



Canadian Intellectual Property Office

THE REGISTRAR OF TRADEMARKS

Citation: 2024 TMOB 61

Date of Decision: 2024-03-27

IN THE MATTER OF A SECTION 45 PROCEEDING

Requesting Party: Daniel & Associés

Registered Owner: Labatt Brewing Company Limited / La Brasserie Labatt
Limitée

Registration: TMA314,007 for ROYAL BLUE

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. TMA314,007 for the trademark ROYAL BLUE (the Mark).

[2] The Mark is registered for use in association with alcoholic brewery beverages.

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

PROCEEDING

[4] At the request of Daniel & Associés (the Requesting Party), the Registrar of Trademarks issued a notice under section 45 of the Act on December 14, 2022, to

Labatt Brewing Company Limited / La Brasserie Labatt Limitée (the Owner), the registered owner of the Mark.

[5] The notice required the Owner to show whether the Mark 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. In this case, the relevant period for showing use is December 14, 2019 to December 14, 2022.

[6] The relevant definitions of “use” in the present case are set out in section 4 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.

4(3) A trademark that is marked in Canada on goods or on the packages in which they are contained is, when the goods are exported from Canada, deemed to be used in Canada in association with those goods.

[7] Where the Owner does not show “use”, the registration is liable to be expunged or amended, unless there are special circumstances that excuse the absence of use.

[8] In response to the Registrar’s notice, the Owner furnished the affidavit of its Director and Associate General Counsel, Pamela Sidey, sworn on March 14, 2023.

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

EVIDENCE

Preliminary remarks concerning the trademark in evidence

[10] Before proceeding with summarizing the evidence, I note that while the Mark is registered as a word mark, the trademark in evidence shows the addition of “LABATT’S”, as shown below:



[11] For ease of reference, I will refer generally to the Mark in the overview of the Owner's evidence. The issue of whether the trademark in evidence amounts to use of the Mark as registered will be addressed further below.

Overview of the Owner's evidence

[12] Ms. Sidey states that the Owner owns a portfolio of trademarks, which includes the Mark, to celebrate important Canadian institutions, organizations and milestones, and that the Owner has been brewing commemorative beers for decades. According to Ms. Sidey, the Owner is very active in preserving its legacy and commemorative trademarks and "continues to produce and release content highlighting [its] long history of honouring those who have served" [paras 6 and 7]. In support, she provides images taken from the Owner's Instagram account showing commemorative beers bearing design marks that include LABATT on their labels. These images show, for example, a can of beer launched in 2017 to honour the 100th anniversary of the battle of Vimy Ridge and a beer launched in 1994 to commemorate the 50th anniversary of D-Day.

[13] In particular, with respect to the Mark, Ms. Sidey states that the Mark appears on labels affixed to the Owner's non-standard bottles, also known as "stubby bottles". More particularly, she states that the Mark was first associated with a stubby bottle of beer launched in 1983 to honour the 100th anniversary of the Royal Canadian Regiment (the Royal Stubby) [paras 2 and 3]. In support, Ms. Sidey reproduces three screenshots from the Owner's Instagram webpage showing posts with images of the Royal Stubby bearing the Mark. She asserts that these posts were made on various dates "over the past couple of years". Ms. Sidey also reproduces a screenshot of the Owner's online archives with the University of Western Ontario which displays the Royal Stubby. In addition, she reproduces a photograph of one Royal Stubby bottle, and she adds:

While this product is not currently sold in channels of trade, [the Owner] remains in possession of physical goods bearing [the Mark] as we keep some bottles and / or cans of special edition beers for historical, archival, and collector purposes [para 5].

[14] Ms. Sidey states that commemorative beers often become collector's items. She adds "we take care to continue to protect our ability to use and control the trademarks used on them" [para 8]. She reproduces a screenshot, shown below, displaying a stubby bottle of beer commemorating the 60th anniversary of the Canadian Air Force in 1984 (the Air Force Stubby), along with a table and information. She describes this screenshot as being an example of a collector's item "on a beer history enthusiast website" *www.stubby.ca* (the Stubby Website).



[15] Ms. Sidey concedes that the Owner did not produce commemorative goods in association with the Mark during the relevant period. On the one hand, she states that producing, launching and marketing commemorative goods in bottles "typically requires considerable investment and long lead times" to procure custom labels, to have stubby bottles made and to schedule production. On the other hand, she states that the Owner's industry has undergone extraordinary challenges as key channels of trade, such as restaurants and bars, were locked down during the Covid-19 pandemic. In this

regard, she states that the Owner's ability to produce and sell its commemorative goods was curtailed due to the uncertainty with respect to where, when and how they might be sold during the pandemic. She adds that the kinds of gatherings typically organized to launch commemorative goods were also prohibited or severely restricted during that period. According to Ms. Sidey, the government's mandatory restrictions constrained the Owner's ability to deploy marketing initiatives that would otherwise have been undertaken, including launches and gatherings [paras 4 and 7].

[16] Lastly, Ms. Sidey asserts that the Owner has no intention of abandoning the Mark and intends to continue to honour Canadian military regiments. She also asserts that the Owner has been renewing the subject registration in anticipation of future commemoration opportunities, such as the 150th anniversary of the Royal Canadian Regiment and other Canadian institutions [paras 4 and 9].

REASONS FOR DECISION

Preliminary comments: facts not in evidence

[17] In its written representations, the Requesting Party makes reference to facts not in evidence. In particular, it submits that 24% of Canadians aged 15 and older reported increasing their alcohol consumption during the pandemic. It also submits that the Owner sold a commemorative beer through retailers across the country in 2017 [paras 24 and 25]. These submissions will be disregarded [*Ridout & Maybee LLP v Encore Marketing International Inc* (2009), 72 CPR (4th) 204 (TMOB)].

The trademark in evidence

[18] The Requesting Party submits that the "LABATT'S ROYAL BLUE" trademark shown on the Royal Stubby is not the Mark as registered. However, as discussed below, it is not necessary for me to address this issue as there is no evidence that this good was transferred during the relevant period within the meaning of section 4 of the Act.

The use of the Mark in association with alcoholic brewery beverages

[19] The Requesting Party submits that the affidavit does not provide sufficient facts to conclude to the use of the Mark in Canada during the relevant period. In particular, it submits that the mere fact that the Mark is affixed to the products or that they appear on the Owner's Instagram webpage and on the Stubby Website is insufficient.

[20] At the hearing, the Owner submitted that although alcoholic brewery beverages bearing the Mark are not sold, they are "still in circulation". More particularly, the Owner submits that the Stubby Website supports the conclusion that not for profit transfers of the Air Force Stubby occurred, and consequently, that use of the Mark did not cease during the relevant period [relying on *Cosmetic Warriors Limited v. Riches, McKenzie & Herbert LLP*, 2019 FCA 48 at paras 22 and 29; and *Deeth Williams Wall LLP v Eaton Corporation*, 2024 TMOB 14].

[21] While evidentiary overkill is not required and representative evidence can be furnished in section 45 proceedings, the registered owner must still establish a *prima facie* case of use of the trademark in association with the goods specified in the registration [*John Labatt Ltd v Rainier Brewing Co et al* (1984), 80 CPR (2d) 228 (FCA); see also *Diamant Elinor Inc v 88766 Canada Inc*, 2010 FC 1184]. In other words, the Registrar must be able to rely on an inference from proven facts rather than on speculation to satisfy every element required by the Act [*Diamant Elinor* at para 11; see also *Smart & Biggar v Curb*, 2009 FC 47].

[22] It is clear from the Owner's evidence that the Owner did not produce commemorative goods displaying the Mark during the relevant period. As the bottles of the Royal Stubby were kept for historical, archival, and collector purposes, I conclude that this commemorative good was not sold or otherwise transferred during such period. Furthermore, while the Royal Stubby may have been appeared on the Owner's Instagram page during the relevant period, it is well-established that display of the Mark in advertising is not in itself sufficient to establish use in association with the registered goods [see *Nissan Canada Inc v BMW Canada Inc*, 2007 FCA 255 at para 25].

[23] This leads me to consider the Owner's submission that the Air Force Stubby was "still in circulation" in Canada during the relevant period.

[24] First, I am unable to infer from the evidence that there was any transfer from the Owner to the Stubby Website's proprietor such that use of the Mark did not cease during the relevant period. Indeed, nothing in the Stubby Website indicates that it relates to the relevant period, and Ms. Sidey confirms that she accessed it after such period. I am therefore unable to infer that the Owner transferred, for profit or not, the Air Force Stubby to the Stubby Website's proprietor within the relevant period.

[25] Moreover, the Stubby Website provides no figures or any other information that could demonstrate or reasonably allow me to infer any transfer by the Stubby Website in or from Canada. In my view, the Stubby Website can only be seen as showing the Air Force Stubby as a collector item, which alone does not equate to transfer, for profit or not, of such good within the meaning of the Act. Without further evidence, this is more akin to the display of the Mark on advertising, which is insufficient in itself [per *Nissan, supra*].

[26] In any event, I am unable to infer from the Stubby Website that the Air Force Stubby circulated under license during the relevant period. In this respect, I find that Ms. Sidey's statement that "we take care to continue to protect our ability to use and control the trademarks used on [collector's items]" is unclear and insufficient to conclude that any use of the Mark by the Stubby Website was licensed by the Owner. Furthermore, even if I were to accept that the Air Force Stubby was transferred as a collector's item by the Stubby Website, I would not have been satisfied that such use was in the Owner's the normal course of trade. As there is no evidence that the Owner controlled, or was even aware of any such use of the Mark in the course of third-party transactions, any use would not enure to the Owner. In other words, a registered owner cannot show use of its trademark by a "stranger" to maintain its registration in a section 45 proceeding [see *Lindy v Canada (Registrar of Trade Marks)* (1981), 57 CPR (2d) 127 (FCTD) at paras 19, rev'd on other grounds, [1999] FCJ No 682 (FCA); and *Thor Tech, Inc. v Hyundai Auto Canada Corp.*, 2020 TMOB 101 at para 19].

[27] Consequently, I find the present case distinguishable from the cases submitted by the Owner in which some evidence of transfer was submitted. In *Cosmetic Warriors, supra*, the evidence originally filed before the Registrar included invoices showing sales by the registered owner's licensee at cost price. As for *Deeth Williams, supra*, the evidence included screenshots showing a cart purchase order and global sales figures from the registered owner's subsidiary, which together supported a conclusion of transfer.

[28] All in all, I agree with the Requesting Party that the evidence does not support the conclusion that commemorative goods were sold or otherwise transferred in or from Canada during the relevant period. I am therefore not satisfied that the Owner has demonstrated use of the Mark in association with alcoholic brewery beverages within the meaning of sections 4(1), 4(3), and 45 of the Act.

The special circumstances

[29] As the Owner has not demonstrated use of the Mark in Canada during the relevant period, the general rule is that absence of use will be penalized by expungement. However, there may be an exception where the absence of use is excusable due to special circumstances [*Smart & Biggar v Scott Paper Ltd*, 2008 FCA 129]. Special circumstances means circumstances or reasons that are unusual, uncommon, or exceptional [*John Labatt Ltd v Cotton Club Bottling Co* (1976), 25 CPR (2d) 115 (FCTD)]

[30] To determine whether special circumstances have been established, I first must determine why in fact the Mark was not used during the relevant period. Second, in case I determine that the reasons constitute special circumstances, I must still decide whether such special circumstances *excuse* the absence of 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 [per *Registrar of Trade Marks v Harris Knitting Mills Ltd* (1985), 4 CPR (3d) 488 (FCA);

Scott Paper, supra; and *NTD Apparel Inc v Ryan*, 2003 FCT 780, 27 CPR (4th) 73 (FCTD)].

Reasons for non-use of the Mark

[31] The Owner submits that the absence of use of the Mark in association with alcoholic brewery beverages is due to the combination of two reasons, namely (i) the specific context of its commemorative goods, and (ii) the government restrictions due to the pandemic. According to the Owner, the first reason can be considered as special circumstances “as tied to the nature of the Mark”. As for the second reason, it submits that the pandemic fell within the relevant period.

Would the circumstances excuse the absence of use?

[32] With respect to the first reason, the Owner submits that the timing of commemoration is dictated by the event to be commemorated. It also submits that the Mark is used “when it is appropriate to commemorate and celebrate the relevant specific event” [my emphasis. Written representations, pages 2 and 7].

[33] However, Ms. Sidey provides no information to suggest that the Owner's choice of events to commemorate is anything other than a voluntary business decision, which does not amount to special circumstances within the meaning of the Act. For example, Ms. Sidey does not explain why more frequent commemorations to honour Canadian military institutions were not possible, or why other institutions or events could not have been celebrated during the relevant period. Indeed, it appears to be a business decision on the part of the Owner to use its Mark exclusively to commemorate Canadian military institutions.

[34] Otherwise, Ms. Sidey states that launching commemorative goods requires considerable investment and time. However, she does not provide further details. For example, she does not refer to any unusual difficulty related to the procurement of stubby bottles or custom labels, or to any kind of incident arising within the production process preventing the Owner from using the Mark at any time.

[35] Absent details from Ms. Sidey regarding the Owner's specific difficulties to launch commemorative goods during the relevant period, I cannot conclude that they amount to unusual, uncommon, or exceptional circumstances.

[36] In view of the above, the absence of use of the Mark during the relevant period is likely due to the absence of a decision to commemorate a Canadian institution or event rather than challenges related to the launching of commemorative goods. As such, the absence of decision to commemorate amounts to a voluntary business decision, which is not the sort of uncommon, unusual or exceptional reasons for non-use that constitute special circumstances [see *John Labatt, supra*].

[37] With respect to the second reason, I first note that Ms. Sidey provides no details regarding when the pandemic's effects on the Owner's activities started and ended. In any event, I find it reasonable to conclude that the pandemic impacted the beer industry and the Owner's business from March 2020 to the end of the relevant period.

[38] While I accept that the pandemic could cause disruption in the Owner's business, given my finding above regarding the first reason, the pandemic alone does not explain the absence of use of the Mark prior to March 2020. In this respect, it has been held that special circumstances must apply to the entire relevant period [see *Oyen Wiggs Green & Mutala LLP v Rath*, 2010 TMOB 34; *PM-DSC Toronto Inc v PM-International AG*, 2013 TMOB 15 at para 15; *Norton Rose Fulbright Canada LLP v Solomon Kennedy trading as Luv Life Productions*, 2019 TMOB 22 at para 35; and *Supreme Brands LLC v Joy Group OY*, 2019 TMOB 45 at para 31].

[39] Furthermore, I find Ms. Sidey's statement that if not for the pandemic, the Owner would have undertaken marketing initiatives, such as launches and gatherings, is insufficient in itself. Ms. Sidey provides no example of a scheduled gathering that was cancelled due to the government mandatory restrictions. Moreover, if the Owner is asserting that it would have used the Mark during the relevant period if not for the pandemic, the Owner ought to have been able to provide some evidence of efforts to commence such use, given Ms. Sidey's statement that launching commemorative goods requires significant investment and time. In addition, although the Owner was in

possession of bottles of the Royal Stubby, Ms. Sidey specifies that they were kept for historical, archival, and collector purposes. It follows that the Owner's intention was not to sell the bottles of Royal Stubby in gatherings during the pandemic period.

[40] If there were other reasons explaining why the Owner could not have used the Mark in association with alcoholic brewery beverages in Canada during the relevant period, such reasons are not set out in the evidence.

[41] In view of all of the foregoing, I am not satisfied that the Owner has demonstrated that the reasons for non-use constitute special circumstances.

[42] Moreover, even if I were to accept that the Owner's reasons could be considered unusual, uncommon, or exceptional circumstances, I would not be satisfied that such reasons excuse the absence of use.

[43] With respect to the first criterion, namely the length of non-use, where a registered owner has not provided a date of last use, the Registrar may consider the date of registration as the relevant date for purposes of assessing the length of non-use [see, for example, *Oyen Wiggs, supra*]. In the present case, the Mark was registered on May 9, 1986, which is more than 33 years prior to the issuance of the notice. Therefore, the total length of time during which the Mark was not in use is more than 36 years. This lengthy period of non-use weighs against the Owner.

[44] With respect to the second criterion, which is essential for a finding of special circumstances excusing non-use [per *Scott Paper, supra*], the absence of use of the Mark from December 14, 2019 to March 2020 is likely attributable to the Owner's voluntary business decision to not to commemorate any Canadian institution or event, which cannot be considered as being beyond its control. Moreover, absent further details concerning the Owner's production challenges, I cannot determine that they amount to difficulties that are beyond the Owner's control. Furthermore, even if I were to accept the pandemic as being beyond the Owner's control, there would still be a period of non-use of more than 33 years, which is a lengthy period of time. Therefore, per

Harris Knitting Mills, supra, I am not satisfied that the Owner has demonstrated circumstances that were beyond its control.

[45] With respect to the third criterion, I find that Ms. Sidey's statements that the Owner has been renewing the subject registration in anticipation to a commemoration in 2033 is insufficient in itself. In this respect, it has been held that the intention to shortly resume use must be substantiated by factual elements such as purchase orders, or at least a specific date of resumption [see *NTD Apparel, supra*; *Arrowhead Spring Water Ltd v Arrowhead Water Corp* (1993), 47 CPR (3d) 217 (FCTD); and *Lander Co Canada Ltd v Alex E Macrae & Co* (1993), 46 CPR (3d) 417 (FCTD)]. As Ms. Sidey only indicates the year, namely 2033, I find that the date of resumption is not specific enough and uncertain. Furthermore, the evidence is silent as to any concrete step to resume use of the Mark in the near future.

[46] Lastly, I note that the Owner submits that "like an antique, the value of the Mark is enhanced by appreciation of history" [Owner's written representations, page 7]. However, the value of a trademark or the goodwill associated with the goods are not at issue in a section 45 proceeding. 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. What needs to be determined in this proceeding is whether or not sufficient facts have been provided to conclude that the Mark has been used, or whether there are special circumstances excusing the absence of use. In the present case, the evidence does not allow me to arrive at any of these conclusions.

DISPOSITION

[47] Accordingly, 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, the registration will be expunged.

Maria Ledezma
Hearing Officer
Trademarks Opposition Board
Canadian Intellectual Property Office

Appearances and Agents of Record

HEARING DATE: 2023-03-11

APPEARANCES

For the Requesting Party: Madeleine Lamothe Samson

For the Registered Owner: Andrea Friedman-Rush

AGENTS OF RECORD

For the Requesting Party: MLS Legal INC

For the Registered Owner: Andrea Friedman-Rush (Blaney McMurtry LLP)