



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

Citation: 2012 TMOB 71
Date of Decision: 2012-04-20

**IN THE MATTER OF A SECTION 45 PROCEEDING
requested by ExxonMobile Oil Corporation against
registration No. TMA416,921 for the trade-mark
RESTAURANT MARCHÉ MÖVENPICK & Design in
the name of Mövenpick-Holding AG**

[1] At the request of ExxonMobile Oil Corporation (the Requesting Party), the Registrar of Trade-marks forwarded a notice under section 45 of the *Trade-marks Act*, RSC 1985, c T-13 (the Act) on November 16, 2009, to Mövenpick Holding AG, the registered owner (the Registrant) of registration No. TMA416,921 for the following trade-mark (the Mark):



[2] The Mark is registered for use in association with “*restaurant services*” and the “*operation of restaurants*” (the Services).

[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/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 November 16, 2006 and November 16, 2009 (the Relevant Period).

[4] “Use” in association with services is set out in section 4(2) of the Act as follows:

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

[5] Lastly, 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.

[6] 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 test that has to be met by a registrant under section 45 is not a heavy one [*Smith Lyons v Vertag Investments Ltd* (2000), 7 CPR (4th) 557 (TMOB)] 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)].

[7] In response to the Registrar’s notice, the Registrant furnished the affidavit 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.

[8] Upon review of Mr. Hamid’s affidavit, it is clear that there is no evidence of use of the Mark by the Registrant in Canada during the Relevant Period. Rather, Mr. Hamid indicates that the purpose of his declaration is to attest to “special circumstances” excusing the non-performance of the Services during the Relevant Period. Thus, the issue to be decided in this case is whether the Registrant has shown special circumstances that would excuse the absence of use of the Mark, permitting the registration to be maintained.

[9] A determination of whether there are special circumstances excusing non-use involves the consideration of three criteria:

- (i) the length of time during which the mark has not been in use;
- (ii) whether the reasons for non-use were due to circumstances beyond the control of the registered owner; and
- (iii) whether there exists a serious intention to resume use shortly [see *Canada (Registrar of Trade-marks) v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA)].

[10] 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, supra*. In particular, the Court determined that the second criterion of the *Harris Knitting* test must be satisfied in order for there to be a finding of special circumstances excusing non-use of a mark. However, this is not to say that the other two criteria are not relevant factors to consider, but just that those factors, in isolation, cannot constitute special circumstances.

[11] Indeed, 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 [*Harris Knitting, supra; Re: Goldwell* (1974), 29 CPR (2d) 110 (RTM)]. Furthermore, circumstances of non-use must be those which do not exist in the majority of cases involving non-use [*Scott Paper, supra; Spirits International NV v Canada (Registrar of Trade-Marks)* (2006), 49 CPR (4th) 196 (FC) aff'd (2007), 60 CPR (4th) 31 (FCA)]. In any event, the intent to resume use of the Mark 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 Mark Has Not Been in Use

[12] With respect to the first criteria, Mr. Hamid explains that the Registrant is a large international hotel and restaurant 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 its successor, operated restaurants in Canada identified by the Registrant’s trade-marks. He further states that under the terms of a license agreement, the Registrant exercised direct or indirect control, or both, over the character or quality of the services provided in Canada by Richtree in association with the Mark.

[13] With respect to the manner of such use, Mr. Hamid explains that Richtree displayed the Mark on signs and menus in its restaurants and in advertising for such restaurants, on uniforms worn by its employees during the performance of the Services, and on packaging of foods and beverages prepared and sold in Canada by Richtree. As a representative example of such use, Mr. Hamid provides as Exhibit AH-2 to his affidavit, a pamphlet which he states was printed and distributed in Canada by Richtree and which advertised the restaurant, retail sale of prepared food and beverages, and take-out food services performed by Richtree in Canada. I note that, consistent with Mr. Hamid’s attestation as to the use of the Mark by Richtree, the pamphlet contains several references to the Mark, as well as a photograph of a restaurant with signage bearing the Mark.

[14] It was at the end of January 2005 however, Mr. Hamid explains, that Richtree last performed the Services in association with the Mark in Canada.

[15] The Requesting Party submits that the Registrant has not provided reliable evidence to establish the date when the Mark was last in use. It argues that the Registrant’s evidence in this regard consists of bald assertions and ambiguous statements; thus, the Registrar must consider the date of last use to be the date the Mark was registered, namely, September 17, 1993 [citing as support, *Clark, Woods v Canaglobe International Inc.* (1992), 47 CPR (3d) 122 (TMOB)]. Consequently, the Requesting Party submits, the period of non-use of the Mark extends to over 17 years.

[16] However, I find the Requesting Party has taken a fragmentary approach to the evidence in its analysis of the date of last use of the Mark. When viewing the abovementioned evidence as a whole, including the sworn statements of fact provided by Mr. Hamid, I am satisfied that the evidence supports the date of last use of the Mark as being the end of January 2005.

[17] Accordingly, the period of non-use of the Mark in Canada up until the date of the section 45 notice is almost five years.

The Reasons for Non-Use

[18] With respect to the second criteria, Mr. Hamid attests that the cessation of use of the Mark relates 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, which bore the Mark, to Richtree Markets. Mr. Hamid explains that by virtue of a Court Order, Richtree Markets then acquired the Registrant's long developed trade secrets, know-how, business records and all of the retail leases in Toronto and Ottawa previously secured and guaranteed by the Registrant.

[19] Unable to meet the terms of a proposed license agreement, ties between Richtree Markets and the Registrant were ultimately severed at the end of January 2005. Mr. Hamid explains that it was then that Richtree Markets commenced operations in Canada using the very retail space previously secured by the Registrant and the proprietary information obtained from the Registrant through the Court Order. Richtree Markets had effectively turned from master franchisee and licensee to competitor. These events, Mr. Hamid attests, were beyond the control of the Registrant and "destroyed" the Registrant's Canadian operations.

[20] The Requesting Party recognizes that receivership or bankruptcy 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, in the present case, the Requesting Party asserts that the non-use of the Mark, extending at a minimum to roughly five years, is too substantial a period of non-use excusable by such circumstances.

[21] The Registrant, on the other hand, argues that while it is a fact that the bankruptcy hindered the Registrant, the real obstacle and cause for cessation in use of the Mark was the loss of prime retail space and the 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 distinguishable from the bankruptcy cases cited by the Requesting Party and one that is more on par with the case of *Cobalt Brands, LLC v Gowling Lafleur Henderson LLP* (2010), 82 CPR (4th) 245 (FC).

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

[23] 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.

[24] 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, nor does he 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.

[25] In addition, Mr. Hamid explains that in early 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 late 2008, nearly four years after the date of last use of the Mark. 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.

[26] 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 more extensive. 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 a small company 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 not from an emerging nation, but rather is a large Swiss-based international corporation employing roughly 13,600 people worldwide. The evidence shows it has significant international experience, including the fact that it has franchised its business and licensed its Mark 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* [see *John Labatt Ltd v The Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 (FCTD)].

[27] Absent such further information, it is difficult to ascertain whether the non-use of the Mark 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 satisfy the Registrar that the prolonged non-use of the Mark in Canada was due to factors that were beyond its control.

Intention to Resume Use

[28] In the event that I am wrong in so concluding, the Registrant must nevertheless satisfy the third criterion of the *Harris Knitting Mills* test; that is, the Registrant must demonstrate a serious

intention to shortly resume use [see *Arrowhead Spring Water Ltd, supra*; *NTD Apparel Inc, supra*].

[29] With respect to evidence regarding this third criterion, in addition to the steps noted above, Mr. Hamid provides Exhibits AH-4, AH-5, and AH-6. I note, however, that Exhibit AH-6 is a copy of an invoice relating to “catering services” and not the services as registered. Furthermore, as will be discussed in regards to Exhibits AH-4 and AH-5, this exhibit does not display the Mark.

[30] In this respect, Exhibit AH-4 consists of a copy of a news release distributed in Canada on March 23, 2009, by Newswire, announcing the anticipated opening of various restaurants in Toronto in 2010, including “Marché® Restaurants”, “Marché® Bistros”, and “Marchélino® and Marché® Natural Bakeries”. While it is true that the news release contains text only, there is no reference to a “Marché Mövenpick Restaurant”, despite references to several other Marché-specific restaurants. Consequently, I find the news release ambiguous as to whether the anticipated re-opened restaurants will be operating under the trade-mark as registered.

[31] This ambiguity is further highlighted by Exhibit AH-5 which is described by Mr. Hamid as consisting of pages from the Registrant’s website that advertised, since February 22, 2009, employment opportunities for its anticipated re-launch of restaurants bearing the Mark. However, while these pages do include a Marché logo, the mark that appears in this exhibit, as conceded by the Registrant at the oral hearing, does not constitute use of the Mark 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] Despite operations having resumed in Canada, I find no evidence that the Registrant has resumed use of the Mark. Although the Registrant appears to be in the process of rolling out operations in Canada, there is no clear evidence establishing an anticipated date of resumption of use of the Mark as registered. I accept that the Registrant has shown a serious intention to re-enter the Canadian marketplace; this much is evident from the evidence as a whole, as well as statements of fact in Mr. Hamid’s affidavit attesting to the opening of an unnamed restaurant on February 16, 2010. However, there is a distinction to be made between the intention to re-enter

the Canadian marketplace, and the intention to resume use of the Mark itself. In essence, as stated by Rouleau J in *Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 CPR (3d) 217 (FCTD), 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 Mark as registered.

[33] 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 Mark during the Relevant Period.

Disposition

[34] Accordingly, pursuant to the authority delegated to me under section 63(3) of the Act, the registration will be expunged in compliance with the provisions of section 45 of the Act.

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