

OLD HAVANA TRADE-MARK FOR RUM FOUND DECEPTIVELY MISDESCRIPTIVE BY OPPOSITION BOARD

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Canada's Trade-marks Opposition Board recently rejected four applications in the name of Bacardi & Company Limited for the trade-marks "OLD HAVANA", "HAVANA SELECT", "OLD HAVANA LABEL DESIGN" and "OLD HAVANA & DESIGN", all for distilled alcoholic beverages, namely rum, on the basis that all four trade-marks were deceptively misdescriptive of the place of origin of the wares associated with each trade-mark (*Havana Club Holding S.A. v. Bacardi & Company Limited*, docket 795803, February 6, 2004, Carrière, J.; *Havana Club Holding S.A. v. Bacardi & Company Limited*, docket 795804, February 6, 2004, Carrière, J.; *Havana Club Holding S.A. v. Bacardi & Company Limited*, docket 818546, February 6, 2004, Carrière, J.; *Havana Club Holding S.A. v. Bacardi & Company Limited*, docket 821459, February 6, 2004, Carrière, J.).

Between October 25, 1995 and August 30, 1996, Bacardi & Company Limited (hereafter: "Bacardi") filed with the Canadian Trade-marks Office four applications to register two word marks ("OLD HAVANA" and "HAVANA SELECT") and two design marks ("OLD HAVANA LABEL DESIGN" and "OLD HAVANA & DESIGN"), all in association with distilled alcoholic beverages, namely rum. Three applications were based on the proposed use of each corresponding trade-mark in Canada while the OLD HAVANA & DESIGN application was filed on the basis of use of the trade-mark in Canada since at least as early as August 1, 1996.

These applications were accepted by the Trade-marks Office who allowed them to proceed to publication for opposition purposes in Canada's *Trade-marks Journal*. Upon publication of Bacardi's four applications, Havana Club Holding S.A. (hereafter: "HCH") filed four statements of opposition alleging, *inter alia*, that each trade-mark filed by Bacardi was not registrable in view of the provisions of Section 12(1)(b) of Canada's *Trade-marks Act*, R.S.C. 1985, c. T-13 as each of Bacardi's trade-marks, whether depicted, written or sounded,

either clearly described or was deceptively misdescriptive in the English or French language of the character or quality of the rum in association with which each was proposed to be used (or, in fact, used) or of the conditions of its production or of its place of origin, namely Cuba wherein Havana is the capital.

During the evidentiary phase of HCH's four oppositions, uncontradicted evidence was submitted to the effect that Bacardi's rum was not manufactured in Havana, Cuba nor in such country. Moreover, it was established that Bacardi's labels bearing the OLD HAVANA trade-mark had the following inscription: "Blended in the tradition of pre-revolutionary Cuba".

As part of its evidence, Bacardi filed various bottles of alcohol purchased at one of the Ottawa locations of the Liquor Control Board of Ontario. It appeared from the labels affixed on such bottles that so-called domestic rums were either bottled in Canada or distilled in Canada. However, these labels contained one or the other of the following inscriptions: "Light Caribbean rum"; "A blend of imported rum with Canadian rum"; "A blend of Jamaica rum with Canadian rum"; "Blended and bottled in Canada"; "A premium quality rum blended and bottled under Canadian Government supervision"; "Matured and bottled in Canada". The labels also carried Caribbean-related images. From these labels, the Opposition Board concluded that rum is often associated with the Caribbean through either the use of images or inscriptions on labels.

Under the circumstances, did Bacardi's applied for trade-marks violate the provisions of Section 12(1)(b) of the *Trade-marks Act* when used in association with rum that did not originate from Cuba? In order to answer this question, the Opposition Board reminded the parties that the issue as to whether a mark is clearly descriptive or deceptively misdescriptive must be examined from the viewpoint of the average Canadian consumer, in this case the average consumer of rum.

As the uncontradicted evidence revealed that Bacardi's rum sold in Canada in association with the applied for trade-marks was not manufactured in Havana or in Cuba, those marks were obviously not considered clearly descriptive of the place of origin of Bacardi's rum. However, could the trade-marks be considered deceptively misdescriptive of the place of origin of the rum in question? The concept of "deceptively misdescriptive" was introduced by the Canadian Parliament half a century ago in the current *Trade-marks Act*. The late Harold G. Fox in his *Canadian Law of Trade Marks and Unfair Competition*, Toronto, Carswell, 1972, described the introduction of this concept, at pages 93-94: "The 1953 Act has made an important change in providing that a trade mark is not registrable if it is either "clearly descriptive or

deceptively misdescriptive... of the character or quality of the wares or services in association with which it is used or proposed to be used". This change in verbiage constitutes another instance of an effort to arrive at a realistic solution of trade mark problems. Many words may be clearly misdescriptive of the wares or services in association with which they are used but are by no means deceptively misdescriptive. In a sense a clearly misdescriptive word may be quite distinctive. Its very misdescriptiveness attracts the senses and thus makes for distinctiveness. In such a case a word of that type ought to constitute a good trade mark and ought to be registrable. If, on the other hand, a mark is deceptively misdescriptive, the reverse is the case. Thus, the mark "North Pole" might well be descriptive of the character or quality of the wares if used in association with ice cream or frozen foods, just as the word "Frigidaire" has been held to be descriptive of refrigerators and refrigerating systems. But while the use of the words "North Pole" would be misdescriptive of bananas or oranges, it would not be deceptively misdescriptive. It would be the use of a geographical name dislocated or disconnected from the origin of the goods. In the same manner, the mark "Frigidaire" as applied to stoves and heating appliances, while it might be considered clearly misdescriptive, could hardly be considered deceptively misdescriptive."

Under the circumstances, the Opposition Board concluded that the evidence filed into the record established that, on a balance of probabilities, the average Canadian consumer of rum would recognize, on first impression, Havana as a city in Cuba and assume that the rum sold in association with each of the trade-marks under opposition would originate from Havana, Cuba. The Board's conclusion was based, *inter alia*, on the fact that Havana is located in the Caribbean which in turn is known as a source of origin of rum. Moreover, Bacardi's labels for its OLD HAVANA rum did refer to Cuba.

Bacardi's four trade-marks appear to follow the same fate as the CASABLANCA trade-mark application for wines which had been refused as being deceptively misdescriptive by Canada's Registrar of Trade-marks nearly two decades ago (*T.B. Bright & Co. v. Canada (Registrar of Trade Marks)* (1985) 4 C.P.R. (3d) 64 (F.C.T.D., McNair, J.)). The Opposition Board also relied on this decision when it rejected the four applications. On April 6, 2004, Bacardi appealed the Board's decisions before Canada's Federal Court which will now take up this matter.

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