro Cohen* (2005), 48 CPR (4th) 223 (FCA), which provides that reasonable inferences can be made from an affiant’s statements]. Further, no one type of evidence is required in these proceedings and the lack of invoices is not necessarily fatal [see *Lewis Thomson & Sons Ltd v Rogers, Bereskin & Parr* (1988), 21 CPR (3d) 483 (FCTD)]. However, as described below, with respect to “milk” and “soft drinks”, I am not prepared to conclude that such transfers were necessarily transfers *in association with the Mark*.

[23] In this case, Ms. Olson’s affidavit only refers to exterior signage and is silent with regard to interior signs or displays. As such, the Owner relies on its signage to establish association with the food and beverage items ordered by customers, submitting that customers would see the drive-thru BRAZIER signage when making and receiving orders. The jurisprudence cited in the Owner’s written representations focuses on interior signage or in-store merchandise displays. For example, one case concluded that a “shelf-talker”, which is an interior display that holds wares

and coupons displaying a trade-mark, is sufficient to show use of that trade-mark [*General Mills Canada Ltd v Procter & Gamble Inc* (1985), 6 CPR (3d) 551 (TMOB)]. Another case cited by the Owner concluded that a secure display case used to hold sunglasses which bore the relevant trade-mark showed use [*Canadian Council of Professional Engineers v Randolph Engineering Inc* (2001), 19 CPR (4th) 259 (TMOB)].

[24] However, the Registrar has previously found that, in a restaurant context, displaying a trade-mark on signage was only sufficient to establish use in association with those food wares that were prepared on the premises [see *Oyen Wiggs Green & Mutala v Aimers* (1998), 86 CPR (3d) 89 (TMOB)]. The Registrar found that certain items such as drinks would bear their own trade-mark, and thus customers would not necessarily associate the item with the trade-mark in question. This is akin to a department store where the wares sold in the store are not necessarily associated with the retailer itself.

[25] In the present case, the Owner has not furnished evidence regarding packaging or how the ordered food and beverage items were presented to customers. This makes it difficult to conclude that the Mark would have necessarily been associated with the wares at the time of transfer. Consistent with *MacBeth & Johnson, supra*, I question why the Owner would risk leaving such matters to be inferred by the Registrar.

[26] Nevertheless, in the absence of representations from the Requesting Party and in view of the totality of the evidence, I am prepared to make some inferences favourable to the Owner [per *Eclipse International, supra*]. In this respect, I note that the franchising document at Exhibit G includes menus listing certain food and beverage items, such as hamburgers and shakes. It stands to reason that such items would have been prepared on the premises and would therefore be associated with the Mark displayed on the signage [per *Aimers, supra*]. These wares would be as follows: prepared meals, ice milk mixed drinks, ice cream mixed drinks, non-alcoholic fruit flavoured drinks, coffee and tea.

[27] However, I am not prepared to infer that “milk” and “soft drinks” would have been prepared on the premises. In my view, it is reasonable to consider that the franchisees were merely selling the beverages of others, rather than preparing such products for customers in some manner. Indeed, the Exhibit G menus refer to soft drinks using COCA-COLA and PEPSICO

trade-marks, suggesting that at least those beverages, when sold to customers, would be associated with those trade-marks and not with the Mark. This would be in contrast to “non-alcoholic fruit flavoured drinks” – at least some of which appear to be prepared on premises – displayed in the same menus as “Chillers” with various fruit flavours.

[28] Similarly, milk is a product often sold in individual cartons. As such, in contrast to “ice milk mixed drinks” (appearing as “Shakes/malts” in the Exhibit G menus), which would have some preparation on premises, it is reasonable to consider that the franchisees were merely selling the milk of others.

[29] As a result, I am not satisfied that the Owner has demonstrated use of the Mark in association with “milk” and “carbonated and uncabonated soft drinks”. As there is no evidence of special circumstances excusing non-use before me, the registration will be amended accordingly.

Disposition

[30] Pursuant to the authority delegated to me under section 63(3) of the Act and in compliance with section 45 of the Act, registration No. TMA137,134 will be amended to delete the following wares: “milk”; “carbonated and uncabonated soft drinks”.

[31] The statement of services will be maintained and the amended statement of wares will be as follows: “Prepared meals; ice milk mixed drinks; ice cream mixed drinks; non-alcoholic fruit flavoured drinks; coffee; tea.”

Andrew Bene
Hearing Officer
Trade-marks Opposition Board
Canadian Intellectual Property Office