

Federal Court



Cour fédérale

**Date: 20110630**

**Docket: T-1642-10**

**Citation: 2011 FC 805**

**Ottawa, Ontario, June 30, 2011**

**PRESENT: The Honourable Mr. Justice Scott**

**BETWEEN:**

**SPIRITS INTERNATIONAL B.V.**

**Applicant**

**and**

**BCF S.E.N.C.R.L. and THE ATTORNEY  
GENERAL OF CANADA**

**Respondents**

**REASONS FOR JUDGMENT AND JUDGMENT**

[1] This is an appeal by Spirits International B.V. [Spirits] brought under section 56 of the *Trade-marks Act*, RSC 1985, c T-13 [Act]. Spirits challenges a decision of the Registrar of trade-marks [Registrar] dated August 10, 2010, to expunge its Canadian trade-mark registration TMA 208,808 for the trade-mark MOSKOVSKAYA RUSSIAN VODKA & Design. Spirits says that the Registrar erred in its legal approach, and that in any event, new evidence before the Court on this appeal cures any deficiencies in the evidence that was before the Registrar.

## I. Background

### *Factual Background*

[2] Spirits owns trade-mark registration TMA 208,808 MOSKOVSKAYA RUSSIAN VODKA & Design [MOSKOVSKAYA trade-mark] for the following mark, which is registered for use with vodka:



[3] On June 18, 2008, the Registrar, acting under section 45 of the Act at the request of the Respondent BCF S.E.N.C.R.L. [BCF], gave notice to Spirits requiring it to show that the MOSKOVSKAYA trade-mark had been used with vodka in Canada between June 18, 2005 and June 18, 2008 [the relevant period].

[4] In response, Spirits relied on two affidavits: one from Mr. Pavel Fedoryna, the “Acting Manager of the Swiss branch” of Spirits, and another from Dr. Michael Mulvey, a marketing professor.

[5] In his affidavit, Mr. Fedoryna asserted that “MY COMPANY”, defined as including “S.P.I. Group and its affiliate companies as well as Spirits International B.V.’s acquired rights in 1999 from Closed Joint Stock Company Sojuzplodimport and its predecessors” had direct or indirect control over the character and quality of the vodka sold in association with the MOSKOVSKAYA trade-mark in Canada. Attached, as an exhibit to the Fedoryna Affidavit, was a corporate certificate, which meant to explain the relationship amongst several corporate entities. This document explained that S.P.I. Group SA was the sole or majority shareholder of Spirits, Spirits Product International Intellectual Property BV, ZAO Sojuzplodimport, and S.P.I. Spirits (Cyprus) Limited. The Fedoryna Affidavit also asserted that a label, which Mr. Fedoryna claimed bore the MOSKOVSKAYA trade-mark, had been affixed to bottles of vodka sold in Canada during the relevant period.

[6] The Mulvey Affidavit was tendered as an expert opinion on consumer impressions and maintained that any differences between the MOSKOVSKAYA trade-mark as used and as registered were not significant. However, for the reasons that appear below, the Registrar saw no need to consider the Mulvey Affidavit in its decision.

#### **A. Impugned Decision**

[7] The Registrar first noted that because Spirits’ entire evidence of use of the MOSKOVSKAYA trade-mark was based on that of “MY COMPANY”, as defined in the Fedoryna Affidavit, it was necessary to determine if such use enured to the benefit of Spirits, the registered owner.

[8] The Registrar observed that in order to satisfy the requirements of subsection 50(1) of the Act, a registrant or licensee needed to clearly state that the control required by section 50 of the Act exists, or alternatively, provide a description of the control or a copy of the licence agreement containing provisions pertaining to control. The Registrar further noted that while the requirements of section 50 may be satisfied if there is a common directing mind of both a corporate registrant and the user of the registered trade-mark, the corporate structure alone does not allow the Registrar to make the inference that a registered owner has control over the character or quality of the wares and services used in association with a licensed trade-mark.

[9] In this case, the Registrar noted that Mr. Fedoryna's sworn statements and the corporate certificate appended as an exhibit to his affidavit were the only statements of control furnished by Spirits. This evidence only showed that Spirits is merely one of the many corporate entities grouped under "MY COMPANY". The Registrar found that no description of the control allegedly exercised had been provided, no copy of the licence agreement had been furnished, nor were any details provided regarding the presidents, directors and officers of the entities involved in "MY COMPANY". The Registrar found that this was not sufficient evidence of control to allow it to conclude that the sales of the registered wares in association with the MOSKOVSKAYA trade-mark by "MY COMPANY", or any of the affiliated companies, would enure to the benefit of Spirits.

[10] The Registrar concluded that since no other evidence of use had been provided, and that Spirits failed to clearly confirm its control over the quality or character of the registered wares sold

during the relevant period, there was no need to assess the remaining evidence regarding use of the MOSKOVSKAYA trade-mark.

[11] The Registrar rejected Spirits' submission that consideration of section 50 was not within the scope of a section 45 proceeding. The Registrar observed that "use" as defined in section 4 of the Act means use by the owner of the trade-mark or an entity licensed by or with the authority of the owner of the trade-mark under section 50.

[12] For these reasons, the Registrar ordered the MOSKOVSKAYA trade-mark expunged pursuant to section 45 of the Act. It is from this decision that Spirits brings the present appeal.

## **B. Legislative Background**

[13] Appeals from expungement decisions made by the Registrar under section 45 of the Act are brought to this Court by way of application pursuant to subsection 56(1) of the Act and Rule 300(d) of the *Federal Courts Rules*, SOR/98-106. By virtue of subsection 56(5) of the Act, additional evidence may be adduced on an appeal from a decision of the Registrar, and this Court may exercise "any discretion vested in the Registrar" in disposing of the appeal.

Relevant sections of the Act are appended to this decision.

**C. Additional Evidence Presented to the Court on this Appeal**

[14] On this appeal, Spirits submitted an additional affidavit sworn by the Head of the Legal Department of S.P.I. Spirits (Cyprus) Limited, Mr. Dmitry Denisov, to address the Registrar's concerns, to clarify the evidence with respect to control over the trade-marked wares during the relevant period, and to supplement the Fedoryna Affidavit. The Denisov affidavit asserts that:

- (1) Spirits is a member of the SPI group of companies;
- (2) S.P.I. Spirits (Cyprus) Limited provides "legal support" to all of the members of the SPI group of companies in "commercial and corporate areas";
- (3) S.P.I. Spirits (Cyprus) Limited was licensed by Spirits to use the MOSKOVSKAYA trade-mark in association with vodka in Canada during the relevant period;
- (4) Spirits set the standards of character and quality of vodka labelled with the MOSKOVSKAYA trade-mark sold in Canada during the relevant period;
- (5) Under licence, Spirits delegated to members of the SPI Group of companies "the conduct of periodic testing" for compliance with the standards of character and quality that it had set; and
- (6) Attached as exhibits to the Denisov Affidavit were invoices which were purportedly for the sale of vodka by S.P.I. Spirits (Cyprus) Limited in Canada which had been tested, had met Spirits' established standards, and had been subsequently labelled with the trade-mark.

## **II. Issues**

[15] The Court states the issues in this case, as follows:

- (1) Did the Registrar err in requiring Spirits to show that it or its licensee had used the subject trade-mark?
- (2) Did the Registrar err in finding that use of the trade-mark by Spirits or its licensee had not been shown?
- (3) In any event, would use of the trade-mark as allegedly used have constituted use of the trade-mark as registered?

## **III. Standard of Review and Burden of Proof**

[16] The standard of review for an appeal under section 56 of the Act was set out by the Federal Court of Appeal in *Molson Breweries v John Labatt Ltd*, [2000] 3 FC 145, 252 NR 91 (CA). The Court adopts the following comments of Justice Marshall Rothstein, when he wrote for the majority of the Court, at paragraph 51 of that decision:

[51] ...Even though there is an express appeal provision in the Trade-marks Act to the Federal Court, expertise on the part of the Registrar has been recognized as requiring some deference. Having regard to the Registrar's expertise, in the absence of additional evidence adduced in the Trial Division, I am of the opinion that decisions of the Registrar, whether of fact, law or discretion, within his area of expertise, are to be reviewed on a standard of reasonableness simpliciter. However, where additional evidence is adduced in the Trial Division that would have materially affected the Registrar's findings of fact or the exercise of his discretion, the Trial Division judge must come to his or her own conclusion as to the correctness of the Registrar's decision.

[17] Thus, where additional evidence is introduced on appeal that would have materially affected the Registrar's findings of fact or the exercise of his discretion, this Court is required to determine if this new evidence shows use under section 45 of the Act. Absent such evidence, the Registrar's decision is to be reviewed on the reasonableness standard. The oft-cited comments of Justice John McNair in *Philip Morris Inc v Imperial Tobacco Ltd* (1987), 13 CPR (3d) 289 at 293, 8 FTR 310 (FCTD) explain both the purpose of section 45 and describe the type of evidence required to show use under section 45:

It is well established that the purpose and scope of s. 44 [now s 45] is to provide a simple, summary and expeditious procedure for clearing the register of trade marks which are not bona fide claimed by their owners as active trade marks. The procedure has been aptly described as one for removing "deadwood" from the register... The Registrar's decision is not one that finally determines substantive rights but only whether the trade mark entry is liable to be expunged under s. 44 or not. If use is relied on then the evidence filed in response to the notice must "show" the use or at least sufficiently relate the facts from which such use can be inferred. Mere statutory tracking in the nature of a bare statement that the registrant was currently using the trade mark in the normal course of trade in association with the wares is insufficient to establish use unless coupled with facts that are descriptively corroborative of the same. Evidence of a single sale, whether wholesale or retail, in the normal course of trade may well suffice so long as it follows the pattern of a genuine commercial transaction and is not seen as being deliberately manufactured or contrived to protect the registration of the trade mark. Evidence in response to a s. 44 notice should be forthcoming in quality, not quantity, and there is no need nor justification for evidentiary overkill.

**(1) *Did the Registrar err in requiring Spirits to show that it or its licensee had used the subject trade-mark?***

[18] Spirits claims that the Registrar erred by making a threshold determination as to whether Spirits had exercised direct or indirect control over the quality or character of the vodka sold during



the relevant period. Because the finding as to control was determinative, the Registrar saw no need to consider whether the evidence of use proffered by Spirits was sufficient to demonstrate use of the MOSKOVSKAYA trade-mark, as registered. Spirits says that the Registrar's approach was incorrect in light of the wording of subsection 45(3), the recognized purpose of section 45, and the scheme of the Act as a whole. In this way, Spirits argues that the Registrar has created a two-stage procedure whereby the Registrar first decides whether the registered owner has control over the quality or character of the wares, and if so, proceeds to determine if there has been use of the mark during the relevant period. Spirits says, however, that this approach is an administrative practice that is without any legal basis.

[19] For its part, BCF submits that in section 45 proceedings, it is settled law that a registrant is required to show that its registered trade-mark has been used by the registrant or by another "whose use accrues to the registrant's benefit" under the Act, relying on a decision by the Federal Court of Appeal in *Marcus v Quaker Oats Co* (1988), 20 CPR (3d) 46 at 51-52, 9 ACWS (3d) 264 (FCA) [*Quaker Oats*]. Consequently, BCF concludes that the Registrar was correct to expunge Spirits' registration for its failure to show that the trade-mark had been used by Spirits or its licensee during the relevant period.

[20] It is certainly true that section 45 proceedings are meant to provide a summary procedure to trim the register of "dead wood", and that these proceedings are not a substitute for other mechanisms in the Act to decide the substantive rights of parties. However, it is abundantly clear from the scheme of the Act and the jurisprudence that not just any use of a trade-mark by any person will do for the purposes of section 45.

[21] In *Quaker Oats*, above, the Federal Court of Appeal adopted the position set out by Justice Jean-Eudes Dubé in *Lindy v Canada (Registrar of Trade-marks)* (1981), 57 CPR (2d) 127, [1982] 1 FC 241 (TD), where it was held that “Reading the Act as a whole, the conclusion is inescapable...“use in Canada” means use by the registered owner or a registered user...Obviously, it cannot be a competitor, or a stranger...”

[22] The provisions in the Act requiring registration of licensees as “registered users” have since been repealed, but the Court believes that the principle adopted in *Quaker Oats* is nonetheless applicable under the current legislative scheme and can be re-stated as follows: “use in Canada” means use by the registered owner or its licensee.

[23] That is, where evidence of use of the trade-mark is put before the Registrar in a section 45 proceeding, it must be shown that it was the registered owner or a licensee, whose use of the mark accrues to the benefit of the registered owner, who used it (see e.g. *House of Kwong Sang Hong International Ltd v Borden Ladner Gervais*, 2004 FC 554 at para 22; *Tucumcari Aero, Inc v Cassels, Brock & Blackwell LLP*, 2010 FC 267 at para 9-10).

[24] Therefore, it cannot be said that a trade-mark has been used in Canada during the relevant period if it is used by a competitor, a stranger, or some vaguely-defined corporate affiliate of the registered owner. As observed by the Registrar in this case, to hold otherwise would be contrary to the definition of a trade-mark and the principle that trade-mark rights are acquired through use.

[25] In light of the Act and the relevant jurisprudence, the Court sees nothing improper in the approach taken by the Registrar in this case. Spirits was required to show either that it had used the MOSKOVSKAYA trade-mark, or that it had direct or indirect control over the use of the mark by another party such that the licensed use of the mark enured to its benefit.

**(2) *Did the Registrar err in finding that use of the trade-mark by Spirits or its licensee had not been shown?***

[26] Spirits submits that the new and additional evidence in the Denisov Affidavit addresses the alleged ambiguities in the evidence, and as such would have materially affected the Registrar's findings of fact on the determinative issue of control. Spirits says the Denisov Affidavit specifically describes the corporate and contractual relationships between Spirits, the SPI Group, and S.P.I. Spirits (Cyprus) Limited, and details the licensing and control arrangements which are in place concerning the use of the MOSKOVSKAYA trade-mark.

[27] Specifically, Spirits claims that the Denisov Affidavit confirms that Spirits, the registered owner, had control over the quality or character of the registered wares sold in Canada during the relevant period. Consequently, Spirits submits that this Court is required to reach its own conclusion with respect to the issue of control, in light of the Denisov Affidavit.

[28] For its part, BCF submits that the Denisov Affidavit is vague and ambiguous and would not have materially affected the decision of the Registrar. As such, BCF says that the decision on this

point should be reviewed on the standard of reasonableness. BCF claims that the Denisov Affidavit is deficient for a number of reasons, for instance:

- (1) The role played by S.P.I. Spirits (Cyprus) Limited in the transactions evidenced by the sales invoices is unclear. While Mr. Denisov states that S.P.I. Spirits (Cyprus) Limited provides “legal support” to Spirits and others, there is no clear statement that S.P.I. Spirits (Cyprus) Limited produced or sold any vodka for Spirits;
- (2) Neither Mr. Fedoryna nor Mr. Denisov has ever stated who actually produces or sells any of the vodka in question. The only statement attributing any act of production to any entity is in paragraph 18 of the Denisov Affidavit, which states that Spirits has delegated the duty to conduct “periodic testing” to members of the SPI Group of companies. BCF says that there is no indication of any licence between these companies, and there is no explanation if any control is being exercised by those companies to whom this power has been “delegated”;
- (3) If Spirits is asserting that S.P.I. Spirits (Cyprus) Limited was the party producing and bottling the vodka in question, this assertion is called into question by the exhibit to the Denisov Affidavit showing an unknown “bottling company”. BCF also notes Spirits’ failure to name this company, or explain its role in the production or distribution of the subject vodka;
- (4) While Mr. Denisov has made a bare allegation that there is a trade-mark licence between Spirits and S.P.I. Spirits (Cyprus) Limited, there is no clear indication as to what S.P.I. Spirits (Cyprus) Limited does under this alleged licence, and for whatever it does, how this is controlled by Spirits; and

- (5) Even if one were to assume that S.P.I. Spirits (Cyprus) Limited makes or sells vodka for Spirits, and that the alleged licence relates to such activities during the relevant period, there is no statement in the Denisov Affidavit as to when the alleged licence began or ended. Without particulars, BCF argues that there is no way to know that the alleged licence is tied to any day, associated with any sales invoice, put forward in the Fedoryna Affidavit.

[29] In assessing whether new evidence would have materially affected the Registrar's findings of fact, the Court must ask to what extent this evidence has a probative significance that extends beyond the material that was before the Registrar (*Diamant Elinor Inc v 88766 Canada Inc*, 2010 FC 1184 at para 43). If the evidence "adds nothing of significance, but is merely repetitive of existing evidence without enhancing its cogency, its presence should not affect the standard of review applied by the Court on the appeal" (*Garbo Group Inc v Harriet Brown & Co* (1999), 3 CPR (4th) 224 at para 37, 176 FTR 80 (TD)).

[30] While the Denisov Affidavit purports to deal with the question of control over the quality and character of vodka sold in Canada under the MOSKOVSKAYA trade-mark, the Court is of the view that this evidence would not have materially affected the Registrar's findings of fact on this issue.

[31] The Registrar found that the Fedoryna Affidavit was deficient because:

- (1) While the requirements of section 50 may be satisfied if there is a common directing mind of both a corporate registrant and the user of the registered trade-mark, corporate structure alone does not allow the Registrar to make the inference that a registered owner has control over the use of a licensed trade-mark;
- (2) In this case, the evidence showed that Spirits was one of several corporate entities grouped under “MY COMPANY”, as defined by Mr. Fedoryna; but
- (3) No description of the purported control exercised by Spirits had been provided, no copy or description of the licence agreement between Spirits and S.P.I. Spirits (Cyprus) Limited had been furnished, and Spirits had not put forward any details regarding the presidents, directors and officers of the various entities involved in “MY COMPANY” to show a common directing mind of Spirits, the corporate registrant, and the purported users of the MOSKOVSKAYA trade-mark.

[32] Having reviewed the Denisov Affidavit, the Court does not think that it resolves the deficiencies in the Fedoryna Affidavit, nor does it have a probative significance extending beyond the material that was in front of the Registrar. Rather, the Court agrees with the Respondent that instead of addressing unanswered questions, the Denisov Affidavit raises additional ones.

[33] While Mr. Denisov alleges that there is a licence between Spirits and S.P.I. Spirits (Cyprus) Limited, what the latter company does under this licence is unclear. Mr. Denisov states that S.P.I. Spirits (Cyprus) Limited provides “legal support” to other entities in the SPI Group of companies. It is not clear from the Denisov Affidavit that S.P.I. Spirits (Cyprus) Limited produces or sells vodka for Spirits under the MOSKOVSKAYA trade-mark. Rather, the evidence of Mr. Denisov is that

there is an unnamed “bottling company” which is affiliated with the SPI Group. The evidence does not establish that Spirits exercises control over the production, labelling or selling of vodka through its licence with S.P.I. Spirits (Cyprus) Limited, the bottling company, or both.

[34] Moreover, the Respondent is correct to point out that in the absence of a clear statement as to the beginning or end of the license between Spirits and S.P.I. Spirits (Cyprus) Limited, it is not possible to temporally link the licence, or any actions taken thereunder, to the sales invoices put forward in the Fedoryna Affidavit.

[35] Finally, the statement in the Denisov Affidavit about the delegation of authority by Spirits for the “testing” of vodka according to prescribed “standards” is similarly vague, and does not assist in establishing that Spirits exercised control over the nature and character of vodka sold under the MOSKOVSKAYA trade-mark in Canada during the relevant period.

[36] Simply put, the Denisov Affidavit fails to resolve the Registrar’s stated concerns with the Fedoryna Affidavit because the evidence does not clearly establish Spirits’ control over the use of the MOSKOVSKAYA trade-mark.

[37] Since the Court concludes that the Denisov Affidavit would not have materially affected the Registrar’s decision, it must be asked whether the Registrar’s finding that there was no demonstrated use of the MOSKOVSKAYA trade-mark by Spirits or its licensee was in any event reasonable.

[38] Review according to the reasonableness standard is concerned with the existence of transparency, intelligibility and justification in decision-making. Decisions should not be disturbed by a reviewing court unless the reasoning process used was flawed such that the resulting decision falls outside the range of possible, acceptable outcomes, defensible on the facts and in law (*Dunsmuir v New Brunswick*, 2008 SCC 9 at para 47).

[39] In the case of use by a licensee, it is not necessary to produce a formal licensing agreement to prove the existence of licensed use of a trade-mark for the purposes of the Act (*Well's Dairy, Inc v UL Canada Inc* (2000), 7 CPR (4th) 77 at para 38, 98 ACWS (3d) 189 (FCTD)). However, the mere fact that there is some common control between a registered trade-mark owner and other corporate entities is not sufficient to establish that the use of the trade-mark was controlled such that a licensing agreement can be inferred from the facts. Clear evidence of control has to be adduced (*3082833 Nova Scotia Co v Lang Michener LLP*, 2009 FC 928 at para 32).

[40] The Registrar found that it could not be determined from the Fedoryna Affidavit that Spirits had exercised the requisite degree of control over the character and quality of the wares in compliance with section 50 of the Act, which would have enabled such use by Spirits or its licensees to accrue to the benefit of Spirits, the registered owner. In reaching this conclusion, the Registrar made specific reference to Mr. Fedoryna's sworn statements and the corporate certificate appended to his affidavit. The Registrar explained that control could not be demonstrated on the basis of these corporate structures alone, especially in the absence of a description of the control purportedly exercised or a copy of any license agreement containing provisions as to control.



[41] On the basis of the evidence before it, it cannot be said that the Registrar's conclusion in this regard was unreasonable.

**(3) *In any event, would use of the trade-mark as allegedly used have constituted use of the trade-mark as registered?***

[42] As a preliminary matter, Spirits submits that since the Registrar did not deal with the question of use, because it concluded that the evidence of control was insufficient, the matter should be referred back to the Registrar for determination on this issue. In support of its position that it is not for this Court to hear an appeal on a decision not taken by the Registrar, Spirits relies on decisions of this Court in *Canadian Pacific Ltd v Intra Canada Telecommunications Ltd* (1988), 19 CPR (3d) 314 at para 12, 18 FTR 309 (TD) and *Tradition Fine Foods Ltd v Kraft General Foods Canada Inc* (1991), 35 CPR (3d) 564 at para 11, 43 FTR 257 (TD).

[43] BCF is opposed to this request, and submits that subsection 56(5) of the Act provides that on an appeal such as this one, “the Federal Court may exercise any discretion vested in the Registrar” [emphasis added]. BCF also notes that this appeal is taken from the Registrar's decision to expunge the registration – not from the Registrar's reasoning for expunging the registration. Additionally, BCF claims that even if there is discretion to refer the matter back, it would be inappropriate to do so given that section 45 proceedings are intended to be of a summary nature, and in any event, this Court is as well-placed as the Registrar to review the record and make the required decision.

[44] In the Court's view, the cases cited by Spirits in support of its request to have the question of whether the MOSKOVSKAYA trade-mark had been used as registered referred back to the Registrar are distinguishable. None of the cited cases involved a section 45 proceeding.

[45] In any event, the clear wording of subsection 56(5) of the Act provides the authority for this Court to "exercise any discretion vested in the Registrar" on an appeal such as this. In cases where new evidence is put before the Court as to the significance of deviations in marks as used and as registered, the Court is required to make final determinations on these issues. Spirits has not pointed to any clear authority or made any compelling argument for why this issue could not be finally determined by this Court at this time.

[46] Spirits did not make submissions on the issue of whether the trade-mark as used constituted use of the MOSKOVSKAYA trade-mark, but instead, relied on its written submissions put before the Registrar. In those submissions, Spirits argued that the trade-mark as used during the relevant period was substantially identical to the trade-mark as registered.

[47] In particular, Spirits argued that an unaware purchaser purchasing liquor and seeing the two trade-marks would no doubt identify both as MOSKOVSKAYA RUSSIAN VODKA labels, and would determine that both had the same origin. In support of its position, Spirits relied heavily on the evidence of Dr. Mulvey, as to consumer impressions.

[48] For its part, BCF submits that Spirits does not rely on use of the registered mark, but rather on the alleged use of a different mark which is materially different from the mark as registered. BCF

notes that the Applicant's own evidence is that the mark allegedly used differs from that registered, in important ways, and that the deviations from registration were made for important reasons and had a significant effect on consumers and within the marketplace. BCF notes that the evidence from the Fedoryna Affidavit is that:

- (1) the original registered mark led to problems with counterfeiting and knock-off brands;
- (2) this created important health concerns associated with the counterfeit products;
- (3) the trade-mark was revised as a "precautionary identification measure"; and
- (4) the goal was to reduce the risk of knock-off brands using a counterfeit label.

[49] BCF also notes that the evidence of Mr. Fedoryna is that changes were made to identify a change of ownership. However, BCF submits that when the mark as used is compared to the registered mark, the change of ownership message is confusing. That is, while the registered mark states that the vodka is distilled and bottled for "v/o SOJUZPLODIMPORT", the mark as allegedly used states that the vodka is "imported" for or by an entity named "SPI". BCF says that nowhere in the evidence is there any explanation for who these companies are or how they relate to Spirits.

[50] The mark as allegedly used ("Fedoryna Exhibit B2") and the mark as registered are reproduced below:



[51] In my opinion, the concerns raised by BCF about the motivations for and implications of the changes to the trade-mark as allegedly used go more to the question of control, addressed earlier, rather than the question of whether the trade-mark as used constitutes use of the trade-mark as registered. The test for determining what deviations from registration are permitted has been stated by the Federal Court of Appeal in *Registrar of Trade-marks v Compagnie Internationale Pour L'Informatique CII Honeywell Bull Societe Anonyme*, [1985] 1 FC 406, 4 CPR (3d) 523 at 525, (CA) as follows:

The practical test to be applied in order to resolve a case of this nature is to compare the trade mark as it is registered with the trade mark as it is used and determine whether the differences between these two marks are so unimportant that an unaware purchaser would be likely to infer that both, in spite of their differences, identify goods having the same origin.

[52] The test has been articulated slightly differently in other cases, relying on the decision of the Trade-marks Opposition Board in *Nightingale Interloc Ltd v Prodesign Ltd* (1984), 2 CPR (3d) 535 at para 8, [1984] TMOB No 52 (QL), where it was said that: “A particular trade mark will be

considered as being used if the trade mark actually used is not substantially different and the deviations are not such as to deceive or injure the public in any way.”

[53] Applying these tests to the case at hand, the mark as allegedly used retains all of the major graphic elements of the mark as registered, in the Court’s view. While there are indeed some differences between the two, for instance some font changes, the altered globe logo, the use of bilingualism, the spacing of the medallions, and the removal of the words “COOL BEFORE DRINKING”, the Court does not find that any of these deviations are significant or that an unaware purchaser would be unable to infer that both, in spite of these differences, have the same origin.

[54] As noted in the discussion above, however, the identity of that common origin is very much in doubt. Without clear evidence that use of the MOSKOVSKAYA trade-mark, in its registered form or otherwise, accrues to Spirits’ benefit, there can be no evidence of use of the mark for the purposes of section 45. It is the failure of Spirits to conclusively answer this crucial question of control which has caused its mark to be expunged in the proceedings before the Registrar, and why its appeal to this Court must fail as well.

#### **IV. Conclusion and Disposition**

[55] For these reasons, this appeal is dismissed with costs awarded to BCF, fixed in the amount of \$2000.

**JUDGMENT**

**THIS COURT'S JUDGMENT is that**

1. The appeal is dismissed.
2. Costs are fixed in the amount of \$2000.

“André F. J. Scott”

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Judge

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**ANNEX**


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<p><b><i>Trade-marks Act, RSC 1985, c T-13</i></b></p> <p>Registrar may request evidence of user</p> <p><b>45.</b> (1) The Registrar may at any time and, at the written request made after three years from the date of the registration of a trade-mark by any person who pays the prescribed fee shall, unless the Registrar sees good reason to the contrary, give notice to the registered owner of the trade-mark requiring the registered owner to furnish within three months an affidavit or a statutory declaration showing, with respect to each of the wares or services specified in the registration, whether the trade-mark was in use in Canada at any time during the three year period immediately preceding the date of the notice and, if not, the date when it was last so in use and the reason for the absence of such use since that date.</p> <p>Form of evidence</p> <p>(2) The Registrar shall not receive any evidence other than the affidavit or statutory declaration, but may hear representations made by or on behalf of the registered owner of the trade-mark or by or on behalf of the person at whose request the notice was given.</p> <p>Effect of non-use</p> <p>(3) Where, by reason of the evidence furnished to the Registrar or the failure to furnish any evidence, it appears to the Registrar that a trade-mark, either with respect to all of the wares or services specified in the registration or with respect to any of those wares or services, was not used in Canada at any time during the three year period immediately</p>	<p><b><i>Loi sur les marques de commerce, LRC, 1985, ch T-13</i></b></p> <p>Le registraire peut exiger une preuve d'emploi</p> <p><b>45.</b> (1) Le registraire peut, et doit sur demande écrite présentée après trois années à compter de la date de l'enregistrement d'une marque de commerce, par une personne qui verse les droits prescrits, à moins qu'il ne voie une raison valable à l'effet contraire, donner au propriétaire inscrit un avis lui enjoignant de fournir, dans les trois mois, un affidavit ou une déclaration solennelle indiquant, à l'égard de chacune des marchandises ou de chacun des services que spécifie l'enregistrement, si la marque de commerce a été employée au Canada à un moment quelconque au cours des trois ans précédant la date de l'avis et, dans la négative, la date où elle a été ainsi employée en dernier lieu et la raison de son défaut d'emploi depuis cette date.</p> <p>Forme de la preuve</p> <p>(2) Le registraire ne peut recevoir aucune preuve autre que cet affidavit ou cette déclaration solennelle, mais il peut entendre des représentations faites par le propriétaire inscrit de la marque de commerce ou pour celui-ci ou par la personne à la demande de qui l'avis a été donné ou pour celle-ci.</p> <p>Effet du non-usage</p> <p>(3) Lorsqu'il apparaît au registraire, en raison de la preuve qui lui est fournie ou du défaut de fournir une telle preuve, que la marque de commerce, soit à l'égard de la totalité des marchandises ou services spécifiés dans l'enregistrement, soit à l'égard de l'une de ces marchandises ou de l'un de ces services, n'a été employée au Canada à aucun moment au</p>
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<p>preceding the date of the notice and that the absence of use has not been due to special circumstances that excuse the absence of use, the registration of the trade-mark is liable to be expunged or amended accordingly.</p>	<p>cours des trois ans précédant la date de l'avis et que le défaut d'emploi n'a pas été attribuable à des circonstances spéciales qui le justifient, l'enregistrement de cette marque de commerce est susceptible de radiation ou de modification en conséquence.</p>
<p>Notice to owner</p>	<p>Avis au propriétaire</p>
<p>(4) When the Registrar reaches a decision whether or not the registration of a trade-mark ought to be expunged or amended, he shall give notice of his decision with the reasons therefor to the registered owner of the trade-mark and to the person at whose request the notice referred to in subsection (1) was given.</p>	<p>(4) Lorsque le registraire décide ou non de radier ou de modifier l'enregistrement de la marque de commerce, il notifie sa décision, avec les motifs pertinents, au propriétaire inscrit de la marque de commerce et à la personne à la demande de qui l'avis visé au paragraphe (1) a été donné.</p>
<p>Action by Registrar</p>	<p>Mesures à prendre par le registraire</p>
<p>(5) The Registrar shall act in accordance with his decision if no appeal therefrom is taken within the time limited by this Act or, if an appeal is taken, shall act in accordance with the final judgment given in the appeal.</p>	<p>(5) Le registraire agit en conformité avec sa décision si aucun appel n'en est interjeté dans le délai prévu par la présente loi ou, si un appel est interjeté, il agit en conformité avec le jugement définitif rendu dans cet appel.</p>
<p>[...]</p>	<p>[...]</p>
<p>Licence to use trade-mark</p>	<p>Licence d'emploi d'une marque de commerce</p>
<p><b>50.</b> (1) For the purposes of this Act, if an entity is licensed by or with the authority of the owner of a trade-mark to use the trade-mark in a country and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark in that country as or in a trade-mark, trade-name or otherwise by that entity has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark in that country by the owner.</p>	<p><b>50.</b> (1) Pour l'application de la présente loi, si une licence d'emploi d'une marque de commerce est octroyée, pour un pays, à une entité par le propriétaire de la marque, ou avec son autorisation, et que celui-ci, aux termes de la licence, contrôle, directement ou indirectement, les caractéristiques ou la qualité des marchandises et services, l'emploi, la publicité ou l'exposition de la marque, dans ce pays, par cette entité comme marque de commerce, nom commercial — ou partie de ceux-ci — ou autrement ont le même effet et sont réputés avoir toujours eu le même effet que s'il s'agissait de ceux du propriétaire.</p>
<p>(2) For the purposes of this Act, to the extent that public notice is given of the fact that the</p>	<p>(2) Pour l'application de la présente loi, dans la mesure où un avis public a été donné quant à</p>



<p>use of a trade-mark is a licensed use and of the identity of the owner, it shall be presumed, unless the contrary is proven, that the use is licensed by the owner of the trade-mark and the character or quality of the wares or services is under the control of the owner.</p>	<p>l'identité du propriétaire et au fait que l'emploi d'une marque de commerce fait l'objet d'une licence, cet emploi est réputé, sauf preuve contraire, avoir fait l'objet d'une licence du propriétaire, et le contrôle des caractéristiques ou de la qualité des marchandises et services est réputé, sauf preuve contraire, être celui du propriétaire.</p>
<p>Owner may be required to take proceedings</p> <p>(3) Subject to any agreement subsisting between an owner of a trade-mark and a licensee of the trade-mark, the licensee may call on the owner to take proceedings for infringement thereof, and, if the owner refuses or neglects to do so within two months after being so called on, the licensee may institute proceedings for infringement in the licensee's own name as if the licensee were the owner, making the owner a defendant.</p>	<p>Action par le propriétaire</p> <p>(3) Sous réserve de tout accord encore valide entre lui et le propriétaire d'une marque de commerce, le licencié peut requérir le propriétaire d'intenter des procédures pour usurpation de la marque et, si celui-ci refuse ou néglige de le faire dans les deux mois suivant cette réquisition, il peut intenter ces procédures en son propre nom comme s'il était propriétaire, faisant du propriétaire un défendeur.</p>
<p>R.S., 1985, c. T-13, s. 50; 1993, c. 15, s. 69; 1999, c. 31, s. 211(F).</p>	<p>L.R. (1985), ch. T-13, art. 50; 1993, ch. 15, art. 69; 1999, ch. 31, art. 211(F).</p>
<p>[...]</p>	<p>[...]</p>
<p>Appeal</p> <p><b>56.</b> (1) An appeal lies to the Federal Court from any decision of the Registrar under this Act within two months from the date on which notice of the decision was dispatched by the Registrar or within such further time as the Court may allow, either before or after the expiration of the two months.</p>	<p>Appel</p> <p><b>56.</b> (1) Appel de toute décision rendue par le registraire, sous le régime de la présente loi, peut être interjeté à la Cour fédérale dans les deux mois qui suivent la date où le registraire a expédié l'avis de la décision ou dans tel délai supplémentaire accordé par le tribunal, soit avant, soit après l'expiration des deux mois.</p>
<p>Procedure</p> <p>(2) An appeal under subsection (1) shall be made by way of notice of appeal filed with the Registrar and in the Federal Court.</p>	<p>Procédure</p> <p>(2) L'appel est interjeté au moyen d'un avis d'appel produit au bureau du registraire et à la Cour fédérale.</p>
<p>Notice to owner</p>	<p>Avis au propriétaire</p>

<p>(3) The appellant shall, within the time limited or allowed by subsection (1), send a copy of the notice by registered mail to the registered owner of any trade-mark that has been referred to by the Registrar in the decision complained of and to every other person who was entitled to notice of the decision.</p>	<p>(3) L'appellant envoie, dans le délai établi ou accordé par le paragraphe (1), par courrier recommandé, une copie de l'avis au propriétaire inscrit de toute marque de commerce que le registraire a mentionnée dans la décision sur laquelle porte la plainte et à toute autre personne qui avait droit à un avis de cette décision.</p>
<p>Public notice</p>	<p>Avis public</p>
<p>(4) The Federal Court may direct that public notice of the hearing of an appeal under subsection (1) and of the matters at issue therein be given in such manner as it deems proper.</p>	<p>(4) Le tribunal peut ordonner qu'un avis public de l'audition de l'appel et des matières en litige dans cet appel soit donné de la manière qu'il juge opportune.</p>
<p>Additional evidence</p>	<p>Preuve additionnelle</p>
<p>(5) On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar.</p>	<p>(5) Lors de l'appel, il peut être apporté une preuve en plus de celle qui a été fournie devant le registraire, et le tribunal peut exercer toute discrétion dont le registraire est investi.</p>

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-1642-10

**STYLE OF CAUSE:** SPIRITS INTERNATIONAL B.V. v.  
BCF S.E.N.C.R.L. and THE ATTORNEY  
GENERAL OF CANADA

**PLACE OF HEARING:** Ottawa, Ontario

**DATE OF HEARING:** June 14, 2011

**REASONS FOR JUDGMENT  
AND JUDGMENT:** SCOTT J.

**DATED:** June 30, 2011

**APPEARANCES:**

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Kevin Satorio FOR THE RESPONDENT

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