

Federal Court



Cour fédérale

Date: 20150917

Docket: T-1723-14

Citation: 2015 FC 1078

Ottawa, Ontario, September 17, 2015

PRESENT: The Honourable Mr. Justice Martineau

BETWEEN:

**PACIFIC WESTERN BREWING COMPANY
LTD.**

Applicant

and

**CERVECERIA DEL PACIFICO, S. DE R.L.
DE C.V.**

Respondent

JUDGMENT AND REASONS

[1] This is an application for an expungement order respecting the trade-mark PACIFICO & Design [Mark or PACIFICO Mark], pursuant to section 57 of the *Trade-marks Act*, RSC 1985, c T-13 [Act]. The respondent, Cerveceria del Pacifico, S. de R.L. de C.V. [Cerveceria], owns Canadian trade-mark registration TMA371,975 [Registration] protecting the Mark in association with beer. The respondent filed Canadian trade-mark application No. 0596107 [application] on

November 26, 1987 [filing date], claiming use in Canada since at least as early as April 14, 1986 [claimed date of first use].

[2] The applicant, Pacific Western Brewing Company Ltd. [PWB or the applicant] is a licensed brewery engaged in the production of beer at its brewery in Prince George, British Columbia. PWB is British Columbia's largest independent Canadian-owned brewery, selling beer throughout British Columbia and internationally. PWB and its predecessors in interest have operated in British Columbia since 1957, and have manufactured and sold beer in association with various PACIFICO trade-marks since at least as early as 1984.

[3] Cerveceria is a manufacturer of beer owned by Grupo Modelo S.A. de C.V. [Grupo Modelo], which is a Mexican entity that produces, distributes and markets beer. Cerveceria brews beer in Mexico, which is exported to Canada and bottled for sale in Canada, including the PACIFICO brand beer. Pacifico beer was first brewed in Mexico in the early 1900s. It was named PACIFICO as the first brewery was located in the Pacific Ocean port city of Mazatlán, in the State of Sinaloa, Mexico.

[4] The Mark is highly stylized with many distinctive elements. The Registration issued on August 17, 1990 protecting the Mark is lined for the colours red, gold, blue, green and yellow.

The Mark is reproduced below:



[5] The applicant submits that the Registration is invalid on two distinct grounds: (a) the Mark was not first used in Canada as early as April 14, 1986, as stated on the register, and this misstatement was material or fundamental; and/or (b) when Cerveceria filed its application for registration of the Mark, it was not entitled to secure the registration of the trade-mark, as it was confusingly similar to PWB's various trade-marks, which were used prior to the first use of the Mark by the Cerveceria.

[6] The respondent submits, on the contrary, that there was no misstatement (material or fundamental), and that for nearly 30 years, the parties have coexisted in the Canadian beer industry without a single instance of confusion, and there are no facts before this Court that would permit the expungement of the PACIFICO Mark on any of the two grounds raised by the applicant.

[7] The parties do not challenge the applicable legal principles. The material date to consider non-entitlement pursuant to subsection 16(1) of the Act is the claimed date of first use of the Mark in Canada, namely, April 14, 1986, while the material date to consider invalidity based on non-registrability pursuant to paragraph 12(1)(d) is the date of registration of the Mark in Canada, namely, August 17, 1990. The registration is presumed to be valid, and gives the respondent exclusive right to the use of the Mark throughout Canada in association with beer. The applicant must discharge the onus of establishing the invalidity of the registration. The presumption of validity requires this Court to resolve any doubt in favour of the validity of the Mark.

[8] I have read and considered all the evidence submitted by the parties in their respective application records, as well as the arguments made and the authorities cited by counsel at the hearing or in their respective memoranda of fact and law. The applicant has filed no fresh evidence and its evidence consists solely of the affidavit of Rosana Wedenig (August 7, 2014), a paralegal with the applicant's counsel. The Wedenig affidavit puts forth evidence filed by the parties during various opposition proceedings, which includes the affidavits of Robert Armstrong (December 20, 2005), Stewart Priddle (November 11, 2010), Kazuko Komatsu (April 30, 2009), and Kathy Barry (May 5, 2009), as well as the transcript of a cross-examination of Mr. Priddle (February 24, 2011). Ms. Wedenig does not make any statement as to the accuracy of the affidavits she has put forth, nor does she comment on her knowledge of the contents of same.

[9] As the reliability of the respondent's affiants (Komatsu and Barry) cannot be assessed in the present expungement proceeding, these affidavits should be afforded limited weight, if any at all. On the other hand, the respondent has filed in this proceeding the affidavits of Joseph Yanny (December 6, 2014) and Matthew Boyd (December 8, 2014). I find their evidence both relevant and credible. I will discuss it in further detail later in these reasons. I have decided to dismiss the present application as none of the grounds raised by the applicant can succeed in this case.

[10] Firstly, a registration based on an application containing a misstatement of use will be held to be invalid and void *ab initio* in two situations: (i) where the misstatement in the application was intentional and fraudulent, and (ii) where the misstatement was innocent but fundamental to the registration, in the sense that registration could not have been secured without misstatement. The applicant submits that Cervceria has not provided any direct or reliable

evidence of use of the Mark since as early as April 14, 1986. Further, Cervecería has adduced evidence in earlier proceedings before the Registrar of trade-marks that is clearly inconsistent with its claimed date of first use. These arguments are without any merit. Indeed, the evidence supports the respondent's position that the claimed date of first use is accurate.

[11] I have notably considered various statements made in the following three proceedings: PACIFICO LIGHT (Application No. 1,202,617), PACIFICO & Design (the New PACIFICO & Design Mark; Application No. 1,332,519), and PACIFICO CLARA (Application No. 1,378,525). The statements made by Cervecería in the opposition proceedings are inconclusive and I am unable to conclude that they are false or that they demonstrate bad faith on the part of the Cervecería.

[12] I will start with the Yanny affidavit. Mr. Yanny is an American lawyer, and a member of various bar and professional organizations, with over 30 years practicing law in the USA. Mr. Yanny worked closely with Grupo Modelo in protecting its trade-mark rights in the USA and Canada in the late 1980s. This included instructing the filing of various Canadian trade-mark applications for Grupo Modelo's brands, including the PACIFICO brand owned and manufactured by the respondent. Mr. Yanny states that he instructed the filing of the application in Canada claiming a date of first use of April 14, 1986. This date coincides with the consummation of the first wholesale transaction of PACIFICO beer in Canada. Mr. Yanny explains that it was confirmed to him that the first shipment of PACIFICO beer bearing the Mark had been shipped from Mexico and was slated to be received in Canada at the retail level at the

World Exposition on Transportation and Communication (or simply Expo '86), which was held in Vancouver, British Columbia, Canada from May 2 until October 13, 1986.

[13] The applicant submits that such hearsay evidence should not be admitted or given any weight. However, the applicant has not proven any particular prejudice and had the chance to cross-examine Mr. Yanny but decided not to do so. Mr. Yanny's statements remain uncontradicted and must be accepted at face value. It is not challenged by the applicant that PACIFICO beer was introduced to Canada at Expo '86 alongside a number of other Grupo Modelo brands including CORONA EXTRA, MODELO ESPECIAL, NEGRA MODELO and VICTORIA. While the particular statement made by Mr. Yanny with respect to the first wholesale transaction and shipment of the PACIFICO beer from Mexico to Canada – which is said to have occurred on or around April 14, 1986 – is partly based on hearsay (Ms. Lolita Guterrez's confirmation) and is not corroborated by copies of invoices and shipment documents, I am nevertheless satisfied that such evidence should be accepted and is reliable in the circumstances.

[14] The necessity requirement is manifestly met in the circumstances, as it would be unjust and unreasonable after nearly thirty (30) years to require a party to have kept records of sales and shipments. Moreover, it is not challenged that PACIFICO beer was sold for a five-month period at Expo '86 within the Mexican pavilion. Indeed, Mr. Yanny personally instructed the filing of trade-mark applications to register these additional marks, all based on the same date of first use, as these brands of Mexican beer were all shipped with the PACIFICO beer to Vancouver for sale at Expo '86. Mr. Yanny states that the beers were sold to the public at a Mexican restaurant

called the *Olé Cantina*. After the conclusion of Expo '86, PACIFICO brand beer was sold and distributed in Canada through regular distribution channels such as the BC Liquor Stores in British Columbia, starting in December 1989, long before the date of Registration of the Mark on August 17, 1990. To date, the beer continues to be sold in Canada in the normal course of trade.

[15] The Boyd affidavit provides corroborative evidence. Mr. Boyd is an articling student employed by Gowling Lafleur Henderson LLP. The Boyd affidavit provides further information about Expo '86, including the Official Site Map for Expo '86 [Expo '86 map] as well as excerpts from *Vancouver's Expo '86* by Bill Cotter, a retrospective book on Expo '86 [Expo '86 book]. The Expo '86 map details the locations of various pavilions at Expo '86 including the Mexico pavilion located in the "pink zone", indicating that Mexican food facilities were available within the Mexican pavilion. The Expo '86 book refers to the popularity of the *Olé Cantina* where guests could find "reasonably price[d]...tacos, burritos, and other Mexican entrees" and "could enjoy their food and drinks inside or while relaxing on the shaded patio".

[16] I have also considered the Armstrong affidavit. Mr. Armstrong was the Vice President of Canacermex, Inc., a Canadian subsidiary of Grupo Modelo, which also owns the respondent. Canacermex, Inc. was responsible for managing the importation, sale and marketing of the respondent's products at the time of Mr. Armstrong's employment. Mr. Armstrong stated in December 2005 that PACIFICO beer was listed with the British Columbia Liquor Distribution Branch [BCLDB] on December 19, 1989, and that sales through the BCLDB of PACIFICO beer commenced shortly after activation. I have no reason to discard this evidence and find no contradiction with the declaration of first use appearing on the Registration.

[17] In application No. 1,004,052, the statement made that the Mark had been used “since at least as early as April 14, 1996”, as well as Mr. Armstrong’s statement that PACIFICO beer was listed with the BCLDB on December 18, 1989, was activated on December 21, 1989, and that sales of PACIFICO beer commenced shortly after activation, are all consistent with the claimed date of first use and the Yanny affidavit. The brand was launched during Expo ’86, prior to activation with the BCLDB. Use commenced through the first wholesale transaction and subsequent sales at Expo ’86, as detailed in the Yanny affidavit. The one statement describes sales through a provincial liquor board, and the other, use through wholesale distribution of the product with subsequent retail sales at *Olé Cantina*, both of which satisfy the definition of use under subsection 4(1) of the Act.

[18] I have also considered the Priddle affidavit and his cross-examination. Mr. Priddle was the Director of Marketing of Modelo Molson Imports, a joint venture owned by Molson Canada and the owner of Grupo Modelo. Modelo Molson Imports was the entity then responsible for managing the importation, sale and marketing of all of Grupo Modelo’s and the respondent’s products in Canada, including PACIFICO brand beer. Mr. Priddle oversaw all marketing activity relating to PACIFICO brand beer in Canada. Mr. Priddle states in November 2010 that he has no information about the importation of PACIFICO beer in Canada in the early days and that the records available to him do not go back to 1986.

[19] With respect to Mr. Armstrong’s previous statement that use commenced shortly after activation on December 21, 1989, and whether Mr. Priddle had any reason to believe otherwise, Mr. Priddle states in his February 2011 cross-examination:

I can't speak for Mr. Armstrong. All I can say is that I imagine with some information that perhaps he had at the time, that was the date he thought. I – I also see a registered mark here that talks about claimed use in – at – on a different date...And, I have no reason to think that that was not accurate at the time.

While Mr. Priddle may not have decades of institutional knowledge, he has no reason to disagree with Mr. Armstrong, or with the statement of use contained in the application.

[20] Therefore, I am satisfied that the respondent's evidence clearly establishes that the PACIFICO brand beer bearing the Mark was launched in Canada along with a slate of other Mexican beers at Expo '86 in Vancouver, where it was sold at the *Olé Cantina* restaurant at the Mexican Pavillion. The evidence conclusively establishes why the applicant claims April 14, 1986 as the date of first use. Although the PACIFICO beer was subsequently sold via traditional retail channels such as liquor stores, I find that the date of first use is accurate. Accordingly, I find that there was no material or fundamental misstatement as to the claimed date of first use.

[21] Secondly, it is not challenged by the parties that a trade-mark cannot be registered if, at the date on which the registrant first used it, it was confusingly similar to another trade-mark that had been previously used in Canada or made known in Canada by another person. Section 6 of the Act provides circumstances in which a trade-mark (or trade-name) would be confusing with another trade-mark (or trade-name). The test is one of first impression and imperfect recollection. In applying the test for confusion set forth in subsection 6(2) of the Act, the Registrar must have regard to all the surrounding circumstances, including the factors specifically enumerated in subsection 6(5) of the Act. The weight to be given to each relevant factor may vary, depending on the circumstances.

[22] When the respondent commenced use of the Mark in Canada on April 14, 1986, the following PACIFIC Marks are the only PACIFIC-formative marks on the Register which were arguably used (PACIFIC GENUINE DRAFT, Reg. No. TMA446,348 and PACIFIC DRAFT, Reg. No. TMA377,611) or adopted (PACIFIC, Reg. No. TMA321,469) as of the relevant date:

| Trade-mark | Application Date | Registration Date | Claims |
|------------------------------------|------------------|-------------------|---|
| PACIFIC GENUINE DRAFT (TMA446,348) | Mar. 23, 1992 | Aug 25, 1995 | Used in Canada since April 1985 |
| PACIFIC DRAFT (TMA377,611) | June 16, 1989 | Dec. 21, 1990 | Used in Canada since at least as early as June 25, 1985 |
| PACIFIC (TMA321,469) | May 4, 1984 | Dec. 5, 1986 | Declaration of use filed Oct. 6, 1986 |

[23] The Komatsu affidavit also mentions two PACIFIC PILSNER labels, one allegedly being used in approximately 1985 and the other in use prior to 1986. The PACIFIC PILSNER Designs are reproduced below:



[24] The test for confusion is whether the average consumer would infer that the goods at issue emanate from a single source. Again, I have closely read the affidavits and thoroughly examined the documentary evidence provided by the parties, and I am satisfied that it does not demonstrate that confusion is likely to occur.

[25] The nature of the parties' wares, businesses and trades are essentially the same: both are engaged in the manufacturing and selling of beer. On the other hand, it is not challenged that the degree of resemblance is a dominant factor in determining the issue of confusion. Indeed, it is often the factor that is likely to have the greatest effect on the confusion analysis. In determining the issue of confusion, the Court must look at the totality of the marks, rather than dissect them into elements; concentrate attention upon the elements that are similar; and conclude that, because there are similarities in the trade-marks, the trade-marks as a whole are confusing with one another. Trade-marks may be different from one another and, therefore, not subject to confusion when looked at in their totality, even if there are similarities in some of the elements when viewed separately. It is the combination of the elements that constitutes the trade-mark and it is the effect of the trade-mark as a whole, rather than that of any particular part, that must be considered.

[26] I find that each of the applicant's PACIFIC Marks is comprised of additional elements which serve to further distinguish them from the PACIFICO Mark. Taken as a whole, the PACIFICO Mark differs significantly from all of the PACIFIC Marks. The first impression given by the PACIFICO Mark is of its obviously foreign origin, given the words CERVECERIA DEL PACIFICO, CERVEZA, PACIFICO CLARA, MAZATLAN, SIN and MEXICO. Next, the PACIFICO Mark is highly stylized, with many distinctive design elements, including strong and contrasting colours and font in red, gold, blue, green and yellow. This differs visually, phonetically, and semantically from all of the PACIFIC Marks. None of these Marks suggest a foreign origin. There is no resemblance in the design or colour elements. In short, the overall impression created by the Mark is that of an imported beer originating from Mexico. This

contrasts significantly with the applicant's Marks, which makes no such impression on the average consumer having an imperfect recollection.

[27] The applicant's evidence respecting the confusion issue notably consists of Ms. Barry's affidavit, which I give very little weight. Ms. Barry is a Library Assistant employed by the applicant's counsel. The Barry affidavit provides various Spanish-English and English-Spanish definitions for the words "pacific" and "pacifico". Ms. Barry's affidavit provides no support to the applicant's position. Only a minimal proportion of the Canadian population speaks Spanish as a mother tongue or understands Spanish sufficiently. I find that such a group is not representative of the average consumer in the confusion analysis under subsection 6(5) of the Act. Indeed, in view of its foreign character, for the proportion of the Canadian population that has no knowledge of the Spanish language, one could think the Mark would be inherently distinctive.

[28] Be that as it may, the PACIFIC Marks themselves do not possess a high degree of inherent distinctiveness, as the term "pacific" is a dictionary word and would be understood as a reference to the Pacific Ocean of the Pacific coast. This suggests that the applicant's wares emanate from Canada's Pacific coast. They are relatively weak Marks. In the case of the respondent, the addition of the vowel "O" to the word PACIFIC serves, at least to some extent, to distinguish the parties' Marks. In the case of PACIFIC DRAFT and PACIFIC GENUINE DRAFT, the additional elements are clearly descriptive of the specific type of beer. In contrast, the PACIFICO Mark possesses a stronger inherent distinctiveness with its suggestion of exotic provenance and the strong design elements noted above.

[29] I have also considered the length of time the trade-marks have been in use. The brand of beer PACIFICO has been sold in Canada since at least April 14, 1986. While there have been variations in the design – it now looks simpler and more modern – there has been a continuous use of the Mark which is readily recognizable by its distinctive elements and colours. The applicant's evidence discloses minimal, if any, identifiable use of the applicant's Marks as of April 14, 1986. The sales information provided in the Komatsu affidavit dates back only to 1992, and is in any event not sorted by marks. The applicant thus appears to rely on the statements of use set out in each of its trade-mark registrations. In the absence of evidence confirming trade-mark use since the date asserted in a trade-mark registration, little weight should be attributed to this factor in assessing the issue of confusion.

[30] As far as other circumstances are relevant, the parties are both engaged in the sale of beer in Canada and have coexisted in the marketplace for decades. The specific consumers targeted by each of the parties' brands likely differ, since the applicant sells a domestic product, and the respondent's product is imported from Mexico. Furthermore, the Mexican origin flagged conspicuously on the Mark reduces the likelihood of confusion. At the date of the swearing of the affidavit submitted by Mr. Armstrong on December 20, 2005, PACIFICO beer had been and continued to be sold throughout Canada, including British Columbia where 114 stores carried PACIFICO beer. Mr. Armstrong states that after nearly 20 years of coexistence, Canacermex had not encountered a single instance of consumer confusion between the parties' beer products. The delay of almost 25 years before attempting to invalidate the Registration weighs heavily against a finding of confusion.

[31] Therefore, I conclude that the applicant has not met its own onus to establish that the respondent was not the person entitled to secure registration of the Mark.

[32] For all these reasons, the present application in expungement is dismissed. In view of the result, the respondent is entitled to costs.

JUDGMENT

THIS COURT ADJUDGES AND ORDERS that the application for an order for the expungement of the trade-mark PACIFICO & Design (TMA371,975) be dismissed with costs in favour of the respondent.

“Luc Martineau”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1723-14

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APPEARANCES:

Robert J. McDonelle
Yun Li-Reilly

FOR THE APPLICANT

Monique Couture

FOR THE RESPONDENT

SOLICITORS OF RECORD:

FARRIS, VAUGHAN, WILLS &
MURPHY LLP
Vancouver, British Columbia

FOR THE APPLICANT

GOWLING LAFLEUR
HENDERSON LLP
Ottawa, Ontario

FOR THE RESPONDENT