

Date: 20080403

Docket: T-402-07

Citation: 2008 FC 425

BETWEEN:

SCOTCH WHISKY ASSOCIATION

Applicant

and

GLENORA DISTILLERS INTERNATIONAL LTD.

Respondent

REASONS FOR ORDER

HARRINGTON J.

[1] When is scotch whisky not scotch whisky? When it is not distilled and matured in Scotland. Some say Glen Breton looks like scotch, smells like scotch and tastes like scotch; but it is not scotch. It is distilled by Glenora in Canada, in Cape Breton, Nova Scotia.

[2] For those whose tastes run to whisky, scotch whiskies, particularly the single malts, are held in high regard. Names such as The Glenlivet, Glenfiddich and Glenmorangie come to mind. That is the nub of the problem. Is the word “Glen” in association with “single malt whisky” clearly descriptive or deceptively misdescriptive of the place of origin (Canada) or has “Glen” by ordinary and *bona fide* commercial usage become recognized in Canada as designating Scotland as the origin

of whiskies bearing that name, so that the use of Glen Breton as a trade-mark would likely mislead? If so, sections 10 and 12(1) (b) and (e) of the *Trade-marks Act* required the Registrar of Trade-marks to refuse registration. The member of the Trade-Marks Opposition Board assigned to the matter (hereinafter the Registrar) thought not, as he rejected the Scotch Whisky Association's opposition to the registration. This is an appeal from that decision. Section 56(5) of the Act allows new evidence to be adduced. There is a great deal of evidence before me which was not before the Registrar.

A WORD ABOUT WHISKY

[3] "Whisky" as normally spelled in Scotland and in Canada, or "whiskey" as normally spelled in Ireland and in the United States, is defined in the Oxford English Dictionary as coming from the Gaelic: "a spirituous liquor distilled originally in Ireland and Scotland, and in the British Islands, chiefly from a malted barley, and in the United States chiefly from maize or rye."

[4] The *Food and Drug Regulations* recognize certain whiskies by their origin, *i.e.*, Scotch, Irish, Canadian, Bourbon, and Tennessee; others by their method of distillation, *i.e.* malt whisky, and another by its method of blending, *i.e.*, Highland whisky:

- Scotch whisky is whisky distilled in Scotland in accordance with the laws of the United Kingdom;

- Canadian whisky is distilled and aged in Canada and must “possess the aroma, taste and character generally attributed to Canadian whisky”;
- Malt whisky is obtained by pot still distillation. Although not mentioned in the regulations a “single malt” comes from a single distillery;
- Highland whisky is blended in Canada and must contain not less than 25% malt whisky distilled in either Canada or Scotland. If at least 51% of the malt whisky was distilled in Scotland it may be labelled and advertised as containing malt whisky distilled there.

[5] Apparently, Glen Breton cannot be called Canadian whisky because of its aroma, taste and character. It styles itself “Canada’s only single malt whisky”. Presumably it cannot style itself “Highland whisky” because it contains 100% malt whisky. It is made in the Scottish tradition and is entitled to call itself single malt.

FROM GLEN TO GLEN

[6] The origin, but not the meaning, of “Glen” was the subject of considerable debate. The protagonists were Ian Glen Barclay, Director of Legal Affairs of the Association and Lauchie MacLean, the President of Glenora. Both agree the word is of Gaelic origin and means a mountain valley, usually narrow and forming the course of a stream. Indeed, this is what the Oxford Dictionary says. However, rather than the meaningless debate between them as to whether there are

more Glens per capita in Nova Scotia than in Scotland, particularly in Cape Breton as opposed to the Scottish Highlands, I prefer the Oxford, which shows a certain commonality of the Scotch Gaelic with Welsh, Cornish and Irish. The dictionary goes on to say “at first applied to the narrow valleys of the mountainous districts in Scotland and Ireland, but now extended to similar places in other countries”. “Glen” is not and for a long time has not been a foreign word. That is part of the genius of the English language. It begs, borrows and steals a word it likes, usually misspelling and mispronouncing it along the way! “Glen” is not strongly descriptive as it can also serve as a given name or as a surname.

[7] According to Mr. Barclay, most, but not all, the Scottish whiskies in which “Glen” figures either as a prefix or as a stand alone word originate in glens. According to Mr. MacLean, Glen Breton could well be described as coming from a glen.

[8] “Scotch whisky” has been registered as a geographical indication pursuant to subsection 11.12(2) of the *Trade-marks Act*. Subsection 11.15 of the Act prohibits a person from using a protected geographical indication as a trade-mark or otherwise with respect to a spirit not emanating from that place. The *Spirit Drinks Trade Act* reinforces the *Food and Drug Regulations* with respect to the spirit known as “scotch whisky”.

THE DECISION UNDER REVIEW

[9] The form of the opposition by the Scotch Whisky Association was dictated by section 38 of the *Trade-marks Act*. The procedure is explained by the authors of the fourth edition of *Fox on*

Canadian Law of Trade-Marks and Unfair Competition in chapter 6.7. Section 38 brings into issue other sections of the Act, in this case the definition of “distinctive” in section 2, sections 10, 12(1)(b) and (e), as well as 30 and 37(1)(a). In essence, the Scotch Whisky Association submitted that the proposed trade-mark was deceptively misdescriptive of the place of origin of the whisky and its character or quality; that the word “glen” has become recognized as designating goods of a particular kind and origin, namely whisky from Scotland and that the alleged mark is not distinctive.

[10] The Registrar concluded that Canadian users and purchasers of whiskies had not been educated to associate the word “glen” solely with Scotch whisky. The record before him indicated that blended scotch far outsold single malts and that only a limited number of those had “Glen” prefixed trade-marks. Although Liquor Control Board price lists indicated that some such products were sold in Canada, absence evidence of extensive Canadian sales he would only ascribe a limited reputation for any such marks.

[11] He thought the average consumer might have any one of three first impressions. One was that Glen Breton is the name of a person, perhaps the person distilling the whisky. In light of a surname objection raised by the examiner pursuant to section 12(1) (a) of the Act, the applicant had disclaimed “Breton”. Another reaction was that the whisky was distilled in or near a glen or valley somewhere in Cape Breton and a third was that the mark had vague Scottish or Gaelic connotations, somewhat suggestive of Scotland for those few individuals familiar with third party glen-prefixed marks for Scotch whisky.

[12] The word “Glen” was not distinctive, as the registered trade-marks of many of the members of the Scotch Whisky Association readily attest.

ISSUES

[13] The overriding issue is the deference owed by this Court to the Registrar in an appeal under section 56 of the Act, in which additional evidence has been adduced. The appellants also raised the issue of the burden of proof. However, the burden is only relevant when there is insufficient evidence. I am satisfied that there is sufficient evidence before me to come to a determination. The additional evidence is such that it is not necessary to ponder over the material date for determining whether the proposed trade-mark is clearly descriptive or deceptively misdescriptive or exactly when a mark had become recognized by ordinary and *bona fide* commercial usage.

[14] In a case such as this, where additional evidence has been filed, the Court must determine whether that additional evidence would have affected the Registrar’s decision. If it would have, then the standard of review is correctness, if not, the standard is reasonableness *simpliciter*. As stated by Mr. Justice Décarý in *Christian Dior, S.A. v. Dion Neckwear Ltd.*, 2002 FCA 29, 20 C.P.R. 4th 155:

8 Decisions of the Registrar, whether of facts, law or discretion, within his area of expertise, are to be reviewed on a standard of reasonableness simpliciter, which is synonymous to "clearly wrong". Where additional evidence is adduced in the Trial Division that would have materially affected the Registrar's decision, a judge must come to his or her conclusion as to the correctness of the Registrar's decision (see *Molson Breweries, A Partnership v. Labatt (John) Ltd. et al.* (2000), 252 N.R. 91 (F.C.A.) per Rothstein J.A. at p. 101; *United States Polo Assn. v.*

Polo Ralph Lauren Corp. (2000), 9 C.P.R. (4th) 51, F.C.A., per Malone J.A. at para. 13 and Isaac J.A. at para. 10; Garbo Creations Inc. v. Harriet Brown & Co. (1999), 3 C.P.R. (4th) 224, F.C.T.D., per Evans J. at 234).

ANALYSIS

[15] I am satisfied that had the additional evidence been before the Registrar it would have affected his decision. The additional evidence comprises more complete sales records, with a breakdown brand by brand; more product listings province by province as well as various bar lists and other indicia which might lead to confusion in the market place. Glenora has also filed new evidence in reply.

[16] Consequently, the standard of review is correctness. I have come to the conclusion that if the Registrar had before him the record that is before me, he would have allowed the opposition of the Scotch Whisky Association. There is no evidence in the record that before the year 2000, the year in which Glenora applied for its trade-mark, there was ever a whisky sold in Canada which had “Glen” as part of its name that wasn’t a scotch whisky. Indeed, Scottish “Glens” have been sold in Canada since at least 1888, as Glenlivet’s trade-mark of that year was based on prior use. In 2000, there were some 22 “Glen” whiskies sold in Canada, each and every one of them scotch, and all but one, Glengarry which had minimum sales, single malts. I am, therefore, satisfied that Glen Breton is not registrable under section 12(1) (e) of the Act because its adoption is prohibited by section 10 as no person shall adopt a mark as a trade-mark if it has by “ordinary and *bona fide* commercial usage become recognized in Canada as designating the -- place of origin -- of any wares -- of the same general class”.

[17] On the other hand I am not satisfied that the proposed trade-mark was deceptively misdescriptive of the place of origin of the whisky and of its character or quality.

[18] The record shows that in 2000 some 896,607 cases of Scotch whisky were imported into Canada. This works out to some ten million six hundred twenty five thousand three hundred and seventy-six (10,625,376) 75cl bottles. The malt whisky portion thereof came to 132,000 cases, *i.e.* some 1,584,000 bottles, representing approximately 15% of Scotch whisky sales.

[19] The “Glen” single malts came to 933,000 bottles or close to 59% of the single malts. The year 2000 was a year more or less like other years. Had the Registrar had that data before him, he could not have ascribed a limited reputation for the “glen” marks used in association with Scotch whisky in Canada, or come to the conclusion that only a few individuals would be familiar with “Glen” – prefixed marks for Scotch single malts. Indeed, one cannot assume that low sales mean little public recognition, *i.e.* Rolls Royce.

[20] Glenora submitted that “Glen” either as a prefix or as a stand alone word was not exclusively associated with the sale of scotch whisky in Canada. Apparently, there was a malt whisky produced in the 1980s in British Columbia under the name “Glenogopogo”. However, there is no evidence that it was ever sold in Canada or that it was the subject of a trade-mark application. At best, it was sold for a few years in Japan. There has also been a “Glenmore” gin sold in Canada. However, the Association is indifferent to “Glen” being associated with spirits other than whisky.

[21] There was also an American distillery “Glenmore” which has been merged out of existence. It sold “Glenmore” Kentucky straight bourbon whiskey in the United States and “Kentucky Tavern” bourbon in Canada. The last recorded Canadian sales were in 1985. According to Glenora, Canadians would associate the name “Glen” with bourbon whiskey, not only because of the name of the distillery, but also because of a series of quite catching advertisements published in Life magazine. Ads from 1939 through to 1950 were exhibited.

[22] I give no weight whatsoever to the Glenmore whiskey argument. It comes down to confusion in the market place and the test to be applied is the first impression in the mind of a casual consumer somewhat in a hurry (*Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772, 49 C.P.R. (4th) 321 and *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltee*, 2006 SCC 23, [2006] 1 S.C.R. 824, 49 C.P.R. (4th) 401). The casual consumer is not imprinted with advertisements from old American magazine issues, published before most Canadians were born.

[23] On the other hand there is considerable evidence of actual confusion between Glen Breton and the Scottish glens documented in price lists and articles under the auspices of the Liquor Control Boards of Ontario, New Brunswick and Nova Scotia.

[24] A number of drink lists from bars and restaurants were produced. Many put Glen Breton in with the single malt scotches. The ultimate consumer who thought he or she was ordering a new Scottish single malt would never know that something else was served. I do not accept the lame

excuse that the format of some of the lists did not allow for a heading for single malts other than scotch single malts.

[25] In this case the casual consumer might be purchasing a bottle at a liquor store or other licensed premises or a drink at a bar. Certainly, the average Canadian consumer would not be purchasing a bottle of scotch directly from a distillery in Scotland. As noted by Mr. Justice Gonthier, albeit in a passing-off action, in *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120 at paragraph 58:

The first person who buys the product is not generally the one for whom it is ultimately intended. Assuming that there are three links in the chain, with the producer and the consumer at the two ends, the “retailer” (grocer, bookseller, garage owner and so on) is an intermediary between the producer and the consumer. I would without hesitation describe him as a “trade customer”, that is a person who obtains a product not for his own use but with a view to passing it on to a third person in the course of his business. There is little need to dwell at length on the case of such merchant intermediaries, who are in fact part of the manufacturer’s or producer’s clientele. There may at times be some question whether the passing-off action really affects them as customers. The closer they are, that is the more direct contact they have with the manufacturer or producer, the less likely they are to be misled. This is indeed what Viscount Maugham found in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941), 58 R.P.C. 147 (H.L.), at pp. 175-96: “It is, for example, quite a common occurrence . . . to find that retail traders are not misled while ordinary customers are”.

[26] The trade is confused, and on the balance of probabilities I find the confusion arises from the word “glen” and not from the fact that Glen Breton is a single malt. Bushmills has had an Irish malt

on sale in Canada, but does not use the word “Glen”. If the trade is confused, so must be the ultimate consumer.

SCOTLAND OLD AND NEW

[27] Both parties went much too far in asserting ethnicity. The Association is of the view that Glenora cannot use any word which might evoke Scotland. Glenora counters that the heritage of Nova Scotia, particularly Cape Breton cannot be escaped. Indeed, at the beginning of the 20th Century the mother tongue of over 40% of the residents of Cape Breton was Gaelic, and it is still spoken there today.

[28] In this connection, both parties were anxious to pierce the corporate veil, ignoring that corporations are rather sterile creatures of statute. I have found in favour of the Association not because of the argument that “glen” is Scottish in origin, but because it has long been in actual use in Canada by distillers of Scotch whisky to the exclusion of all others. Had the Irish, who can also lay claim to the word, marketed “glens” in Canada the situation may well have been different. The Association referred to an Irish case in which an interlocutory injunction had been issued against an Irish distiller from using the word “glen” in association with its whiskey. I place no reliance, however, on that case or on cases from other jurisdictions, as there was no evidence that the underlying statute was the same as ours.

[29] To put matters into perspective, Scotland's greatest export to this country was its people, not its whisky. Cape Bretoners, or "Capers", are rightly proud of their heritage and are entitled to evoke it. However, it is too late to use the word "glen".

[30] To put the matter still another way, if for some reason Scotland, in recognition of its Scandinavian neighbours, called its whisky Livetfjord, Fiddichfjord or Morangiefjord, and if Glenora proposed registering Bretonfjord I would have come to the same conclusion, notwithstanding that "fjord" is not a Scottish word. It is the association in the mind of consumers, and not the origin of the word, which is relevant.

[31] For these reasons, an order shall issue allowing the appeal and directing the Registrar to refuse Glenora's application to register Glen Breton. Each party shall bear its own costs as I am of the view that the new evidence brought before me could and should have been placed before the Registrar. If so, an appeal to this Court would not have been necessary.

"Sean Harrington"

Judge

Ottawa, Ontario
April 3, 2008

FEDERAL COURT
SOLICITORS OF RECORD

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