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LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS

Citation: 2021 TMOB 78

Date of Decision: 2021-04-28

IN THE MATTER OF THREE SECTION 45 PROCEEDINGS

**Comité interprofessionnel du vin de Champagne
and Institut national de l'origine et de la qualité**

Requesting Parties

and

Coors Brewing Company

Registered Owner

TMA177,553 for THE CHAMPAGNE OF BEERS

Registrations

TMA319,461 for LE CHAMPAGNE DES BIERES

TMA325,567 for MILLER LABEL & DESIGN

OVERVIEW

[1] This is a decision involving summary expungement proceedings under section 45 of the *Trademarks Act*, RSC 1985, c T-13 (the Act) with respect to the following registrations:

Registration Nos.	Trademarks	Goods
TMA177,553	THE CHAMPAGNE OF BEERS	Beer
TMA319,461	LE CHAMPAGNE DES BIERES	Beer

(the Word Marks)

Registration No.	Trademark	Goods
TMA325,567	MILLER LABEL & DESIGN 	Brewed alcoholic beverages

(the Design Mark)

[The Word Marks and the Design Mark will sometimes collectively be referred to as the Subject Trademarks.]

[2] Unless otherwise noted, all references in this decision are to the Act as amended on June 17, 2019.

[3] On April 3, 2017, at the request of Comité interprofessionnel du vin de Champagne and Institut national de l’origine et de la qualité (the Requesting Parties), the Registrar of Trademarks issued notices under section 45 of the Act to the registered owner of the above registrations, Coors Brewing Company (the Owner).

[4] Section 45 of the Act requires the registered owner of a trademark to show whether a trademark was used in Canada in association with each of the goods 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. For each of the Subject Trademarks, the relevant period for showing use is between April 3, 2014 and April 3, 2017.

[5] The relevant definition of “use” in association with goods is set out in section 4(1) of the Act:

4(1) A trademark is deemed to be used in association with goods if, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, it is

marked on the goods themselves or on the packages in which they are distributed or it is in any other manner so associated with the goods that notice of the association is then given to the person to whom the property or possession is transferred.

[6] In the absence of use, pursuant to section 45(3) of the Act, a trademark is liable to be expunged, unless the absence of use is due to special circumstances.

[7] In all three proceedings, the Owner submitted the affidavit of Joanne Nardi, Manager, Global Trademarks & Intellectual Property for Molson Canada 2005, DBA Molson Coors Canada (Molson Canada), sworn November 2, 2017 (collectively, the Nardi affidavit).

[8] Both parties submitted written representations and attended an oral hearing.

[9] For the reasons that follow, I conclude that the registrations ought to be maintained.

PRELIMINARY REMARKS

Objection to the Owner's compendium

[10] Following the hearing, both parties filed compendia essentially setting out excerpts from the evidence and the authorities referred to at the hearing. I do not find that it is necessary to lengthily discuss the debate that subsequently arose between the parties as to whether the Owner's compendium actually contains reference to additional authorities and whether such authorities should be disregarded. Suffice it to say that consulting jurisprudence is an appropriate exercise of the Registrar's discretion and the Registrar may rely on all relevant authorities, whether or not they are identified by the parties.

Ownership and licensing of the Subject Trademarks

[11] As part of their submissions, the Requesting Parties question the licence between the Owner and Molson Canada, the control exercised by the Owner, as well as the chain of title of the Subject Trademarks.

[12] It is well established that section 45 proceedings are not intended to try disputed questions of fact or to replace *inter partes* expungement proceedings under section 57 of the Act,

where issues such as ownership or abandonment of a registered trademark may be raised before the Federal Court. With respect to ownership of the Subject Trademarks, Ms. Nardi explains that, by way of an assignment effective October 13, 2016, the trademarks at issue were the subject of an acquisition by Molson Coors Brewing Company, of which the Owner is stated to be a division [Nardi affidavit, paras 5-7]. I note that the register shows the recordal of this change in title for each registration as of October 25, 2016 [Nardi affidavit, para 5, Exhibit A] and I stress that the question before me is not to determine how the Owner acquired the Subject Trademarks.

[13] The purpose and scope of section 45 of the Act is to provide a simple, summary and expeditious procedure for removing “deadwood” from the register. In this context, where a registered owner has to establish licensed use of a trademark, it is not required to furnish a written licence agreement. A clear statement attesting to the registered owner’s control over the character or quality of goods sold under a licence is sufficient in this regard. With respect to licensing of the Subject Trademarks, I am satisfied that Ms. Nardi’s statements are sufficiently clear. In particular, Ms. Nardi states that pursuant to a licence agreement, the specifics of which are confidential, Molson Canada is the Canadian licensee of the Subject Trademarks standing in the name of the Owner and she distinctly asserts that the Owner maintains control over the goods associated with the Owner’s trademarks [Nardi affidavit, paras 1, 9 and 12].

[14] All in all, the evidence as a whole is in my view sufficient to show that the registrations at issue are owned by the Owner who licenses the Subject Trademarks to Molson Canada.

ANALYSIS AND REASONS FOR DECISION

[15] There is no evidence before me that the Subject Trademarks were used during the relevant period. As a result, the issue here is whether, pursuant to section 45(3) of the Act, special circumstances existed to excuse non-use of the trademarks during the relevant period.

[16] To determine whether special circumstances have been demonstrated, the Registrar must first determine, in light of the evidence, why the trademarks were not used during the relevant period. Second, the Registrar must determine whether these reasons for non-use constitute special circumstances [*Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA)]. The Federal Court has held that special circumstances mean

circumstances or reasons that are “unusual, uncommon, or exceptional” [*John Labatt Ltd v Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 (FCTD) at 123].

[17] If the Registrar determines that the reasons for non-use constitute special circumstances, the Registrar must still decide whether such special circumstances excuse the period of non-use. This involves the consideration of three criteria: (i) the length of time during which the trademark has not been in use; (ii) whether the reasons for non-use were beyond the control of the registered owner; and (iii) whether there exists a serious intention to shortly resume use. The relevance of the first criterion is apparent, as reasons that may excuse a brief period of non-use may not excuse an extended one; in other words, the reasons for non-use will be weighed against the length of period of non-use [*Harris Knitting*].

[18] The decision in *Smart & Biggar v Scott Paper Ltd*, 2008 FCA 129, offered further clarification with respect to the interpretation of the *Harris Knitting* criteria. 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 criteria are relevant but, considered by themselves in isolation, cannot constitute special circumstances.

[19] It is also important to note that the intention 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)].

Summary of the parties’ positions

[20] The parties fundamentally disagree as to the period of non-use and, consequently, the reasons which explain the absence of use during this period.

[21] The Requesting Parties submit that the Registrar should consider the absence of use of the trademarks as of their respective registration dates and raise the following issues:

- A change in title does not constitute special circumstances,

- The recent acquisition does not explain non-use of the Subject Trademarks by the Owner or its predecessor in title for the extended length of time going back to their respective dates of registration, and
- The Owner has not shown its serious intention to resume use of the Subject Trademarks as of the date of the notices.

[22] The Owner submits, first, that the Registrar should consider non-use of the Subject Trademarks as of the date they were acquired by the Owner and, second, that the Owner could not use the Subject Trademarks during the relevant period because:

- It only acquired them six months before the end of the relevant period, and
- Time was required to make arrangements for selling beer in association with the newly acquired trademarks, including regulatory approvals from liquor control boards.

Existence of special circumstances excusing non-use

[23] As noted above, the Requesting Parties argue that the acquisition of the Subject Trademarks by the Owner in October 2016 does not constitute special circumstances and that, in any event, there are no special circumstances which excuse non-use of the trademarks prior to October 2016.

[24] The Owner submits that it acquired the Subject Trademarks only about six months prior to the date of issuance of the notices and essentially argues that this recent acquisition, in conjunction with the size of the transaction and the particular nature of the goods covered by the Subject Trademarks, amounts to special circumstances excusing its absence of use.

[25] I agree that an assignment or change in title in itself does not constitute a special circumstance [*Taogosei Co v Servicios Corporativos De Administracion GMZ, SA De CV* (1999), 3 CPR (4th) 275 (TMOB)]. There are a number of cases wherein a recent assignment or the acquisition of a trademark during the relevant period was held to excuse non-use for a short period of time, as it was reasonable to assume that the new owner would need some time to make arrangements concerning the use of a newly acquired trademark. However, the reasons for non-

use in these cases were not solely due to the recent acquisition of a trademark; there were additional circumstances deemed beyond the control of the owner which reasonably affected the timing of the reintroduction of the goods associated with the trademark at issue. In each case, active steps were also taken to resume use prior to the issuance of the section 45 notice.

[*Morrison Brown Sosnovitch LLP v Jax and Bones Inc*, 2014 TMOB 280 at para 23]

[26] The Owner submits that it acquired the Subject Trademarks in the context of the “Miller acquisition”, a large-scale arm’s length acquisition of numerous assets, including dozens of brands and numerous Canadian trademark registrations. Ms. Nardi provides copies of news articles covering the transaction, which reported it as a “\$12-billion US acquisition of Miller brands”. Ms. Nardi further attests that an “acquisition of this scale creates a significant time investment to review each asset and incorporate it into an existing intellectual property portfolio and brand strategy”. [Owner’s written argument, paras 24(b), 33 and 37; Nardi affidavit, paras 6 and 13, Exhibit B-1]

[27] I accept that the Owner’s recent sizable acquisition here, a mere six months before the notices, can be considered a special circumstance not found in most cases of absence of use, in particular as there also existed additional circumstances beyond the control of the Owner which, weighed against the length of time without use of the Subject Trademarks, excused such absence of use, as will be further discussed below.

Brief duration of non-use

[28] The Requesting Parties argue that the Subject Trademarks were never used in Canada and that the period of non-use lasted, at best, as of the registration dates of the trademarks in 1971, 1986 and 1987, respectively, therefore resulting in a period of non-use of at least 30 years in each case.

[29] The Owner argues that it only acquired the marks in October 2016 and that given the assignment occurring so little time before the notices, the period of non-use should be considered from the acquisition date and has therefore only been of six months (*i.e.* from October 2016 to April 2017).

[30] In that regard, I note that where a trademark was recently acquired by a new owner, a number of cases have considered the acquisition date as the relevant date when assessing non-use [see for instance *Morrison Brown; Fairweather Ltd v Registrar of Trade-marks*, 2006 FC 1248; *Hudson's Bay Co v Bombay & Co Inc*, 2013 TMOB 159; *Sim & McBurney v Hugo Boss AG* (1996), 67 CPR (3d) 269 (TMOB); *Scott Paper Co v Lander Co Canada Ltd* (1996), 67 CPR (3d) 274 (TMOB); *GPS (UK) v Rainbow Jean Co* (1994), 58 CPR (3d) 535 (TMOB); *Baker & McKenzie v Garfield's Fashions Ltd* (1993), 52 CPR (3d) 274 (TMOB); and more recently *Supreme Brands LLC v Joy Group OY*, 2019 TMOB 45 at paras 47-48; and *Protein 2 O LLC v Inutrition Inc*, 2019 TMOB 6 at para 20]. I also note that such an approach was even considered appropriate where there had not been use of a trademark since its registration [see for instance *Cassels Brock & Blackwell LLP v Registrar of Trade-marks*, 2004 FC 753 at paras 17 and 25, where the Court only required the owner to explain non-use since the acquisition date in 1994 although the trademark had not been used since its registration in 1989].

[31] The Owner submits that Molson Canada does not have any records relating to use of the Subject Trademarks by the previous owner prior to their sale and that having to explain why the previous owner may or may not have used the Subject Trademarks since 1971, 1986 and 1987, respectively (to avoid the inference that it was the previous owner's deliberate business decision to cease use) mischaracterizes the Owner's burden in the present proceedings [Owner's written argument, paras 24(e), 28-33; Nardi affidavit, para 10]. I agree. In my view, it would be an overly burdensome and technical approach here to require the Owner to justify alleged non-use for a period of several decades when it only acquired the Subject Trademarks six months prior to the date of the notices and is not in a position to attest to the use or absence of use of the marks by the previous owner [see *GPS (UK) Ltd* for a similar conclusion in respect of trademark transfer two months before the notice; see also *Morrison Brown*].

[32] Finally, I am well aware that in *Dentons Canada LLP v CanWhite Sands Corp*, 2020 TMOB 95, the Board refused to consider the acquisition date as the relevant date to assess the length of non-use. Nevertheless, each case must be assessed on its own facts and as this was acknowledged in *Dentons* at para 37, it may be appropriate to accept the acquisition date to assess the length of non-use in some cases. In my view, this is one of those cases.

Non-use was beyond the Owner's control

[33] Compliance with legal or regulatory requirements associated with launch of (and as a prerequisite to use) a mark in Canada may be considered a circumstance beyond the control of the owner [*Cassels Brock & Blackwell*]. Even a mistaken belief in a legal requirement may be considered to excuse non-use of a trademark [*Spirits International NV v Canada (Registrar of Trade-marks)*, 2006 FC 520]. However, where a registered owner submits that its efforts to comply with regulatory frameworks constitute special circumstances, such efforts must be substantiated by evidence of active steps taken to obtain regulatory approval [*Oyen Wiggs Green & Mutala LLP v Rath*, 2010 TMOB 34 at paras 17-18; *Currier + Kao LLP v LiFung Trinity Management (Singapore) Pte Ltd*, 2014 TMOB 289 at para 19].

[34] The Owner submits that it was unable to use the newly acquired trademarks without first obtaining regulatory approval permitting sales of beer and that this is a circumstance out of the Owner's control. In this regard, Ms. Nardi explains that beer is sold in Canada through provincially regulated liquor stores and that, in order to sell through these channels, it is necessary to file a listing application with each provincial liquor board. Ms. Nardi states that these steps create a significant time investment for a new assignee of a trademark registration and that, from the moment of filing applications with each liquor board, it can take between a day to several months to obtain the required regulatory approvals. [Owner's written argument, paras 24(j)-(l), 39-40; Nardi affidavit, paras 6, 23-29]

[35] I accept that it was not possible for the Owner or its licensee to sell beer under the Subject Trademarks prior to obtaining regulatory approval of provincial liquor boards and I find that obtaining such regulatory approval is a circumstance beyond the Owner's control.

[36] However, I note that Molson Canada initiated the regulatory application process after the relevant period. In particular, an application was filed with the Liquor Control Board of Ontario (LCBO) on June 5, 2017, followed in October 2017 by applications with the Société des alcools du Québec (SAQ) and the British Columbia Liquor Distribution Branch (BCLS) [Nardi affidavit, paras 24, 26 and 28].

[37] That being said, I also note that product packaging was submitted in the context of obtaining regulatory approval. In particular, the SAQ application form suggests that applicants must file product samples and labels and Ms. Nardi explains that the approval process in Quebec includes the submission of finished product packaging “with Canadian specific labelling” [Nardi affidavit, paras 26-27, Exhibit I]. Molson Canada’s internal document regarding LCBO applications and the BCLS listing applications also indicate that product packaging and labels were submitted with these other provincial liquor boards [Nardi affidavit, paras 25 and 28, Exhibits H and J].

[38] While preparatory steps regarding product packaging and labels (such as product label conception and market testing) are not completely outside the Owner’s control, I accept that these are necessary steps in the process of obtaining regulatory approval with the provincial liquor boards. The extent and timing of such preparatory steps will therefore be discussed below.

Owner’s serious intention to shortly resume use

[39] The Requesting Parties submit that there is no evidence relating to the Owner’s serious intention to resume use of the trademarks, as the only evidence provided relates to Molson Canada’s activities. At the oral hearing, the Requesting Parties also argued that because such activities only took place after the date of the notices, there is no evidence showing any intention to resume use during the relevant period. According to the Requesting Parties, the evidence shows that Molson Canada was merely considering the opportunity to launch Miller High Life beer but did not have a firm intention to do so prior to the date of the notices.

[40] The Owner submits that, at the time of the notices, it had a serious intention to shortly resume use of the Subject Trademarks in association with Miller High Life beer. For instance, Ms. Nardi’s evidence includes the following:

- Molson Canada “has had and maintains an intention to sell” beer in association with the Subject Trademarks since their date of acquisition in October 2016; [Nardi affidavit, para 12]
- Preparatory steps were taken by Molson Canada to use the marks in Canada, namely:

- the conception of Miller High Life beer products immediately following their acquisition [Nardi affidavit, para 13],
 - preliminary product concepts “which make reference to the [Subject Trademarks] in connection with the Miller High Life brand”, developed in early December 2016 (shown in Schedule A to this decision) [Nardi affidavit, para 16],
 - a focus group survey regarding “consumer insights” on the aforementioned preliminary product concepts was designed in early December 2016, conducted between December 19, 2016 and January 3, 2017, and reported to Molson Canada in January-February 2017 [Nardi affidavit, paras 14-19],
 - a launch plan for Miller High Life beer developed as early as March-April 2017 [see for instance Nardi affidavit, Exhibit E-1 showing a redacted copy of a project charter for the product launch dated April 13, 2017 and Exhibit C showing an early stage development schedule showing planned launches in certain Canadian provinces starting in the fourth quarter of 2017],
 - Canadian packaging artwork design and revision efforts starting around April 2017 (artwork samples shown in Schedule A to this decision) [Nardi affidavit, para 22, Exhibit F], and
 - the regulatory application processes initiated with provincial liquor bodies, starting on June 5, 2017 [Nardi affidavit, paras 24-29];
- The first production of canned beer in association with the Subject Trademarks was scheduled in October 2017 and the first production of bottled beer in association with the Subject Trademarks was scheduled for December 2017 [Nardi affidavit, paras 30 and 32]; and
 - Product launches under the Subject Trademarks were planned in certain Canadian provinces before the end of 2017, followed by further provincial launches in early 2018 [Nardi affidavit, para 33].

[41] I am satisfied that, despite the Owner's acquisition of a large portfolio of trademarks in mid-October 2016, the Owner (through its licensee Molson Canada) quickly reacted and took steps towards commercializing Miller High Life beer in Canada. In particular, the conception of Miller High Life products bearing the Subject Trademarks began at or immediately following their acquisition. Then, between December 2016 and February 2017, preliminary product concepts were market tested. In April 2017, Canadian packaging artwork for Miller High Life beer was designed and revised, and as of April 13, 2017, Molson Canada had developed a product launch plan for these products. Consistent with Ms. Nardi's assertion that these products are high-priority items for Molson Canada, the first Miller High Life beer cans were produced one year after the date of acquisition, in October 2017.

[42] All in all, upon reviewing the evidence as a whole, including preparatory steps taken before the date of the notices, I find that the Owner has provided a sufficient factual basis substantiating its serious intention to quickly resume use of the Subject Trademarks.

FINAL REMARKS

[43] At the oral hearing, the Requesting Parties commented in passing on the labels in evidence being variations of the Design Mark. Absent further submissions on this point, I find that despite whatever differences may exist between the form in which it was registered and the form in which it is displayed in evidence (and in particular on Miller High Life beer bottles), the Design Mark has not lost its identity and remains recognizable, such that an unaware purchaser would likely infer the marks to emanate from the same source [see *Promafil Canada Ltée v Munsingwear Inc* (1992), 44 CPR (3d) 59 (FCA); *Registrar of Trade-marks v Cie internationale pour l'informatique CII Honeywell Bull* (1985), 4 CPR (3d) 523 (FCA); and *Nightingale Interloc Ltd v Prodesign Ltd*, (1984) 2 CPR (3d) 535 (TMOB), for a thorough discussion of the general principles that govern the test for deviation].

[44] Before concluding, it is worth recalling that the purpose of section 45 is to clear the register of marks in which owners express no *bona fide* interest; in other words, to remove "deadwood" from the register. In my view, the evidence in this case demonstrates that the Subject Trademarks are not "deadwood".

DISPOSITION

[45] In view of all of the above, I find that a fair review of the whole of the Owner's evidence is sufficient to show special circumstances excusing the absence of use of the Subject Trademarks as required by section 45(3) of the Act. As such, pursuant to the authority delegated to me under section 63(3) of the Act and in compliance with the provisions of section 45 of the Act, all three registrations will be maintained.

Iana Alexova
Member
Trademarks Opposition Board
Canadian Intellectual Property Office

**TRADEMARKS OPPOSITION BOARD
CANADIAN INTELLECTUAL PROPERTY OFFICE
APPEARANCES AND AGENTS OF RECORD**

HEARING DATE 2021-02-25

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SCHEDULE A

Preliminary product concepts developed in early December 2016



Samples of Canadian packaging artwork provided as Exhibit F to the Nardi affidavit

