

**IN THE MATTER OF AN OPPOSITION by
Havana Club Holding, Inc. to Application No.
1154259 for the trade-mark THE SPIRIT OF
CUBA presently owned by Ron Matusalem &
Matusa of Matusalem Inc.**

I The Pleadings

- [1] On October 4, 2002, 1872 Holdings, V.O.F. filed an application to register the trade-mark THE SPIRIT OF CUBA, application number 1154259, based on proposed use in association with rum and non-alcoholic cocktails (the “Wares”) and in association with the promotion of alcoholic and non-alcoholic beverages via on-premise promotional events at retail stores, bars, restaurants, nightclubs and specialty sponsored events; retail sales of alcoholic beverages (the “Services”). Subsequent to an office action, the Applicant disclaimed the exclusive use of the words “SPIRIT” and “CUBA” apart from the Mark as a whole.
- [2] The application was advertised on August 24, 2005 in the Trade-marks Journal for opposition purposes.
- [3] Havana Club Holding (the “Opponent”) filed on October 24, 2005 a statement of opposition that was forwarded by the Registrar to the Applicant on December 6, 2005. The Applicant denied all grounds of opposition in a counter statement filed on April 6, 2006.
- [4] The Opponent filed the affidavit of Ms. Marlene Musharbash as its evidence while the Applicant filed the affidavit of Mr. Claudio I. Alvarez Salazar.
- [5] Both parties filed written arguments and were represented at an oral hearing.
- [6] On March 21, 2007 the Registrar recorded an assignment by which the present application was transferred from 1872 Holdings, V.O.F. to Ron Matusalem & Matusa of Matusalem Inc. I shall use the defined term “Applicant” to refer to either of them as the case may be.

II The grounds of opposition

[7] The grounds of opposition pleaded are:

1. The Mark is not registrable pursuant to the provisions of s. 38(2)(b) and 12(1)(b) of the *Trade-marks Act* R.S.C. 1985, c. T-13, (the “Act”) since the Mark whether depicted, written or sounded, is either clearly descriptive or deceptively misdescriptive of the place of origin of the wares;
2. Pursuant to s. 38(2)(d), the Applicant’s Mark is not distinctive and more particularly the Mark does not distinguish nor is it adapted to distinguish the Applicant’s wares and services of those of the Opponent within the meaning of s. 2 of the Act as the Mark is descriptive or falsely misdescriptive of the place of origin of the wares.

[8] After the filing of the written arguments the Opponent filed a request to amend its statement of opposition to add at the end of each ground of opposition the word “services”. In a written decision dated October 9, 2008 the Registrar refused such leave to amend.

III Burden of Proof in Trade-marks Opposition Procedure

[9] The legal onus is upon the Applicant to show that its application complies with the provisions of the Act, but there is however an initial evidential burden on the Opponent to adduce sufficient admissible evidence from which it could reasonably be concluded that the facts alleged to support each ground of opposition exist. Once this initial burden is met, the Applicant has to prove, on a balance of probabilities, that the particular grounds of opposition should not prevent the 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; *John Labatt Ltd. v. Molson Companies Ltd.*, 30 C.P.R. (3d) 293 and *Wrangler Apparel Corp. v. The Timberland Company*, 41 C.P.R. (4th) 223].

IV Relevant dates

[10] The relevant dates for the analysis of the grounds of opposition are:

- Registrability of the Mark under s. 12(1)(b) of the Act: the filing date of the application (October 4, 2002) [see *Dic Dac Holdings (Canada) Ltd v. Yao Tsai Co.* (1999), 1 C.P.R.

(4th) 263, *Zorti Investments Inc.v. Party City Corporation* (2004), 36 C.P.R. (4th) 90; *Havana Club Holdings S.A. v. Bacardi & Company Limited*, (2004) 35 C.P.R. (4th) 541];

- Distinctiveness of the Mark: the filing date of the statement of opposition is generally accepted to be the relevant date (October 24, 2005) [see *Andres Wines Ltd. and E & J Gallo Winery* (1975), 25 C.P.R. (2d) 126 at 130 and *Metro-Goldwyn-Meyer Inc. v. Stargate Connections Inc.* (2004), 34 C.P.R. (4th) 317].

V Registrability of the Mark under s. 12(1)(b)

[11] Marlene Musharbash has been working since August 1st, 2006 as Senior Intellectual Property Administrator for the group Pernod Ricard. She states that Pernod Ricard is the second largest operator in spirits and wines worldwide. The Opponent is part of the Pernod Ricard group and is mainly involved in the production of rum. I wish to point out that “Pernod Ricard group” is not defined in her affidavit. If there are any ambiguities arising from the use of such a term it shall be interpreted against the Opponent.

[12] On October 18, 2006 she received instructions from the IP Legal Department of Pernod Ricard to proceed with an investigation about the Mark in an attempt to determine if the Applicant’s products sold in association with the Mark come from Cuba or another country.

[13] On October 30, 2006 she visited a website (www.matusalem.com) which refers to the Applicant’s Mark. She produced extracts of the website on which the Mark appears on bottles of rum as well as the trade-mark MATUSALEM. There is a reference to the fact that rum bearing the trade-mark MATUSALEM comes from the Dominican Republic.

[14] On the same day she visited the website of the LCBO (www.lcbo.com) and made a search using as a key word MATUSALEM and produced the extract of the results. It is stipulated that MATUSALEM rum comes from the Dominican Republic.

[15] She visited a LCBO store located in Windsor, Ontario on November 1, 2006 and purchased a bottle of rum bearing the trade-mark MATUSALEM and filed a picture of the

bottle. The Mark is embossed on the bottle. It is clearly mentioned on a sticker affixed to the bottle that such rum is distilled, aged and blended in the Dominican Republic.

[16] At this stage it is important to note that the Applicant acknowledged at the oral hearing, and reference can also be made to paragraphs 4 and 5 to Mr. Salazar's affidavit, that the rum sold in association with the Mark is not manufactured in Cuba. Consequently the Mark could be viewed as deceptively misdescriptive of the place of origin of the Wares. Thus the burden shifts on the Applicant to prove, on a balance of probabilities that the Mark is not deceptively misdescriptive of the place of origin of the Wares.

[17] The Applicant argues that, despite the fact that the evidence, especially through the affidavit of Mr. Salazar, does establish that Cuba was known for its rum prior to 1959, it does not show that it was still the case at the filing date of this application. I agree with the Applicant that there is no evidence that would enable me to conclude that Cuba was still as of the aforementioned relevant date a producer of rum. However I can consult encyclopaedias and dictionaries to take judicial notice of the fact that Cuba is a producer of rum [see *Scottish Cashmere Assn. Ltd. v. V. Frass Manufacturing Inc.* (1988), 22 C.P.R. (3d) 185].

[18] The Britannica Encyclopaedia Online defines rum as follow:

distilled liquor made from sugarcane products, usually produced as a by-product of sugar manufacture. It includes both the light-bodied rums, typified by those of Cuba and Puerto Rico, and the heavier and fuller-flavoured rums of Jamaica.

[19] I therefore take judicial notice of the fact that Cuba is a producer of rum. Even if Cuba was known as a place of origin of rum, the Applicant argues that the Mark must be viewed as a whole. It takes the position that the Mark "conveys the attitudes, temperament, disposition and character of the people of Cuba. It refers to the "soul" or "essence" of the Applicant's history in Cuba embodied in its rum products." In order to come to this conclusion Mr. Salazar has provided through his affidavit the Applicant's history and the origins of its rum MATUSALEM as well as a brief history of the production of rum in Cuba from 1872 to 1959, the year when Fidel Castro seized control of the Cuban government. Mr. Salazar

explains that the Applicant and its predecessors-in-title left Cuba in 1959 and continued the production of rum in Florida, Puerto Rico, then in the Bahamas and finally in the Dominican Republic; always using the original recipe handed down through the generations of his family. Consequently the Mark would serve to inform consumers of the Cuban heritage of the rum sold in association with the Mark. As such the Applicant asserts that the Mark is not used to refer to a specific location but to refer to the Applicant's Cuban history.

[20] The test to determine whether a trade-mark in its entirety is deceptively misdescriptive is the following: Would the general public in Canada be misled into the belief that the product with which the trade-mark is associated has its origin in the place of a geographic name contained in the trade-mark [see *Atlantic Promotions Inc. v. Canada (Registrar of Trade-marks)* (1984), 2 C.P.R. (3d) 183 and *Institut National des Appellations d'Origine v. Pepperidge Farm Inc.*, 84 C.P.R. (3d) 540]?

[21] I have to put myself in the mind of an average Canadian consumer of rum and determine if he would associate the Mark with Cuba as the place of origin of the rum or, as argued by the Applicant, with the "soul" or "essence" associated with the Applicant's history in Cuba. I am convinced that in the mind of Mr. Salazar it is the latter option that prevails. However Mr. Salazar is not representative of the average Canadian consumer of rum.

[22] Applying the burden of proof of balance of probabilities I opine in favour of the former interpretation. There is no evidence in the record that the average Canadian consumer of the Applicant's rum is familiar with the Cuban origin of the Applicant and/or its predecessors-in-title. The word "SPIRIT" is defined in the Webster Ninth New Collegiate Dictionary as : "... The liquid containing ethyl alcohol and water that is distilled from an alcoholic liquid or mash; any of various volatile liquid obtained by distillation or cracking....; an alcoholic solution of volatile substance". Therefore we have a trade-mark comprising of two words : one that means alcoholic beverage and the second word being the name of a country known for its rum. I am of the view that the average Canadian consumer of rum confronted with the Mark used in association with rum is more likely, on a first impression, to think that it is rum originating from Cuba. As it is not the case, the Mark is deceptively misdescriptive of the

place of origin of rum. I will discuss herein below if this conclusion applies to all of the Wares. But at this time I would like to address some of the arguments put forward by the Applicant either in its written argument or at the oral hearing to support its contention that the Mark is not deceptively misdescriptive of the place of origin of its rum.

[23] The Applicant would like to refer to the state of the register evidence attached to Mr. Salazar's affidavit showing other trade-marks on the register having as a component the terms "THE SPIRIT OF...". The Opponent objected to the admissibility of this evidence on the basis that it constitutes inadmissible hearsay evidence. The exhibit in question is Exhibit 4 to Mr. Salazar's affidavit and reference is made to such exhibit in paragraph 5(d)(3) of his affidavit. Mr. Salazar does not state that he did the search. He does not provide the parameters of the search and the document on its face appears to originate from a third party. Each page of the document contains the following inscription: "trademark Search Results... Abelman, Frayne & Schwab". For these reasons I agree with the Opponent and conclude that Exhibit 4 to Mr. Salazar's affidavit constitutes inadmissible hearsay evidence. In any event, out of the nine citations listed, only four appear to be relevant: THE SPIRIT OF ST.-LOUIS, THE SPIRIT OF GREECE, THE SPIRIT OF RIO and THE SPIRIT OF SHANGHAI. The other citations are too vague to identify a specific place of origin (for example: the Rockies, the North etc.). Four citations are not sufficient to draw any inferences on the state of the marketplace [See *Ports International Ltd. v. Dunlop Ltd.* (1992), 41 C.P.R. (3d) 432 and *Kellogg Salada Canada Inc. v. Maximum Nutrition Ltd.* (1992), 43 C.P.R. (3d) 349].

[24] The Applicant argues that the pictures of the bottle of rum purchased by Ms. Musharbash and the sample of the packaging filed by Mr. Salazar, all bearing the Mark, clearly show that the country of origin of the rum is identified on them. Therefore the Mark could not be deceptively misdescriptive of the place of origin of the rum sold in association with the Mark as the consumer who purchases rum bearing the Mark is informed that the rum does not originate from Cuba. This conclusion is drawn on the basis of the erroneous assumption that the consumer always read what is on the packaging before purchasing the product.

[25] The Applicant argues that it has disclaimed what it considers to be the unregistrable portion of the Mark, namely CUBA, apart from the trade-mark as a whole. Since it is the Mark as a whole that must be considered, the disclaimer would be sufficient to overcome any objection on the registrability of the Mark based on s. 12(1)(b) of the Act. I should point out that the Applicant also disclaimed the exclusive use of the word "SPIRIT". To dispose of this argument I refer to *Institut National des Appellations d'Origine*, op cit., where Mr Justice McNair stated:

The appellant further argued that the fact that the word "French" had been disclaimed was very important inasmuch that it could have the effect of making the trade mark registrable. Pursuant to section 34, an applicant may disclaim the right to the exclusive use, apart from the trade mark, of such portion of the trade mark that is not independently registrable. However, such disclaimers should not be used in relation to deceptively misdescriptive matter so as to render the trade mark as a whole registrable when the unregistrable matter is the dominant feature of the composite mark: see *Lake Ontario Cement Ltd. v. Canada (Registrar of Trade Marks)* (1976), 31 C.P.R. (2d) 103 (Fed. T.D.). In view of the Chairman's conclusion that *BRIGHTS FRENCH HOUSE* is, as a whole, deceptively misdescriptive, I must uphold his determination that the applicant's disclaimer of the word "French" does not render the trade mark registrable. (my underline)

[26] The Applicant relies on the case of *Syndicat National de la Parfumerie Française v. Andrew Jergens Co. Ltd.* (1970), 64 C.P.R. 286 (T.M.O.B.) where the Registrar concluded that MEMORIES OF PARIS in connection with perfumes and toilet waters was not clearly descriptive or deceptively misdescriptive of the place of origin of the wares. The decision is quite succinct and emphasis was placed on the fact that PARIS had been disclaimed from the trade-mark as a whole. Other than the effect of the disclaimer on the registrability of the trade-mark, there are no other reasons given for concluding that the trade-mark was not clearly descriptive or deceptively misdescriptive of the origin of the wares. This decision predates the Federal court decision of *Institut National des Appellations d'Origine*, *supra*.

[27] Having concluded that the Mark is deceptively misdescriptive of rum, I have to determine if the same conclusion applies to non-alcoholic cocktails. Before discussing this issue I wish to point out that the first ground of opposition as drafted is aimed only at the Wares. The Opponent pleads that, because of the connection between the Wares and the Services, the same conclusion should apply to the Services. I disagree. The Opponent is trying to obtain

indirectly what it was unable to achieve directly when leave to amend its statement of opposition was refused to add “services” at the end of the wording of the first ground of opposition. Moreover if my decision covers the Services it would be *ultra petita* of what is sought by the Opponent under the first ground of opposition.

[28] With respect to non-alcoholic cocktails, there is no evidence in the record of the place of origin of those wares. There is no evidence that Cuba is known for its non-alcoholic cocktails. Therefore the Opponent has not met its initial burden with respect to the origin of those wares. Therefore the ground of opposition based on the fact that the Mark would be clearly descriptive or deceptively misdescriptive of the place of origin of non-alcoholic cocktails is dismissed.

[29] Consequently I maintain the first ground of opposition only with respect to rum.

VI Distinctiveness

[30] The difference in the relevant dates between this ground of opposition and the one associated with registrability under s. 12(1)(b) of the Act does not have any bearing in the outcome of this case. Moreover in their respective written arguments, in so far as distinctiveness is concerned, the parties referred to the arguments developed under the registrability of the Mark to substantiate their respective positions. Therefore one would assume that the same conclusion reached under registrability would be applicable to the ground of opposition based on the lack of distinctiveness of the Mark. However the wording used to describe such ground of opposition in the statement of opposition creates some difficulties. For ease of reference it is reproduced hereinafter:

Pursuant to s. 38(2)(d), the Applicant’s Mark is not distinctive and more particularly the Mark does not distinguish nor is it adapted to distinguish the wares and services of those of the Opponent within the meaning of s. 2 of the Act as the Mark is descriptive or falsely misdescriptive of the place of origin of the wares. (My underlines)

[31] I raised the question at the hearing: does this ground of opposition cover the Services? Obviously the parties disagreed on the interpretation to be given to the wording used. The

following ambiguity remains: Does the ground of opposition cover only the Wares or does it encompass as well the Services? As noted before, the Opponent tried to clarify the wording by requesting leave to add the word “Services” at the end of the paragraph. Such addition would have clearly lifted any ambiguity about it. However leave was refused.

[32] Ambiguities in a registration have been held against the owner of the registration [see *Panzani Milliat Frères v. Vago's Importers & Distributors Ltd.*, (1988) 19 C.P.R. (3d) 46]. Ambiguities in one party’s evidence have been interpreted against it [see *GWG Ltd. V. Jack Spratt Mfg. Inc.*, (1982), 72 C.P.R. (2d) 93]. I do not see why I cannot make an analogous reasoning and conclude that the ambiguity created by the wording used to describe the second ground of opposition must be interpreted against the Opponent. A similar situation occurred in *Omega S.A. v. Omega Engineering Inc.* (2006), 51 C.P.R. (4th) 205 wherein the ambiguity in the statement of opposition was interpreted against the opponent. I conclude that the ground of opposition only covers the Wares.

[33] Consequently, the ground of opposition is maintained only in so far as rum is concerned for the same reasons detailed under the first ground of opposition.

VII Conclusion

[34] Having been delegated authority by the Registrar of Trade-marks by virtue of s. 63(3) of the Act, and applying the principles enunciated in the case of *Produits Ménagers Coronet Inc. v. Coronet Werke Heinrich Scherf GmbH* 10 C.P.R. (3d) 482, I refuse, pursuant to s. 38(8) of the Act, the Applicant’s application for the registration of the Mark, in association with rum and reject the opposition in so far as non-alcoholic cocktails and the promotion of alcoholic and non-alcoholic beverages via on-premise promotional events at retail stores, bars, restaurants, nightclubs and specialty sponsored events; retail sales of alcoholic beverages are concerned.

DATED, IN BOUCHERVILLE, QUEBEC, THIS 2nd DAY OF OCTOBER 2009.

Jean Carrière,
Member, Trade-marks Opposition Board