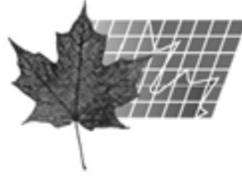


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C I P O

**LE REGISTRAIRE DES MARQUES DE COMMERCE
THE REGISTRAR OF TRADEMARKS**

Citation: 2022 TMOB 100

Date of Decision: 2022-05-18

IN THE MATTER OF A SECTION 45 PROCEEDING

Patagonia Inc.

Requesting Party

and

Labatt Brewing Company Limited

Registered Owner

TMA640,533 for PATAGONIA

Registration

INTRODUCTION

[1] This is a decision involving a summary expungement proceeding under section 45 of the *Trademarks Act*, RSC 1985, c T-13 (the Act) with respect to registration No. TMA640,533 for the trademark PATAGONIA (the Mark), currently owned by Labatt Brewing Company Limited (the Owner).

[2] The Mark is registered for use in association with “Beer”.

[3] For the reasons that follow, I conclude that the registration ought to be maintained.

THE PROCEEDING

[4] At the request of Patagonia Inc. (the Requesting Party), the Registrar of Trademarks issued a notice under section 45 of the Act on July 16, 2019, to the predecessor in title of the Owner, namely, Labatt Breweries of Canada LP (Labatt LP).

[5] The notice required the Owner to show whether the Mark was used in Canada in association with the good specified in the registration at any time within the three-year period immediately preceding the date of the notice and, if not, the date when it was last in use and the reason for the absence of such use since that date. In this case, the relevant period for showing use is between July 16, 2016 and July 16, 2019.

[6] The relevant definition of use in the present case is set out in section 4(1) of the Act as follows:

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.

[7] It is well established that 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. The evidence in a section 45 proceeding need not be perfect; indeed, a registered owner need only establish a *prima facie* case of use within the meaning of sections 4 and 45 of the Act. This burden of proof is light; evidence must only supply facts from which a conclusion of use may follow as a logical inference [see *Diamant Elinor Inc v 88766 Canada Inc*, 2010 FC 1184].

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

[9] In response to the Registrar’s notice, the Owner furnished two affidavits of George Tarnawsky, sworn on February 14 and 17, 2020.

[10] Both parties submitted written representations and were represented at an oral hearing.

THE EVIDENCE

[11] In his first affidavit, Mr. Tarnawsky states that he has been the Owner's Retail Key Accounts Manager since 2016.

[12] Mr. Tarnawsky states that the Owner "is one of the biggest beer manufacturers, producers and sellers in Canada" [para 7]. He explains the Owner's history and how Labatt LP acquired the Mark in 2012. He also explains that Labatt LP was dissolved on October 30, 2015 and all assets, including the Mark, were assigned to the Owner [paras 7 to 11]. The Mark's assignment was recorded by the Registrar, on September 15, 2020.

[13] Mr. Tarnawsky states that in order to distribute and sell its beer to end consumers in Alberta, the Owner is required to first sell them to the Alberta Gaming & Liquor Commission (AGLC), a provincial government run entity. He states that once the Owner has delivered its products to the AGLC, the Owner's distributors purchased them in the AGLC's approved warehouses for further sale to end consumers in retail stores. In particular, concerning the Owner's products, Mr. Tarnawsky states that "188 cases comprising 6 beer bottles of 750ml of PATAGONIA products were sold to the AGLC". He confirms that those products were further sold to end consumers during the relevant period [paras 14 to 19]. In his second affidavit, Mr. Tarnawsky attests that the Mark was prominently displayed on the label of the products sold to the AGLC and, therefore to end consumers. His second affidavit includes a cropped photograph of the label, as reproduced below:



[14] In support, the following relevant exhibits are attached to Mr. Tarnawsky's first affidavit:

- Exhibit GT-3 consists of a copy of an invoice, issued by Labatt LP on September 10, 2015, evidencing sales of the registered goods to the AGLC; and

- Exhibit GT-4 consists of copies of more than 100 sales receipts issued between July 2016 and February 2018 by the Owner’s distributors and evidencing sales of the products to end consumers in Canada. I note that all the sales receipts display the Mark under the heading “description”.

ANALYSIS AND REASONS FOR DECISION

[15] The Requesting Party raises the following issues: (i) the trademark used is not the Mark as registered, (ii) the use of the Mark does not enure to the benefit of the Owner, and (iii) any evidenced use of the Mark was not during the relevant period.

Use of the Mark as registered

[16] The Requesting Party submits that the Owner provided an “incomplete snippet of a label cropped” rather than the full label. In particular, the Requesting Party suggests that the entire label would have shown “additional and significant word or design elements” deviating from the Mark as registered. The Requesting Party also suggests that the entire label would have shown some identifying information such as the goods’ country of origin and/or a third party manufacturer.

[17] With respect to the additions to the Mark, it is established that the use of a trademark in combination with additional words or features constitutes use of the registered mark if the public, as a matter of first impression, would perceive the trademark *per se* as being used. This is a question of fact which is dependent on whether the trademark stands out from the additional material, for example by the use of different lettering or sizing or whether the additional material would be perceived as clearly descriptive matter or as a separate trademark or trade name [*Nightingale Interloc Ltd v Prodesign Ltd (1984)*, 2 CPR (3d) 535 (TMOB); *88766 Canada Inc v National Cheese Co (2002)*, 24 CPR (4th) 410 (TMOB)].

[18] In the present case, the image prominently shows the word mark PATAGONIA in a green background under the representation of a mountain. In my view, the additions do not cause the Mark to lose its identity or become unrecognizable as the word Mark can be easily found within the stylized logo, even cropped. Therefore, I am of the view that the public would likely perceive the word “PATAGONIA” as a trademark on its own when displayed in this manner. Furthermore, it is consistent with how the Mark appears on the sales receipts and therefore I find

nothing misrepresenting or ambiguous in the cropped label. Consequently, for purposes of this proceeding, the display of the logo amounts to display of the Mark as registered. Moreover, as submitted by the Owner, the Supreme Court has established that the registration of a word mark grants the owner the right to use the words that constitute the mark in any size and with any style of lettering, colour or design [*Masterpiece v Alavida Lifestyles Inc*, 2011 SCC 27, at paras 55-57].

[19] Finally, concerning the submission that the full label may have shown some identifying information, I agree with the Owner that such submission is speculative. Therefore, I am not prepared to draw any conclusion regarding the cropped label.

Use that enures to the Owner's benefit

[20] With respect to the second issue, the Requesting Party submits that there is no evidence that the goods were manufactured by the Owner or by someone acting under its control. The Requesting Party therefore submits that as the Owner has neither demonstrated the requisite control pursuant to section 50 of the Act nor that it is the manufacturer, the sales to end consumers cannot enure to the Owner's benefit.

[21] Although the Requesting Party invokes section 50 of the Act by questioning whether the Owner had control over the character or quality of the goods, there is no licensing issue in this case. While it could have been clearer, Mr. Tarnawsky described the Owner as a beer manufacturer and this statement is consistent with his description of the Owner's normal course of trade. Furthermore, there is nothing in the two affidavits which suggests that the Owner is not the party manufacturing or controlling the manufacture of the product. Instead, in paragraph 16 of the first Tarnawsky affidavit, the PATAGONIA products are described as being the Owner's products. In this respect, evidence in a section 45 proceeding must be considered as a whole, and focusing on individual pieces of evidence in isolation is not the proper approach [see *Kvas Miller Everitt v Compute (Bridgend) Limited* (2005), 47 CPR (4th) 209 (TMOB); and *Fraser Milner Casgrain LLP v Canadian Distribution Channel Inc* (2009), 78 CPR (4th) 278 (TMOB)] and reasonable inferences can be made from the evidence provided [see *Eclipse International Fashions Canada Inc v Shapiro Cohen*, 2005 FCA 64]. Consequently, for purposes of this proceeding, any use of the Mark was by the Owner itself.

[22] Essentially, by questioning who may have manufactured the products, the Requesting Party is somehow questioning whether the Owner is entitled to the registration. However, as noted by the Federal Court of Appeal in *Ridout & Maybee srl v Omega SA*, 2005 FCA 306, the validity of the registration is not in dispute in section 45 proceedings. Any issues of ownership are more properly dealt with by way of application to the Federal Court pursuant to section 57 of the Act.

Use during the relevant period

[23] The Requesting Party draws attention to the fact that Labatt LP sold the registered goods to the AGLC more than ten months prior to the relevant period. In particular, the Requesting Party submits the invoice (GT-3) does not establish a *prima facie* case of use within the relevant period. The Requesting Party also submits that the redaction of the pricing information on the invoice as well as the discounts reflected in the third parties' sales receipts (GT-4) indicate that the sales were made at a token price.

[24] With respect to the sales pre-dating the relevant period, in my view, the invoice is not intended to prove use of the Mark within the relevant period but rather to show a step within the distribution chain of the registered goods and, therefore, the Owner's normal course of trade. In any event, what is pertinent here is not whether the Owner provided the registered goods to the AGLC during the relevant period, but whether they were transferred in Canada within such period. In this case, Mr. Tarnawsky clearly states that the products available at the AGLC were sold by the Owner's distributors to end consumers during the relevant period. His statements are corroborated by the evidence showing transfer of possession to Canadian consumers within the relevant period [per *Manhattan Industries Inc. v. Princeton Manufacturing Ltd.* (1971), 4 CPR (2d) 6 (FCTD)].

[25] With respect to the allegation of a token price, I reviewed the sales receipts and note that discounts were not systemically applied to the Owner's products. Moreover, discounts were also applied to third parties' products also shown in the receipts. Furthermore, the large quantity of cases sold to the AGLC as well as the large quantity of sales to end consumers does not support a conclusion that the transactions did not follow the pattern of genuine commercial transactions.

[26] In view of all of the foregoing, I am satisfied that the Owner has demonstrated use of the Mark in association with the registered good within the meaning of sections 4 and 45 of the Act.

DISPOSITION

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

Ann-Laure Brouillette
Hearing Officer
Trademarks Opposition Board
Canadian Intellectual Property Office

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

HEARING DATE 2022-03-07

APPEARANCES

Bruno Barrette	For the Registered Owner
Michelle Easton	For the Requesting Party

AGENTS OF RECORD

Barrette Legal INC.	For the Registered Owner
Gowling WLG (Canada) LLP	For the Requesting Party