

Federal Court



Cour fédérale

Date: 20100727

Docket: T-2145-09

Citation: 2010 FC 786

Ottawa, Ontario, July 27, 2010

PRESENT: The Honourable Mr. Justice Martineau

BETWEEN:

RON MATUSALEM & MATUSA OF FLORIDA, INC.

Applicant

and

HAVANA CLUB HOLDING INC., S.A.

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] The present appeal by Ron Matusalem & Matusa of Florida Inc. (the applicant) is made pursuant to section 56 of the *Trade Marks Act*, R.S.C. 1985, c. T-13 (the Act). It exclusively concerns the registrability of the trade-mark “THE SPIRIT OF CUBA” (the Mark), application number 1,154,259, based on proposed use in association with rum (the wares).

[2] On October 2, 2009, the Trade-Marks Opposition Board (the Board) found that the Mark is deceptively misdescriptive and is not distinctive when used in association with rum and thus allowed the opposition made by Havana Club Holding Inc., S.A. (the respondent).

[3] The applicant now invites the Court to overrule the Board's decision, to reject the opposition and to grant the application to register the Mark in association with rum.

[4] It is undisputed that where on appeal no evidence is filed that would have materially affected the Board's findings, the standard of review is reasonableness if the issue is one of fact or mixed fact and law. However, the Court must come to its own conclusions if additional evidence is adduced that would have materially affected the Board's findings.

[5] In assessing the impact that additional evidence will have for the standard of review, the question is the extent to which the additional evidence has a probative significance that extends beyond the material that was before the Board. If the new evidence adds nothing of significance, but is merely repetitive of existing evidence, without enhancing its cogency, the issue will be whether the Board was clearly wrong.

[6] The applicant submits four affidavits in support of its appeal. The first is from Mr. Claudio I. Alvarez Salazar, director of the applicant and direct descendent of the original distillers of Matusalem rum. This affidavit is not new evidence, as it was submitted to the Board.

[7] The second is the affidavit of Dr. Marc Picard, an instructor at Concordia University in Montreal who holds a Ph. D. in Linguistics. Dr. Picard's affidavit contains evidence regarding the use of the word "spirit" in modern English.

[8] The third is the affidavit of Mr. Maurice Guertin, a partner at Saine Marketing Inc.

Mr. Guertin conducted a survey of 1054 respondents to determine their reaction to various terms and phrases related to the Mark.

[9] The fourth is the affidavit of Ms. Marguerite Auclair, a lawyer at the office of Brouillette & Partners. Ms. Auclair filed this affidavit to present her research regarding the history of rum and the rum industry, as well as research on trademarks involving the term “spirit of”.

[10] The respondent presents one new affidavit in support of its opposition; Ms. Marylène Gendron is an administrative assistant in the trade-marks group at Goudreau Gage Dubuc LLP and her affidavit explains the use of “spirit” to commercially refer to distilled liquor in Canada.

[11] This appeal should be dismissed.

[12] Paragraph 12(1)(b) of the Act provides that a trade-mark is registrable if it is not either “clearly descriptive or deceptively misdescriptive” in the English or French language of the character or quality of the wares in association with which it is used or proposed to be used.

[13] “Distinctiveness” is also a requirement to a valid trade-mark and means a trade-mark that “actually distinguishes” the wares in association with which it is used from the wares of others: see section 2 and paragraph 38(2)(d) of the Act.

[14] The present litigation arises from the fact that the word “spirit” has two meanings, both of which are relevant to the wares. The first, the interpretation espoused by the applicant, means a mental condition or attitude; while the second, the interpretation espoused by the respondent, means strong, distilled liquor. There is evidence supporting both of these definitions.

[15] When determining whether the Mark in its entirety is deceptively misdescriptive, the issue is whether the general public in Canada would be misled into the belief that the product with which the trade-mark is associated has its origin in the place of a geographic name contained in the trade-mark. One must place oneself in the position of the average Canadian consumer of ordinary intelligence and education who would see the Mark used in association with rum.

[16] When determining whether the Mark is descriptive or misdescriptive, a decision maker should not carefully and critically analyze the words to ascertain if they have alternate implications in the abstract. Rather, a decision maker should apply common sense to determine the immediate impression created by the Mark as a whole in association with the wares. In short, the etymological meaning of the words is not necessarily the meaning of the words used as a trade-mark.

[17] The Court finds that the Board’s decision is reasonable in the circumstances. Moreover, even if the matter would have to be reviewed *de novo*, the Court finds that the additional evidence submitted in this appeal would not justify overruling the result reached by the Board. The Mark, when viewed in its entirety, is deceptively misdescriptive of the place of origin of the wares and is not distinctive.

[18] In the case at bar, the Board was faced with two contradictory interpretations of the words used in the Mark in relation to the product, here rum, with which the Mark is associated. The first was to interpret “spirit” as meaning “liquor” and “of Cuba” as meaning “from Cuba.” The second was to interpret “spirit” as meaning “soul” or “essence.”

[19] The Board chose the first interpretation and held:

... we have a trade-mark comprising of two words: one that means alcoholic beverage and the second word being the name of a country known for its rum. I am of the view that the average Canadian consumer of rum confronted with the Mark used in association with rum is more likely, on a first impression, to think that it is rum originating from Cuba.

[20] The Board also held, based on the same reasoning, that the Mark was not “distinctive”.

[21] The findings made by the Board are not clearly wrong and were supported by the evidence on record and the public sources consulted. Moreover, an analysis of the additional evidence presented on appeal, while certainly relevant, demonstrates that it would not have materially affected the Board’s decision. In other words, in the Court’s opinion, this new evidence does not “put quite a different light on the record” before the Board (*Mattel Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772 at paragraph 35) (*Mattel*).

[22] The Mark appears on the label and is also embossed on the rum bottle. The applicant does not challenge the fact that the wares are manufactured in Dominican Republic and that Cuba is a producer of rum.

[23] The applicant has argued both before the Board and the Court that the Mark, when viewed as a whole, “conveys the attitudes, temperament, disposition and character of the people of Cuba. It refers to the ‘soul’ or ‘essence’ of the applicants’ history in Cuba embodied in its rum products.”

[24] According to the Salazar affidavit, the Salazar family has been making rum for a long time. In 1872, his great grandfather, Evaristo Alvarez, began producing rum in Santiago, Cuba under the name Matusalem (the “Matusalem rum”). The original recipe for Matusalem rum was developed in Cuba and uses the Solera system of blending liquor (which involves blending liquors of different ages to produce a final product of a certain average age). This same recipe and system are still used to make Matusalem rum.

[25] Matusalem rum was produced in Cuba by Mr. Alvarez Salazar’s family from 1872 until 1965 when the company’s assets were seized by the Castro regime. Mr. Alvarez Salazar’s family was forced to flee Cuba and began producing Matusalem rum in the Bahamas. Eventually, the operation was moved to the Dominican Republic, where Matusalem rum is produced today by the applicant (of which Mr. Alvarez Salazar is a shareholder and director).

[26] In coming to the conclusion that the average Canadian consumer of rum confronted with the Mark used in association with rum is more likely, on a first impression, to think that it is rum originating from Cuba, the Board considered the evidence submitted by the applicant. The Board noted Mr. Alvarez Salazar's affidavit explaining the company's Cuban history, but reasonably held, as there was no evidence to the contrary, that the average Canadian consumer would not be aware of these links.

[27] The reasoning of the Board was also supported by the definition of the word "spirit" found in the Webster Ninth New Collegiate Dictionary: "...The liquid containing ethyl alcohol and water that is distilled from an alcoholic liquid or mash; any of various volatile liquid obtained by distillation or cracking...; an alcoholic solution of volatile substance".

[28] The applicant contends that the new evidence submitted in this appeal demonstrates that the primary definition of "spirit" is in reference to the soul or to a particular feeling and that any use of the word in relation to alcohol is secondary and usually involves the word "spirits."

Dr. Picard's affidavit

[29] The applicant relies on Dr. Picard's affidavit where he expresses his opinion about the usage of the singular "spirit" in modern English. The survey conducted by Mr. Maurice Guertin also demonstrates that English-speaking Canadians, when faced with the word "spirit" in a variety of contexts, associate it with the soul, spirituality and the supernatural far more frequently than with

alcohol. Finally, pertaining to the worldwide market, the Auclair affidavit reveals that there is not one specific country known for its rum, but rather an area called the Caribbean (or West Indies).

[30] The Court is not convinced that Dr. Picard is a properly qualified expert to provide opinions regarding the definition of “spirit.” Dr. Picard’s curriculum vitae shows that he specializes in the field of phonology, the science of speech sounds, not lexicology, the study of the meaning and significance of words. Even if the Court would find that Dr. Picard is a properly qualified expert, his affidavit provides little assistance to the Court, as it merely produces pages from two dictionaries with definitions of the word “spirit.”

[31] The Board was certainly aware of general definitions found in the dictionaries and even quoted the *Webster Ninth New Collegiate Dictionary*. Be that as it may, Dr. Picard’s broad statement that the word “spirit” is not used or understood to mean “alcoholic beverage” is contradicted by the dictionaries and other evidence.

[32] First, both the American and the British dictionaries entries Dr. Picard supplied list “liquor” or “alcohol” as definitions of “spirit”, and one mentions rum specifically.

[33] Second, the first sentence of Exhibit MA-1, attached to the affidavit of Marguerite Auclair, uses “spirit” in the singular to describe an alcoholic beverage: “Rum, and its fraternal twin, cane spirit”.

[34] Third, Exhibit MG-6 attached to the affidavit of Marylène Gendron provides an excerpt from a Manitoba website that refers to “miscellaneous spirit” and “ready to drink spirit beverage”.

Mr. Guertin’s affidavit

[35] With respect to the weight to be given to the internet survey conducted by Mr. Guertin, it is of very little assistance in this case. His survey asked two questions: (1) If you were to read the words “The Spirit” on a product, what would be the meaning of “The Spirit” for you? (2) If you were to read the words “The Spirit of Cuba” on a product, what would be the meaning of the “The Spirit” for you?

[36] First, the Court doubts that it is “responsive to the point at issue” (*Mattel*, at paragraph 44) since it never puts the word “spirit” or “THE SPIRIT OF CUBA” in the context of rum. Again, the relevant question in the Court’s opinion is whether the average Canadian consumer of rum would believe that rum sold under the trade-mark “THE SPIRIT OF CUBA” comes from Cuba.

[37] Second, the Court notes that only 506 people out of the 1,054 survey had purchased rum in the previous 12 months. Thus only 48% of those surveyed can be considered consumers of rum.

[38] Third, the survey is not decisive. Even, when asked out of context, 15% of respondents associated “Alcohol/Drink” with the word “The Spirit” (first question), and 13% associated “Cuban Rum” with the words “The Spirit of Cuba” (second question). Thus, one may argue that on a first

impression, a significant number of average Canadian consumers would believe that rum sold under the trade-mark “THE SPIRIT OF CUBA” comes from Cuba.

Ms. Auclair’s affidavit

[39] Lastly, the Court finds that the evidence submitted by Ms. Auclair is not significant as it was either rejected by the Board or supports the Board’s factual findings.

[40] First, Ms. Auclair’s affidavit introduces evidence pertaining to the history of rum and its industry in the Caribbean, including Dominican Republic and Cuba. However, the Board already took judicial notice of the fact that Cuba is a producer of rum. The fact that there are other producers of rum in the Caribbean does not change the nature of the question related to the geographical origin of the wares since the Mark explicitly refers to “CUBA”, which is known as a producer of rum.

[41] Second, with respect to the evidence relating to the scope of the trademarks register, even if considered by the Board, it does not have any probative significance extending beyond the material that was before the Board. The state of the trademark register is useful only when a large number of similar trademarks demonstrate the state of the marketplace (*Kellogg Salada Canada Inc. c. Canada (Registrar of Trade Marks)* (1992), 43 C.P.R. (3d) 349, 145 N.R. 131 (F.C.A.)). In the case at bar, the other trademark registrations are too vague and too few in number to draw any conclusions as to the state of the marketplace.

[42] In conclusion, the Board's conclusion that the Mark is deceptively misdescriptive and not distinctive when used in association with rum is supported by the evidence and fall within the range of acceptable outcomes that are defensible in respect of the facts and the law. It is my opinion, as well, that the additional evidence adduced by the applicant under subsection 56(5) of the Act would not have materially affected the Board's findings of fact or mixed fact and law.

[43] On the one hand, the fresh evidence simply repeats in a more detailed way the arguments previously made by the applicant to the Board and does not add anything new in respect of the first impression of a potential consumer. On the other hand, this additional evidence corroborates the Board's factual findings that using the word "spirit" on a bottle of rum would lead one to interpret it as "alcoholic beverage" and that Cuba is known for its production of rum.

[44] Consequently, the present appeal shall be dismissed. The respondent is entitled to costs.

JUDGMENT

THIS COURT ORDERS AND ADJUDGES that the appeal made by the applicant be dismissed with costs in favour of the respondent.

“Luc Martineau”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-2145-09

STYLE OF CAUSE: **RON MATUSALEM & MATUSA OF FLORIDA
INC. v. HAVANA CLUB HOLDING INC., S.A.**

PLACE OF HEARING: Montréal, Quebec

DATE OF HEARING: July 21, 2010

REASONS FOR JUDGMENT: MARTINEAU J.

DATED: July 27, 2010

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