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Dockets: T-1531-07

Citation: 2007 FC 1301

Toronto, Ontario, December 12, 2007

PRESENT: The Honourable Mr. Justice Harrington

BETWEEN:

**SOCIEDAD AGRICOLA SANTA TERESA LTDA. and
VINCENTE IZQUIERDO MENÉNDEZ**

Applicants

and

VINA LEYDA LIMITADA

Respondent

REASONS FOR ORDER AND ORDER

[1] One may not be able to judge a book by its cover, but one should know something about a bottle of wine from its label; the more the better. The respondent, a wine producer from the Leyda Valley in Chile, applied to the Registrar of Trade-marks to register “Leyda” as a trade-mark for use in association with wine. The application was granted over the opposition of Sociedad Agricola Santa Teresa Ltda. and Vincente Izquiero Menéndez, two other wine producers from the same valley. They have appealed to this Court.

[2] The appeal raises a legal issue. The standard of review is correctness. The case turns on the meaning of section 12(1)(b) of the *Trade-Marks Act* which reads:

12. (1) Subject to section 13, a trade-mark is registrable if it is not

[...]

(b) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin;

[...]

[Emphasis added]

12. (1) Sous réserve de l'article 13, une marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :

[...]

b) qu'elle soit sous forme graphique, écrite ou sonore, elle donne une description claire ou donne une description fausse et trompeuse, en langue française ou anglaise, de la nature ou de la qualité des marchandises ou services en liaison avec lesquels elle est employée, ou à l'égard desquels on projette de l'employer, ou des conditions de leur production, ou des personnes qui les produisent, ou du lieu d'origine de ces marchandises ou services;

[...]

[Je souligne]

[3] Based on the evidence before him, the Registrar found as a fact that Leyda, or the Valley of Leyda, is a region in Chile where wine is produced. However, he was not satisfied that it had been designed by the Chilean Government as an appellation of origin.

[4] In his opinion, the words "clearly descriptive" modified the meaning of the term "place of origin" Thus, it was not enough that wine be produced in the Valley of Leyda; the average Canadian

consumer, on first impression, must perceive the proposed trade-mark as the place where the wine originated. There was not enough evidence in the record to allow him to make that finding. He relied upon the decision of Mr. Justice Cattanach in *Drackett Co. of Canada v. American Home Products Corp.*, [1968] 2 Ex.C.R. 89, 55 C.P.R. 29.

Discussion

[5] The appeal is under section 56 of the Act which allows the applicants to bring forth evidence which was not before the Registrar. The new evidence before me establishes as a fact that “Valle de Leyda” (in Spanish) is and has been an appellation of origin following an application made by a group of wine producers to the Chilean Ministry of Agriculture in December 2001, and acceptance thereof 12 February 2002 by way of “Decreto 17” which was published on 10 May 2002. All these dates are after the trade-mark application. I hasten to add that, in my opinion, the facts of whether a name signifies a geographical area and whether that area produces wine are not contingent upon a government decree. While there may be such agricultural laws in force in France, Italy and Chile, there may not be in other places such as Canada, the United States and Australia. The fact of the matter is, beyond doubt, that Leyda is a place in Chile where wine was produced at the time the application for registration was made in 2001. No other date is more favourable to the respondent, and so it is not necessary to consider whether some later date should have been the benchmark.

[6] In my opinion, the Registrar erred in law in that he misapplied *Drackett*, above. It is quite true, as he noted, that Mr. Justice Cattanach said:

The word "clearly" in s. 12(1)(b) of the Act, which precludes the registration of a trade mark that is "clearly descriptive ... of the

character or quality of the wares or services in association with which it is used or proposed to be used ...", is not synonymous with "accurately" but rather the meaning of the word "clearly" is "easy to understand, self-evident or plain".

[7] However, Mr. Justice Cattnach was speaking of the “character” or “quality” of the wares, not “their place of origin”. The generality of his language must be limited by context. The case before him was an appeal from the decision of the Registrar rejecting an opposition to an application to register “Once-a-Week” for use in association with a “floor cleaner”. The place of origin of the wares was not in issue. Furthermore, he was speaking of a positive first impression, rather than the absence of impression of one who may be geographically or vinaculturally challenged. He also said:

My first impression, and my continuing impression, is that the words ONCE-A-WEEK would convey to a prospective purchaser and immediately identify a floor cleaner with which it is associated as one that need be used only once a week and that one application thereof would endure for that period of time.

[8] Once the Registrar found as a fact, as he did, that Leyda is a wine producing region in Chile, as a matter of law he was required to conclude on the record before him that the opposition was well founded.

[9] Those “far away places with strange sounding names” may call some more than others, but section 12(1)(b), at least as far as “place of origin” is concerned, is not dependent on the knowledge, or lack thereof, of the average Canadian consumer. The Registrar rightly pointed out that there was no real evidence before him as to the state of mind of such a person. Would he or she be one who reads the wine magazines referred to by those who opposed the application, or one whose

knowledge is limited to red, white, rosé or bubbly? Over the past several years, a great many wines have been introduced to the market from “new world” countries such as Chile, Argentina, Australia and New Zealand. Other countries may follow suit. Although decided in a different context, the decision of the Supreme Court in *Home Juice Co. v. Orange Maison Ltée*, [1970] S.C.R. 942, 16 D.L.R. (3d) 740, can be relied upon for the proposition that a shrewd trader should not be permitted to monopolize the name of a foreign wine district in Canada by registering it as a trade-mark.

[10] If this registration were to stand, it would mean that the applicants, wine producers from the Leyda Valley, would not be able to refer to that fact on their labels, or in their promotional literature. They might be limited to calling their wine Chilean red or white. This would give Vina Leyda Limitada an unfair advantage. Geography is one of the important considerations in assessing whether one should try a new wine. Producers from a specific area want to promulgate their area in the belief that their wine is superior to the wine of that country as a whole. A consumer might well think that a wine from a delimited area ought to be superior to a “vin ordinaire”. If the applicants were not able to market their wines in Canada with reference to the word “Leyda”, there is a risk that their wine might be considered “plonk” and avoided (There are different legends as to the origin of the word “plonk”. The one I prefer is that a Monsieur Plonque was the purveyor of cheap wine to British Troops in World War I).

[11] This decision is consistent with the approach taken by Mr. Justice Denault in *Jordan & Ste-Michelle Cellars Ltd. v. Gillespies & Co. Ltd.* (1985), 6 C.P.R. (3d) 377. The registered mark

“Toscano” for use in association with wine was later expunged upon evidence that Toscano was the actual name of wine emanating from Tuscany, Italy, and therefore not registrable.

[12] Although not strictly relevant, the registrar maintains a list of geographical indications that identifies the region from which a wine or spirit emanates. Section 14.11 of the Act prohibits a person from adopting a protected geographical indication as a trade-mark. Listing does not appear to take the knowledge of the average Canadian consumer into account. For instance, “Costers del Segre”, which is protected, may not be a household name in Canada. It is a Spanish appellation created in 1986.

[13] The respondent did not appear to contest this appeal. Nevertheless, the Registrar’s decision stands until set aside, and this Court does not give judgment on the pleadings. Indeed, rule 184 provides that an allegation of fact in a pleading that is not admitted is deemed to be denied. Applicants’ counsel properly brought to the Court’s attention the decision of Mr. Justice McKeown in *Consorzio del Prosciutto di Parma v. Maple Leaf Meats Inc.*, [2001] 2 F.C. 536, 11 C.P.R. (4th) 48, affirmed without additional reasons, 2002 FCA 169. However, that case is distinguishable on the grounds of prior use. At the time the application was made to expunge the trade-mark “Parma”, it had been used in Canada for 39 years, 26 of which as a registered trade-mark. Thus sections 12(2) and 18(1)(b) were in issue. A trade-mark not otherwise registrable because it is descriptive of the place of origin of the wares is nevertheless registrable if it had become distinctive at the date the application was filed. Furthermore, the registration is not invalid if it was distinctive at the time proceedings bringing its validity in question were commenced.

[14] The facts in this case are quite different. The evidence is that “Leyda” had not been in use in Canada in association with wine at the time the trade-mark application was made, and had not become distinctive.

[15] The appeal shall be granted. However, as it has not been contested, there shall be no order as to costs.

ORDER

THIS COURT ORDERS that:

- a. the appeal is allowed;
- b. the decision rendered by the Registrar of Trade-marks, dated 2 April 2007, dismissing the applicants' opposition to the registration of the respondent's proposed trade-mark is set aside;
- c. the applicants' opposition to the trade-mark LEYDA (application 1,098,023) is allowed, and the respondent's application for the trade-mark LEYDA, in association with wines, is dismissed;
- d. the whole without costs.

“Sean Harrington”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

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STYLE OF CAUSE: SOCIEDAD AGRICOLA SANTA TERESA LTD. ET
AL. v.
VINA LEYDA LIMITADA

PLACE OF HEARING: Montréal, Quebec

DATE OF HEARING: December 7, 2007

**REASONS FOR ORDER
AND ORDER:** HARRINGTON J.

DATED: December 12, 2007

APPEARANCES:

Me Barry Gamache

FOR THE APPLICANTS

No Appearance

FOR THE RESPONDENT

SOLICITORS OF RECORD:

Leger Robic Richard
Barristers & Solicitors
Montréal, QC

FOR THE APPLICANTS

No Appearance

FOR THE RESPONDENT