

LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS

Citation: 2021 TMOB 257

Date of Decision: 2021-11-26

IN THE MATTER OF AN OPPOSITION

Kitasoo Band Council

Opponent

and

The Spirit Bear Coffee Company Inc.

Applicant

**1,692,707 for SPIRIT BEAR COFFEE
COMPANY**

Application

OVERVIEW

[1] The Spirit Bear Coffee Company Inc. (the Applicant) is based in British Columbia and markets and sells ground and whole bean coffee and related accessories. On September 5, 2014, the Applicant filed application No. 1,692,707 (the Application) to register the trademark SPIRIT BEAR COFFEE COMPANY (the Mark) in association with the goods and services set out in Schedule A to this decision (the Goods and Services).

[2] The Kitasoo Band Council (the Opponent) represents the Kitasoo Band in governance activities including the management of the Kitasoo Band's business interests in the Kitasoo territory. The Kitasoo territory in British Columbia's central coast region is home to a rare, white-coloured black bear often identified as the Spirit Bear in view of its cultural significance to the people of the Kitasoo/Xai'xais First Nation. The Opponent is the owner of two official marks

for the term SPIRIT BEAR, and also takes the position that it has common law trademark rights in the term.

[3] The Opponent has opposed the Application on a variety of grounds, including that the Applicant could not have been satisfied of its entitlement to use the Mark due to a pre-existing contractual relationship with the Opponent. Specifically, in 2012, the Applicant and the Opponent (along with other parties) entered into a written agreement governing the use of the term SPIRIT BEAR in association with coffee products. The Opponent argues that contract precluded the use of the term SPIRIT BEAR by the Applicant, and instead permitted use only by a different corporate entity. The Applicant contends that the entire contract is void *ab initio* and thus that it was never bound by any of the contract terms.

[4] For the reasons below, I agree with the Opponent that at the time of filing the Application, the Applicant could not have been satisfied of its entitlement to use the Mark in view of the contract. Therefore, the section 30(i) ground of opposition succeeds and the Application is refused.

THE RECORD

[5] The Application is based on use of the Mark in Canada since at least as early as July 2007 in association with Goods (1), and proposed use of the Mark in association with Goods (2) and the Services.

[6] The Application was advertised for opposition purposes in the *Trademarks Journal* on July 20, 2016. On September 9, 2016, the Opponent filed a statement of opposition pursuant to section 38 of the *Trademarks Act*, RSC 1985, c T-13 (the Act). I note that the Act was amended on June 17, 2019, and pursuant to section 70 of the Act, the grounds of opposition in this proceeding will be assessed based on the Act as it read prior to June 17, 2019.

[7] The Opponent raises grounds of opposition based on non-distinctiveness under section 2, non-registrability under section 12(1)(e), and non-compliance with sections 30(b), 30(e) and 30(i) of the Act.

[8] For its ground of opposition under section 12(1)(e), the Opponent relies on its official marks Nos. 918,006 and 923,396 for SPIRIT BEAR. For its ground of opposition based on non-distinctiveness, the Opponent asserts that the Mark is not distinctive in view of the Opponent's use of its official mark SPIRIT BEAR.

[9] The Applicant filed a counter statement denying the grounds of opposition. Both parties filed evidence and written representations and attended a hearing.

EVIDENCE

[10] The parties' evidence is summarized below and is further discussed in the analysis of the grounds of opposition.

Opponent's Evidence-in-chief

[11] The Opponent filed the affidavit of Douglas Neasloss sworn March 12, 2017 (the Neasloss Affidavit), the affidavit of Joseline Kwok sworn March 16, 2017 (the Kwok Affidavit), and the affidavit of Larry Greba sworn March 20, 2017 (the Greba Affidavit). Mr. Neasloss and Mr. Greba were cross-examined and the transcripts from those cross-examinations, as well as written answers to undertakings and questions taken under advisement, form part of the record. Ms. Kwok was not cross-examined.

Neasloss Affidavit

[12] Mr. Neasloss is the Chief Councillor of the Opponent and the Chairman of the Board of Directors of the Spirit Bear Research Foundation. He is a member of the Kitasoo/Xai'xais First Nation. He states that he was born and raised in the community of Klemtu in British Columbia which has been the traditional home of the Kitasoo/Xai'xais people for thousands of years.

[13] Mr. Neasloss describes that the tribal territory of the Kitasoo/Xai'xais First Nation is the home to a rare, white-coloured black bear found only in the coastal British Columbia rainforest. The scientific name for this bear is *Ursus americanus kermodei*; however, in view of its cultural significance to the Kitasoo/Xai'xais people, it has also been given the name Spirit Bear.

[14] In view of the connection between the Kitasoo Band and the Spirit Bear, when the Opponent made its first entry into the tourism business, it adopted the mark SPIRIT BEAR in connection with multiple aspects of its business to identify these businesses with the Kitasoo Band. For example, starting in 1996, BC Ferries offered an Inside Passage ferry route in the summer, aimed at tourists, which docked at Klemtu, and a community owned business name Klemtu Tourism was set up with the permission of the Opponent and subsequently incorporated in 2001 as Klemtu Tourism Ltd. This entity offered eco-tours in association with the names SPIRIT BEAR TOURS and SPIRIT BEAR QUEST. Also starting around 1996, and continuing to the present, the Kitasoo Band offered walking tour and dinner packages which include entertainment by a dance group named the SPIRIT BEAR Dancers comprised of local Kitasoo band members and their children. Starting in 2007, the Kitasoo Band operated a lodge under the name SPIRIT BEAR ADVENTURES which in 2009 changed its name to SPIRIT BEAR Lodge. This lodge is now operated by Spirit Bear Adventures Ltd., a community-owned company which uses the official mark SPIRIT BEAR with the permission of and under license from the Opponent.

[15] The Kitasoo Band was also central to the establishment of a provincial conservancy called the Kitasoo Spirit Bear Conservancy. Attached as Exhibit “E” to the Neasloss Affidavit is a copy of the 2007 agreement between the Province of British Columbia and the Kitasoo, referencing the Kitasoo Spirit Bear Conservancy as a Protected Area.

[16] Mr. Neasloss states that in or about 2012, it came to the attention of the Opponent that the Applicant was using the SPIRIT BEAR mark on coffee products without the permission of the Opponent. (I note that the evidential record as a whole makes it apparent that it was earlier than 2012 that the Applicant came to the attention of the Opponent, as will be discussed further below). In any event, as a result, a license agreement dated April 13, 2012 was negotiated and entered into between, among others, the Opponent and the Applicant. A copy of this agreement is attached as Exhibit “I” to the Neasloss Affidavit. Mr. Neasloss signed the agreement on behalf of the Opponent. Mr. Neasloss states at paragraph 9 of his affidavit that “[t]his Agreement remains in force and has not been terminated.”

[17] This agreement is discussed in detail later in this decision. However, to briefly summarize, under the agreement the City of Terrace and the Opponent grant a license to a related entity to the Applicant, namely, 0921683 B.C. Ltd., to use the term SPIRIT BEAR in association with coffee products. At the time of the agreement, the City of Terrace was the owner of official mark No. 915,508 for SPIRIT BEAR and the Opponent was the owner of official mark No. 918,006 also for SPIRIT BEAR.

[18] Exhibit “K” to the Neasloss Affidavit is described as a printout from the Applicant’s website (as of the date of the affidavit, namely, March 12, 2017) which references the Spirit Bear Lodge, KITASOO Spirit Bear Conservancy and the KITASOO Spirit Bear Conservation Foundation in the advertising of the Applicant’s coffee product. Mr. Neasloss states that to the best of his knowledge there is no entity named KITASOO Spirit Bear Conservation Foundation and that the Applicant has never made a donation to the Spirit Bear Research Foundation.

Kwok Affidavit

[19] Ms. Kwok is a legal assistant with the firm representing the Opponent. Her affidavit includes as exhibits certified copies of the Opponent’s official marks and printouts of various provincial legislation in British Columbia.

Greba Affidavit

[20] Mr. Greba is a director of Spirit Bear Adventures Ltd., Spirit Bear Adventures Limited Partnership and was formerly a director of Klemtu Tourism and Klemtu Tourism Ltd. He is also a director of the KITASOO Development Corp. and KITASOO Development Limited Partnership.

[21] As is also described in the Neasloss Affidavit, Mr. Greba states that the Opponent represents the KITASOO Band in a range of governance activities including the management of the KITASOO Band’s tourism business. He states that the KITASOO Band has the controlling interest in Spirit Bear Adventures Limited Partnership and KITASOO Development Limited Partnership.

[22] Mr. Greba indicates that all decisions made by Klemtu Tourism and its successor Klemtu Tourism Ltd. were required to be approved by the Opponent, and that the Opponent always controlled the character and quality of the services provide by those two entities in association

with the SPIRIT BEAR official mark. Similarly, Mr. Greba states that since Spirit Bear Adventures Limited Partnership replaced Klemtu Tourism Ltd. as the operating company for the tourism business in 2007, the Opponent has always controlled the character and quality of the services provided by Spirit Bear Adventures Limited Partnership in association with the SPIRIT BEAR official mark.

[23] Mr. Greba describes various tourism business activities carried out by the Kitsoo Band that were also discussed in the Neasloss Affidavit, including the dance group SPIRIT BEAR Dancers, tours under the names SPIRIT BEAR Tour and SPIRIT BEAR QUEST, and the lodge which operates under the name SPIRIT BEAR Lodge.

Applicant's Evidence

[24] The Applicant filed the affidavit of Paul Biglin sworn April 18, 2018 (the Biglin Affidavit). Mr. Biglin is the co-owner and co-president of the Applicant. Mr. Biglin was cross-examined on his affidavit and the transcript and written answers to undertakings and questions taken under advisement from that cross-examination form part of the record.

[25] Mr. Biglin describes the Applicant as an aboriginal-owned, small-scale artisanal coffee company. The Applicant was originally based in Alberta and is now a corporation registered in British Columbia. Its primary business is the marketing, development and sale of coffee beans and related accessories. All of the Applicant's coffee is sold branded with the Spirit Bear Coffee Company Logo, a copy of which is attached as Exhibit "A" to the Biglin Affidavit and which is also reproduced in Schedule B to this decision.

[26] Mr. Biglin states that the Applicant began promoting sales of coffee under the Spirit Bear Coffee Company name and with the Spirit Bear Coffee company Logo in or about 2006 while based in Alberta, and began sales in British Columbia by in or about January of 2008.

[27] Mr. Biglin states that the products offered from at least July 2007 under the Spirit Bear Coffee Company name and with the Spirit Bear Coffee Company Logo include ground and whole bean organic and conventional coffee, clothing, namely, t-shirts and golf shirts, mugs, aprons and stuffed animals. He states that these uses have been continuous on these products since that time. Mr. Biglin states that more recently, the Applicant has begun offering retail

services specializing in the sale, importation and distribution of beverages, namely, organic coffee, conventional coffee, tea and hot chocolate; coffee extracts, coffee substitutes and juice, hot chocolate and tea and accessories related to the preparation of serving of beverages, namely, coffee and tea pots and coffee brewing equipment.

[28] Mr. Biglin states that in or about February of 2010, the Applicant received from the City of Terrace and the Opponent demands for the Applicant to discontinue use of “SPIRIT BEAR” on its “SPIRIT BEAR COFFEE” coffee products. He further states that in or about 2011 the City of Terrace and the Opponent presented the Applicant with a license agreement on a non-negotiated basis, failing agreement of which, the City of Terrace and the Opponent would take actions against the Applicant and the Applicant’s customers and suppliers and the Applicant’s affiliated companies. At paragraph 10 of the Biglin Affidavit, Mr. Biglin describes the business situation of the Applicant at the time as tenuous and that the Applicant “was left with no choice but induced and pressured into entering into the presented licensing agreement”. Mr. Biglin identifies this agreement as the one included as Exhibit I to the Neasloss Affidavit (I will refer to this agreement hereinafter as the “License Agreement”).

[29] Mr. Biglin states that the City of Terrace and the Opponent represented that, with respect to the alleged “SPIRIT BEAR” official marks, the City of Terrace and the Opponent were: (a) official mark holders pursuant to sections 9 and 11 of the Act; (b) that as official mark holders, their official marks were valid marks registered in compliance with the said sections; and (c) rightful licensors to enter into licensing agreements with respect to the use of “SPIRIT BEAR” in other products such as coffee beans. Mr. Biglin characterizes these representations as false and/or misleading and states that neither the City of Terrace nor the Opponent ever had a valid or enforceable official mark as they allege.

[30] Attached as Exhibit “C” to the Biglin Affidavit is a copy of the Federal Court decision in *Terrace (City) v Urban Distilleries Inc*, 2014 FC 833 dated September 2, 2014. Mr. Biglin states that shortly after this decision was released, it was brought to his attention and he directed the filing of the present Application. Attached as Exhibit “D” to the Biglin Affidavit is a copy of the Federal Court of Appeal decision in *Kitasoo First Nation v Urban Distillers Inc*, 2015 FCA 233 dated October 28, 2015.

[31] Mr. Biglin states that the Applicant signed the License Agreement under severe distress, and that the Applicant has never considered itself bound by the License Agreement. He indicates that the Applicant has never paid any royalties pursuant to the License Agreement and that the Opponent has not attempted to collect royalties.

[32] Mr. Biglin states that the Applicant has filed suit in the Supreme Court of British Columbia seeking, among other things, a declaration that the License Agreement was at all times unenforceable due to, *inter alia*, misrepresentation and duress. A copy of the Notice of Civil Claim dated January 2, 2018 from that action is attached as Exhibit “E” to the Biglin Affidavit.

[33] Mr. Biglin states that since the start of its sales more than 10 years ago, the Applicant has never had any customer complain, compare or in any way identify the Applicant or its products or services with the Opponent or any mark held by the Opponent.

Opponent’s Reply Evidence

[34] In reply, the Opponent filed the Affidavit of Douglass Neasloss sworn March 1, 2019 (the Neasloss Reply Affidavit). Mr. Neasloss was not cross-examined on this affidavit.

[35] In the Neasloss Reply Affidavit, Mr. Neasloss sets out his disagreement with various statements in the Biglin Affidavit, including Mr. Biglin’s characterization of the License Agreement being presented to the Applicant on a non-negotiable basis. In particular, Mr. Neasloss describes contact between the Opponent and the Applicant in 2009 regarding the possibility of negotiating a license, and attaches as Exhibit “A” a letter dated March 30, 2010 sent from the Opponent’s counsel at the time to the Applicant discussing past overtures by the Opponent to the Applicant to resolve the matter between the parties by way of a license.

[36] In addition, Mr. Neasloss sets out his disagreement with the statements in the Biglin Affidavit that the Applicant has never considered itself bound by the License Agreement and that neither the City of Terrace nor the Opponent ever attempted to collect any royalties under the License Agreement. In this regard, Mr. Neasloss attaches as Exhibits “B” and “C” copies of revenue statements from the Applicant for the 2012 and 2013 fiscal years which each include a column labelled as “5% PAYOUT TO KITASOO/CITY OF TERRACE” and a calculation of the amount of royalty owing to the Opponent and City of Terrace. Exhibit “D” is a table

detailing the Applicant's volume of sales of goods each month in 2013, a column of which is entitled "CCC Gross sales Quarterly Rebate towards Kitasoo / City of Terrace 5%". Exhibits "E" and "F" are copies of the Applicant's corporate tax returns for 2012 and 2013.

[37] Mr. Neasloss states that the financial documents included as Exhibits "B" through "F" were provided to the Opponent by the Applicant in or around 2013 after the execution of the License Agreement at the time when the Opponent attempted to collect royalties pursuant to the terms of the License Agreement. Mr. Neasloss states that the Applicant provided these documents to point out to the Opponent that it was not at the time in the financial position to make the required royalty payments.

ANALYSIS

Section 30(i) Ground of Opposition

[38] I will begin with a consideration of the Opponent's section 30(i) ground of opposition, as in my view it is sufficient to dispose of the opposition.

The Law

[39] Section 30(i) of the Act requires an applicant to include a statement in the application that the applicant is satisfied that it is entitled to use the trademark in Canada. Where an applicant has provided the required statement, the jurisprudence suggests that non-compliance with section 30(i) of the Act can be found where there are exceptional circumstances that render the applicant's statement untrue, such as evidence of bad faith or non-compliance with a federal statute [see *Sapodilla Co v Bristol-Myers Co* (1974), 15 CPR (2d) 152 (TMOB); *Pablo Enterprise pte Ltd v Hai Lun Tang*, 2019 TMOB 54 at para 17]. Non-compliance with section 30(i) can also be found where contractual obligations related to a trademark would render the applicant's statement untrue [see *Parmalat Food Inc v Natrel Inc*, 2006 CarswellNat 3687 at paras 12-15; *Lifestyles Improvement Centers, LLP v. Chorney* (2007), 63 CPR (4th) 261 (TMOB) at paras 34-40].

[40] In the present case, the Opponent alleges that the Applicant could not have been satisfied that it was entitled to use the Mark in association with the Goods and Services, because the

Applicant was a party to the License Agreement, provision 15 of which precluded the Applicant from using SPIRIT BEAR in Canada.

Timeline of Events

[41] The evidence in this case establishes the following sequence of events which are relevant to assessing the section 30(i) ground of opposition:

- (a) The Applicant began promoting sales of coffee in association with the Mark in Alberta in or about 2006 and began sales in British Columbia in or about January 2008.
- (b) By letter to Mr. Biglin dated March 30, 2010, counsel for the City of Terrace and the Opponent demanded that the Applicant discontinue use of the term SPIRIT BEAR on its coffee products. The letter references previous overtures by the Opponent to the Applicant regarding the possibility of a license agreement in respect of the Applicant's use of SPIRIT BEAR.
- (c) By letter dated October 13, 2011 [Exhibit 11 to the cross-examination of Paul Biglin], the Applicant's counsel at the time invited the Opponent to provide the Applicant with a copy of a draft agreement. That letter provides a brief history of the removal of a past director of the Applicant for acting in his own interests rather than in the interests of the Applicant, and specifies on page 2 that "As 091683 B.C. Ltd. intends to use the Spirit Bear trademark, I request that you make them a party to the Agreement." [see also Q224 through Q228 of the Biglin cross-examination].
- (d) On April 13, 2012, the Applicant, along with three related corporate entities (including 0921683 B.C. Ltd.), entered into the License Agreement with the Opponent and the City of Terrace. The License Agreement governed, among other terms, the use of SPIRIT BEAR by 0921683 B.C. Ltd. in association with coffee products.

- (e) In 2013, the Applicant provided the Opponent with various financial documents for the purpose of demonstrating that it was not in a position to pay the Opponent the royalties contemplated by the License Agreement.
- (f) On September 2, 2014, the Federal Court issued its decision in *Terrace (City) v Urban Distilleries Inc*, 2014 FC 833. In that decision, the Federal Court held that the Opponent's official mark No. 918,006 was unenforceable and gave rise to no rights or obligations under section 9 or 11 of the Act.
- (g) On September 5, 2014, the Applicant filed the present Application.
- (h) On March 27, 2015, the Opponent filed a new application for an official mark for SPIRIT BEAR, which was published under No. 923,396 on August 5, 2015.
- (i) On October 28, 2015, the Federal Court of Appeal issued its decision in *Kitasoo First Nation v Urban Distillers Inc*, 2015 FCA 233, granting in part the Opponent's appeal of the Federal Court decision in *Terrace (City) v Urban Distilleries Inc*, 2014 FC 833. In particular, the Federal Court of Appeal amended the Federal Court Judgement to remove the statement that the Opponent's official mark No. 918,006 was unenforceable and gave rise to no rights or obligations, and to instead simply dismiss the action brought by the Opponent and the City of Terrace.
- (j) On January 2, 2018, the Applicant commenced an action against the Opponent and the City of Terrace in the Supreme Court of British Columbia seeking, *inter alia*, a declaration that the License Agreement was void *ab initio* and/or rescission of the License Agreement.

The License Agreement

[42] The License Agreement addresses various activities by the parties in Canada and the United States. I will limit my discussion to the terms that in my view are the most relevant to the resolution of this opposition.

[43] There are nine parties to the License Agreement, including the Applicant and the Opponent. These parties are divided into two groups; on one side are the City of Terrace (“Terrace”) and the Opponent, and on the other side are Norman Hebert, Sean Harding, Paul Biglin (collectively referred to as “the Individuals”), St. City Roasters Ltd. (“St. City”), Spirit Bear Coffee Company USA Inc. (“US Co.”), 0921683 B.C. Ltd., and the Applicant (the four companies are collectively referred to as “the Companies”).

[44] The tenth whereas clause of the License Agreement provides some background information regarding the relationship between the Individuals and Companies. It reads: “AND WHEREAS previous dissension between the Individuals with respect to the control of [the Applicant] and the related coffee business have been resolved, and the Individuals now wish to move forward in the development of the coffee business via [0921683 B.C. Ltd.]...”

[45] In provision 1 of the License Agreement, the Individuals and Companies acknowledge and agree that the Opponent and Terrace each have a valid official mark and rights in relation to SPIRIT BEAR, including the right to prevent others from using SPIRIT BEAR in Canada in connection with a business, and that the Individuals and Companies will not challenge those official marks.

[46] Provisions 2 and 3 of the License Agreement addresses activities of the parties in the United States. In particular, in provision 2 the Opponent and Terrace agree that they will not challenge United States Registration No. 3,957,698 for the trademark SPIRIT BEAR owned by US Co. In provision 3, the Individuals and Companies agree not to object to the Opponent and Terrace advertising in the United States in association with SPIRIT BEAR.

[47] Provision 5 provides that 0921683 B.C. Ltd. may use SPIRIT BEAR in association with coffee and related products, and provision 7 sets out the royalties that are to be paid by 0921683 B.C. Ltd. to the Opponent and Terrace in respect of such use. The royalties are calculated based amounts received from the sale of products by 0921683 B.C. Ltd. or its agents.

[48] Provision 15 provides that the Individuals, St. City, US Co., and the Applicant agree that they will not use SPIRIT BEAR in Canada. As noted above, provision 5 states that it is

0921683 B.C. Ltd. that may use SPIRIT BEAR in association with coffee and coffee products, not one of the other Companies.

The Federal Court and Federal Court of Appeal decisions in *Urban Distilleries*

[49] The *Urban Distilleries* proceeding was an action in the Federal Court by the Opponent and Terrace against Urban Distilleries Inc. for alleged violation of section 9 of the Act in respect of the official marks held by the Opponent and Terrace for SPIRIT BEAR (official marks Nos. 918,006 and 915,508, respectively). I note that there is no evidence that Urban Distilleries Inc. is in any way related to the Applicant or any of the other parties to the License Agreement. The *Urban Distilleries* Federal Court decision arose from the plaintiffs' motion for summary judgement against the defendant based on the defendant's alleged violation of section 9. However, on that summary judgement motion, the defendant successfully asserted that the plaintiffs' official marks were unenforceable on the basis that the plaintiffs had failed to demonstrate adoption and use of SPIRIT BEAR as of the dates of publication of the plaintiffs' official marks (December 20, 2006 in the case of the Opponent's official mark No. 918,006). The Federal Court dismissed the plaintiffs' motion for summary judgement, granted the defendant's counterclaim of unenforceability, and held that the Opponent's official mark was unenforceable and gave rise to no rights or obligations under sections 9 or 11. The Judgement of the Federal Court in *Urban Distilleries* reads as follows:

THIS COURT'S JUDGMENT is that the declarations and orders sought by the City of Terrace and Kitsoo Band Council in their motion for summary judgment are refused and that the counterclaim made by Urban Distilleries Inc. is allowed. The official marks No. 915,508 and No. 918,006 are unenforceable, and give rise to no rights or obligations under sections 9 or 11 of the *Trade-Marks Act*. The whole with costs in favour of Urban Distilleries Inc.

[50] However, on appeal by the Opponent, the Federal Court of Appeal stated that in the absence of a summary judgment motion in respect of the counterclaim, the Federal Court erred in granting the defendant's counterclaim. The Judgment of the Federal Court was therefore amended by the Federal Court of Appeal. In particular, the final paragraph of the Federal Court of Appeal decision states:

Thus, the appeal will be granted in part without costs. The judgment of the Federal Court will be amended to read as follows:

The action is dismissed with costs.

[51] In sum, the Federal Court Judgement indicated that the Opponent's official mark No. 918,006 was unenforceable and gave the Opponent no rights under sections 9 or 11. However, the Federal Court of Appeal limited the scope of the Federal Court Judgement to simply dismissing the Opponent's action against Urban Distilleries Inc. As a consequence, while it could not be enforced against Urban Distilleries Inc., the Opponent's official mark No. 918,006 nevertheless remains extant and has not been invalidated.

Application of the law to the facts

[52] The Applicant bears the legal onus of establishing, on a balance of probabilities, that the Application complies with the requirements of the Act. This means that if a determinate conclusion cannot be reached in favour of the Applicant after a consideration of all of the evidence, then the issue must be decided against the Applicant. However, there is 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 [see *John Labatt Limited v The Molson Companies Limited* (1990), 30 CPR (3d) 293 (FCTD) at 298].

[53] In my view, the Opponent has satisfied its initial evidential burden for the section 30(i) ground of opposition by way of the License Agreement. In particular, provision 5 of the License Agreement provides that it is 0921683 B.C. Ltd. that may use SPIRIT BEAR in association with coffee and coffee products under license from the Opponent and Terrace, and provision 15 provides that the Applicant may not use SPIRIT BEAR. Other aspects of the evidence are consistent with this understanding of the provisions. For example, the letter dated October 13, 2011 from the Applicant's then counsel to the Opponent indicates that it is 0921683 B.C. Ltd. that intends to use the trademark SPIRIT BEAR. Further, the tenth whereas clause of the License Agreement states that "the Individuals now wish to move forward in the development of the coffee business via [0921683 B.C. Ltd.]..."

[54] In these circumstances, in my view, the Opponent has demonstrated a *prima facie* case that the Applicant could not have been satisfied of its entitlement to use the Mark in Canada on the filing date of the Application (September 5, 2014), because the License Agreement (dated April 13, 2012) prohibited it from doing so.

[55] The Opponent having met its initial evidential burden, the question then becomes whether the Applicant has demonstrated on a balance of the probabilities that, despite the License Agreement, it could nevertheless have been satisfied of its entitlement to use the Mark. In this regard, the Applicant argues that the License Agreement is void *ab initio* and never restrained the Applicant from using the Mark, in part due to lack of consideration because the Opponent never had any valid rights in the official mark SPIRIT BEAR to assert. In particular, the Applicant points to the *Urban Distilleries* Federal Court decision which held the Opponent's official mark No. 918,006 to be unenforceable. The Applicant argues that this finding renders the entire License Agreement of no force and effect. Indeed, it is apparent from the evidence that the *Urban Distilleries* Federal Court decision was a motivating factor in the Applicant filing the present Application, since it was three days after that decision issued (and prior to the expiry of the appeal period for that decision) that the Applicant filed the Application, and Mr. Biglin attested at paragraph 18 of his affidavit that it was upon being made aware of that decision that he directed the Application to be filed.

[56] For the following reasons, I am unable to agree with the Applicant's position regarding the License Agreement. First, the Federal Court's Judgement that the Opponent's official mark No. 918,006 is unenforceable and gives rise to no rights or obligations was amended on appeal. While that appeal was based on a procedural point (namely, the defendant had not sought summary judgement of its counterclaim for invalidity), nevertheless, the effect of the Federal Court of Appeal decision is that official mark No. 918,006 remains extant.

[57] Second, even if official mark No. 918,006 were to be found invalid, I am not persuaded that renders the entire License Agreement void for lack of consideration, as asserted by the Applicant. Regardless of whether the Opponent has demonstrated use of the official mark SPIRIT BEAR prior to the December 20, 2006 publication date of Official Mark No. 918,006, it is apparent that the Opponent had been using the mark SPIRIT BEAR for many years prior to the

April 13, 2012 date of the License Agreement, and would have acquired at least some degree of goodwill and protection in that mark at common law. Moreover, in my view, the parties' reciprocal undertakings in provisions 2 and 3 of the Agreement relating to the parties' activities in the United States, include additional consideration from the Opponent by way of the Opponent's undertaking not to challenge the United States trademark registration owned by the Applicant's related company US Co.

[58] Third, while the Applicant argues that it only signed the License Agreement under duress and on a non-negotiated basis, the Opponent contests that assertion and in my view the evidence of record supports the Opponent's position. The evidence suggests that the Applicant was receiving legal advice in the lead-up to signing the License Agreement, by virtue of the letter from the Applicant's then counsel to the Opponent dated October 13, 2011. Further, there are provisions in the License Agreement which clearly exist to protect the interests of the Applicant and its related entities, such as the above-referenced provision 2 which provides that the Opponent and Terrace will not challenge the U.S. registration for the trademark SPIRIT BEAR owned by the Applicant's related company US Co.

[59] Fourth, I am not persuaded by the Applicant's argument that it never considered itself bound by the License Agreement. While royalties may not have been paid under the License Agreement, it is apparent that in 2013, subsequent to signing the License Agreement, the Applicant provided financial documents to the Opponent for the purpose of demonstrating an inability to pay the royalties contemplated by the License Agreement. This activity appears consistent with parties that were contemplating future royalty payments under the License Agreement once the licensee's financial position permitted. Further, there is no evidence of record that prior to filing the Application the Applicant notified the Opponent that it no longer considered itself bound by the License Agreement, or conversely that the Opponent notified the Applicant that it considered the parties no longer bound by the Agreement. The Applicant did not commence its action in the Supreme Court of British Columbia challenging the License Agreement until 2018. The Applicant at the hearing argued that filing the Application itself constituted constructive notice to the Opponent that the Applicant no longer considered itself bound by the License Agreement, but I was not provided any case law that would support such an assertion.

[60] Ultimately, the question with the section 30(i) ground of opposition is whether on September 5, 2014, the Applicant could have reasonably been satisfied of its entitlement to use the Mark, despite the License Agreement it signed on April 13, 2012. For the reasons set out above, I conclude that the Applicant could not have been reasonably satisfied. Consequently, the section 30(i) ground of opposition is successful.

[61] In making this finding, I make no comment on the current status of the License Agreement or whether the parties are still bound by its terms. The inquiry under section 30(i) is limited to the circumstances as they were on the filing date of the Application, namely, September 5, 2014.

[62] Since the resolution of the section 30(i) ground of opposition is sufficient to dispose of the opposition with respect to all of the Goods and Services, I will refrain from addressing the remaining grounds of opposition.

DISPOSITION

[63] Pursuant to the authority delegated to me under section 63(3) of the Act, I refuse the Application pursuant to section 38(12) of the Act.

Timothy Stevenson
Member
Trademarks Opposition Board
Canadian Intellectual Property Office

SCHEDULE A

Application No. 1,692,707 for SPIRIT BEAR COFFEE COMPANY

Goods

(1) Ground and whole bean organic and conventional coffee; clothing, namely, t-shirts and golf shirts, mugs, aprons and stuffed animals.

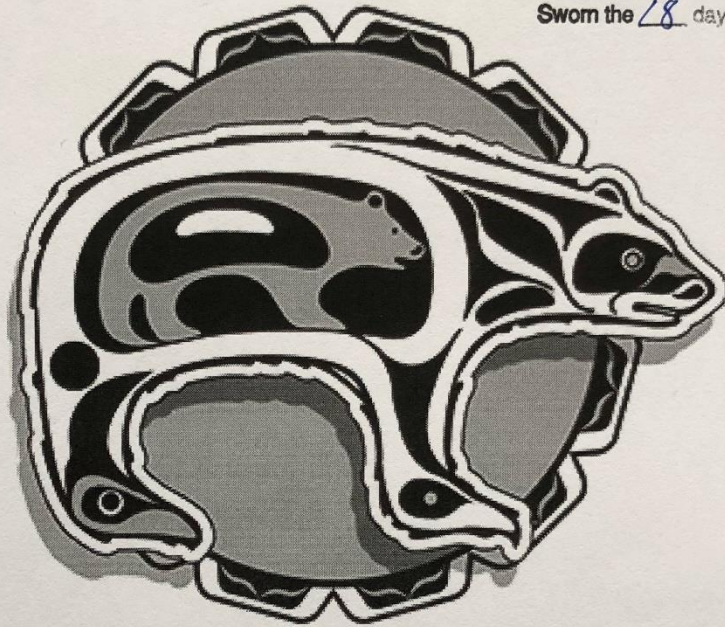
(2) Beverages, namely, tea, hot chocolate and juice, namely, fruit juice; accessories related to the preparation of serving of beverages, namely, coffee and tea pots and coffee brewing equipment, namely, coffee makers and espresso machines; coffee, tea and hot beverages contained in plastic cartridges having filters for use in brewing machines.

Services

(1) Retail services specializing in the sale, importation and distribution of beverages, namely, organic coffee, conventional coffee, tea and hot chocolate; coffee extracts, coffee substitutes and juice, hot chocolate and tea and accessories related to the preparation of serving of beverages, namely, coffee and tea pots and coffee brewing equipment.

Schedule B

This is Exhibit "A" to the
Affidavit of P. Biglin
Sworn the 18 day of April 2018



SPIRIT BEAR

● COFFEE COMPANY ●

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

HEARING DATE 2021-07-05

APPEARANCES

David Takagawa	For the Opponent
James J. D. Wagner	For the Applicant

AGENTS OF RECORD

Oyen Wiggs Green & Mutala LLP	For the Opponent
James J. D. Wagner (Silvergate Law)	For the Applicant