

SURVEY OF INTELLECTUAL PROPERTY:
PART II — TRADE-MARKS
SUITABILITY OF APPLICATIONS AND VALIDITY OF REGISTRATIONS

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As forecast, this Survey will appear in several parts and canvass significant developments in intellectual property law in Canada from 1987. Part I addressed the numerous legislative activities regarding intellectual property law. This Part canvasses significant developments in the law of trade-marks regarding the statutory rights of registration, especially the suitability of applications and the validity of registrations.

Part III will address developments in the law of Trade-marks respecting infringement of registered trade-marks, the statutory rights afforded by section 7 of the *Trade-marks Act* as well as the protection of section 22 of the *Act*, along with the law of passing off. The law respecting Industrial Designs will be canvassed in Part III, as well. Subsequent part(s) will be for an applicant or a registered user. However, despite this clear pronouncement by the Federal well as the related topics of integrated circuits and plant breeders' rights.

Comme prévu, cette étude paraîtra en plusieurs parties et examinera de façon approfondie les changements survenus dans le domaine du droit de la propriété intellectuelle au Canada depuis 1987. Dans la première partie de l'étude, l'auteur a traité de nombreuses activités législatives portant sur le droit de la propriété intellectuelle. Dans cette deuxième partie, il examine en détail les changements importants qui sont survenus dans le domaine du droit des marques de commerce et qui concernent les droits d'enregistrement prévus par la loi et, en particulier, la pertinence des demandes et la validité des enregistrements.

La troisième partie traitera des changements touchant la violation des droits du propriétaire d'une marque de commerce déposée, les droits conférés par l'article 7 de la *Loi sur les marques de commerce*, la protection prévue par l'article 22 de la *Loi*, ainsi que la substitution frauduleuse. En outre, la troisième partie examinera le droit relatif aux dessins industriels. Les parties subséquentes de l'étude porteront sur la jurisprudence récente relative au droit des brevets et au droit d'auteur et sur des sujets connexes soit les circuits intégrés et la protection des obtentions végétales.

* This document follows the hyphenated spelling of the word "trade-mark", as per the *Trade-marks Act*, R.S.C. 1985, c. T-13, except where another form appears in a quote or a title.

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TABLE OF CONTENTS

I.	INTRODUCTION	342
II.	SUBSTANTIVE GROUNDS FOR OBJECTION	342
A.	<i>For Both Opposition and Expungement</i>	342
1.	<i>Subject Matter</i>	342
2.	<i>Registrability - Restrictions of section 12</i>	345
(a)	<i>Paragraph 12(1)(a) - Primarily Merely a Name or Surname</i>	345
(b)	<i>Paragraph 12(1)(b) - Clearly Descriptive or Deceptively Misdescriptive</i>	346
(i)	<i>Place of Origin</i>	346
(ii)	<i>Character or Quality of Wares and Services</i>	346
(iii)	<i>Persons Employed in Their Production</i>	347
(c)	<i>Paragraph 12(1)(d) - Confusing with a Registered Trade-mark</i>	348
(i)	<i>Inherent Distinctiveness and Extent of Renown</i>	348
(ii)	<i>Length of Use</i>	349
(iii)	<i>Nature of Wares and Services and Business</i>	350
(iv)	<i>Nature of Trade</i>	350
(v)	<i>Degree of Resemblance</i>	352
(vi)	<i>Surrounding Circumstances</i>	353
(d)	<i>Paragraph 12(1)(e) - Prohibited Under Section 9 or Section 10</i>	353
3.	<i>Entitlement - Applicant and Opponent</i>	354
(a)	<i>Actual Use and Potential Use</i>	355
(i)	<i>Normal Course of Trade</i>	355
(ii)	<i>Proximity</i>	357
(b)	<i>Making Known</i>	358
4.	<i>Distinctiveness</i>	358
5.	<i>Abandonment</i>	361
B.	<i>For Opposition Only</i>	361
1.	<i>Non-compliance with Section 30 of the Trade-marks Act</i>	361
C.	<i>For Expungement Under Section 45</i>	362

1.	<i>Continuous Non-use for Two Years Without Satisfactory Explanation</i>	362
III.	PROCEDURES FOR ATTACKING SUITABILITY OF APPLICATION AND VALIDITY OF REGISTRATION	366
A.	<i>Expungement</i>	366
1.	<i>Procedure</i>	366
(a)	<i>General</i>	366
(b)	<i>Material Dates</i>	367
B.	<i>Opposition</i>	368
1.	<i>Procedure</i>	368
(a)	<i>General</i>	368
(b)	<i>Material Dates</i>	369
(c)	<i>Onus</i>	370
(d)	<i>Pleadings</i>	371
2.	<i>Evidence</i>	371
C.	<i>Section 45</i>	372
1.	<i>Procedure</i>	372
2.	<i>Evidence</i>	373
IV.	CONCLUSION	373

[pg. 342]

I. INTRODUCTION

The adoption and use of trade-marks in commerce remains a field of activity fertile for disputes. The importance of trade-marks in society as an essential element of the engine of commerce ensures a constant stream of decisions, indeed, more decisions than in any other field of Intellectual Property Law.

Most of these disputes arise as a result of the competing demands of modern commerce. Modern commerce depends on competition and competition demands imitation. Yet, at the same time, the business goodwill of others demands equal respect. For traders, striking the balance between tolerable, indeed favoured, imitation and avoiding the violation of another's goodwill by misleading the consuming public remains a challenge.

Honest efforts to strike this balance account for many cases. Counterfeiters and deliberate trespassers account for many as well. Unwitting imitators and zealous trade-mark owners account for still more.

The law of trade-marks involves both statutory rights and common law rights designed to regulate this balance. The statutory rights flow primarily from registrations, as well as the rights afforded by section 7 of the *Trade-marks Act*,¹ and the protection of section 22 against the depreciation of goodwill. The common law rights flow from the cause of action for passing off.

Part II of this survey of Intellectual Property Law canvasses significant developments in the law of trade-marks relating to the statutory rights and, in particular, registration and the suitability of applications and the validity of registrations, from 1987² until 1995.³

II. SUBSTANTIVE GROUNDS FOR OBJECTION

A. *For both Opposition and Expungement*1. *Subject Matter*

Traders continually innovate in their choice of devices by which to distinguish their wares and services. However, not all devices qualify for the protection of registration. Section 2 of the *Act* sets out the definition of a trade-mark acceptable for registration.⁴

1 R.S.C. 1985, c. T-13 [hereinafter the Act and, unless otherwise indicated, all statutory references are to this Act].

2 This corresponds to the date of the previous survey on trade-marks published in this review: W. L. Hayhurst, "Recent Developments in Canadian Law: Intellectual Property, Part II Trade Marks and Unfair Competition" (1987) 19 Ottawa L. Rev. 581. This Part continues the Survey begun with the publication of "Intellectual Property (1987-1993), Part I-Summary of Government Activity" (1993) 25 Ottawa L. Rev. 89.

3 Cases reported to July 31, 1995.

4 The definition in section 2 reads as follows:

"trade-mark" means

(a) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others,

(b) a certification mark,

(c) a distinguishing guise, or

(d) a proposed trade-mark.

[pg. 343]

In *Smith Kline & French Canada Ltd. v. Canada (Registrar of Trade-marks)*,⁵ the Federal Court, Trial Division, considered an application for registration of a particular colour applied to a particular size and shape of tablet. The Court concluded that the application was not for a trade-mark which would "reside in colour alone", unacceptable subject matter.⁶ Consequently, the Court would not preclude registration simply on the basis that the colour was applied to the whole of the exterior of the tablet and not to some part of it alone. The wares in the particular case were not tablets but the active ingredient for the pharmaceutical product.

Not only do traders employ visual symbols to distinguish their wares or services, sounds are also often used. However, sounds are not as easily registrable.

In considering whether or not the use of a verbal description of a trade-mark is use of a trade-mark within the meaning of section 4 of the *Trade-marks Act*, the Federal Court, Trial Division, ruled in *Playboy Enterprises Inc. v. Germain*⁷ that a trade-mark must be something that can be seen. The language "in any other manner" of section 4 was found to not deprive the word "mark" of its normal meaning. In this regard, the Court relied on *Insurance Corporation of British Columbia v. Canada (Registrar of Trade-marks)*⁸ in which Cattanach J. of the Federal Court dealt with the meaning of the word "mark" and concluded that in common parlance "mark" meant a "device, stamp, label, brand, inscription, a written character or the like indicating ownership, quality and the like."⁹

However, it is interesting to note that Capital Records was able to obtain registration for a trade-mark consisting of a representation of musical notes on a musical scale under registration number 359,318. The Examiner, on behalf of the Registrar of Trade-marks, initially objected to the registration of the trade-mark contending that it was not appropriate subject matter and cited *Playboy*. Capital Records emphasized in argument that the trade-mark was a visual trade-mark although it happened to also be a representation of certain sounds, namely musical notes. This particular registration has established a precedent for the registration of essentially sound trade-marks, provided an adequate visual representation of the sound can be registered. Following suit, MGM filed an application on October 16, 1992 (SN 714,314) to obtain registration of the well known roar of its lion trade-mark.

The kind of symbols chosen may also give rise to a dispute over the propriety of the registration of a particular device.

The Federal Court of Appeal answered the question of whether a telephone number could be a trade-mark in *Pizza Pizza Ltd. v. Canada (Registrar of Trade-marks)*.¹⁰ The Court overturned the decision of the Registrar to refuse the application for the mark "967-1111" as a trade-mark. While the Trial Division had sustained the refusal, the Court of Appeal concluded that, even though the number might also function as the appellant's telephone number, it fulfilled the definition of a trade-mark. The Court found that the telephone number was a mark that is used by a person for the purpose of distinguishing wares manufactured or sold by it and it distinguished such wares from those sold by others.

5 [1987] 2 F.C. 633, 12 C.I.P.R. 204 [hereinafter *Smith Kline & French Canada* cited to F.C.].

6 *Ibid.* at 636.

7 (1987), 13 F.T.R. 178, 16 C.P.R. (3d) 517 (T.D.) [hereinafter *Playboy*].

8 (1979), [1980] 1 F.C. 669, 44 C.P.R. (2d) 1 [hereinafter cited to C.P.R.].

9 *Ibid.* at 7.

10 (1989), 26 C.P.R. (3d) 355, 24 C.I.P.R. 152.

[pg. 344]

In another case, *Remington Rand Corp. v. Philips Electronics N.V.*,¹¹ the Federal Court, Trial Division, considered applications to expunge, on the basis of functionality, four trade-mark registrations held by Philips Electronics. Two of the registrations concerned two-dimensional representations of a triple-headed rotary shaver head assembly while the other two registrations were distinguishing guises. The Court characterized the issue as whether each trade-mark should be invalidated on the basis that it was a line drawing or visual representation of a functional apparatus and as such it was not the subject of a trade-mark. After canvassing the jurisprudence concerning functionality, the Court concluded, on the basis of *Canada's Royal Gold Pinetree Manufacturing Co. v. Samann*,¹² that the registered two-dimensional trade-marks contained no functional elements or components. However, in doing so, the Court acknowledged that the equilateral triangular configuration for the shaving heads was one of the better designs for a triple-headed shaver, although not the only one or the best one. The Court also concluded that the two-dimensional trade-mark registrations possessed by Philips would prevent Remington from marketing a shaver with the three rotary blades arranged in an equilateral triangular configuration.

The consequence of the Court's decision in this respect means that these trade-mark registrations exceed the limits within which trade-mark protection should operate. By preventing a structure whose shape is determined by the utility of the arrangement of the rotary blades, the registrations clearly encompass aspects of a shaver dictated by function. As such, the protection accorded these trade-mark registrations by the court is akin to patent protection.

The court concluded in respect of the distinguishing guise registrations that a distinguishing guise necessarily possesses a functional element or component. Therefore, the mere presence of functionality was not a relevant factor in considering the validity of the registrations of the distinguishing guise trade-marks. Accordingly, since Remington had not sought to expunge on any other basis, it failed to meet its onus. *Remington Rand* appears to be the first case to assess the relevance of the concept of functionality in a challenge to the validity of a distinguishing guise trade-mark.

In *Santana Jeans Ltd. v. Manager Clothing Inc.*,¹³ one denim manufacturer sought to expunge a competitor's registration of a cross-stitch design. The Federal Court, Trial Division, concluded that the registrant used the stitch to distinguish its denim clothing from other manufacturers' similar wares and it did not merely function as either a method of stitching or decoration. While the colourful cross-stitch had the effect of decorating the wares, its main purpose was to be used as a means to distinguish the respondent's wares. The Court contrasted the facts of the case with those in *W.J. Hughes & Sons "Corn Flower" Ltd. v. Morawiec*¹⁴ where the stitch was used for functional or ornamental purposes only. Accordingly, the Court held that the registration would not be expunged.

The Federal Court's decision in *Burroughs Wellcome Inc. v. Novopharm Ltd.*¹⁵ indicated the care that must be taken in identifying the trade-mark in an application.

11 (1993), 69 F.T.R. 136, 51 C.P.R. (3d) 392 [hereinafter *Remington Rand*].

12 (1986), 65 N.R. 385, 9 C.P.R. (3d) 223 (F.C.A.).

13 (1993), 72 F.T.R. 241, 52 C.P.R. (3d) 472.

14 (1970), 62 C.P.R. 21, 44 Fox Pat. C. 88 (Ex. Ct.).

15 (1994), 87 F.T.R. 175, 58 C.P.R. (3d) 513 (F.C.T.D.) [hereinafter *Burroughs Wellcome* cited to C.P.R.]. See also *Magill v. Taco Bell Corp.* (1990), 31 C.P.R. (3d) 221 (T.M.Opp.Bd.) where the Chairman of the Opposition Board, in *obiter dicta*, expressed the view that the amendment by the applicant of its trade-mark from TACO BELGRANDE to TACO BELLGRANDE was arguably contrary to *Trade Marks Regulations*, C.R.C., c. 1559, r. 36 (b) (now r. 37) prohibiting a change in the trade-mark.

[pg. 345]

Burroughs Wellcome Inc. applied to register a trade-mark for pharmaceutical preparations and substances having anti-viral properties. It described the trade-mark as "the colour blue applied to the surface of a shield shaped tablet"¹⁶ and provided a description and drawing of the wares in its application along with three specimen tablets. The Opposition Board Member found that the drawing was of little assistance in determining the three-dimensional limits of the tablet to which the colour blue is applied, since the drawing presented only a single two-dimensional representation of one aspect of the tablet. As a result, the Opposition Board Member concluded that the application was not in compliance with section 30.

On appeal, Burroughs Wellcome submitted that it was prepared to amend its application. However, the Court pointed out that section 37 of the *Trade Marks Regulations*¹⁷ precludes an amendment to the application for a trade-mark after advertisement if the amendment changes the trade-mark. The court concluded that the amendment would change the trade-mark and would not be in the nature of a clerical error which could be corrected by amendment.

2. *Registrability — Contrary to Section 12*

Section 12 establishes the criteria for determining whether a trade-mark is registrable. Significant cases have arisen in respect of many of the criteria, but not all.

(a) *Paragraph 12(1)(a) — Primarily Merely a Name or Surname*

Despite its general prohibition, first names or given names may be registrable. In *Schwalb v. Godbout*,¹⁸ the Opposition Board Member reviewed the record and found GASTON to be registrable in the absence of evidence indicating it was a surname and given evidence which supported that it is a forename. Accordingly, the opposition was unsuccessful.

Similarly, the Court in *Nishi v. Robert Morse Appliances Ltd.*,¹⁹ approved the Registrar's decision to allow the registration of the trade-mark NISHI based on the conclusion that "Nishi" is not primarily merely a surname but that it is also a word in the Japanese language meaning "west".

The Chairman of the Opposition Board also rejected the opponent's contention in *Robinson's Camera Centre Ltd. v. Black Photo Corp.*²⁰ that the applicant's trade-mark BLACK'S IS PHOTOGRAPHY could not be registered because it consisted of a personal surname. The Chairman pointed to the earlier decision of the Federal Court in *Molson Cos. v. John Labatt Ltd.*,²¹ which considered the distinctiveness of the trade-mark LABATT EXTRA, and concluded that the trade-mark BLACK'S IS PHOTOGRAPHY, when

[pg. 346]

considered in its entirety, did not offend the provisions of paragraph 12(1)(a) nor the provisions of paragraph 12(1)(b).²²

16 Burroughs Wellcome, *ibid.* at 516.

17 *Supra* note 15.

18 (1987), 15 C.P.R. (3d) 532, 13 C.I.P.R. 169.

19 (1990), 39 F.T.R. 111, 34 C.P.R. (3d) 161 (T.D.).

20 (1990), 34 C.P.R. (3d) 439, Partington, Chairman.

21 (1981), 129 D.L.R. (3d) 201, 58 C.P.R. (2d) 157 (T.D.).

22 See also *Procter & Gamble Inc. v. Nabisco Brands Ltd.* (1988), 22 C.P.R. (3d) 303, 21 C.I.P.R. 233

(b) *Paragraph 12(1)(b) — Clearly Descriptive or Deceptively Misdescriptive*

Trade-marks which are clearly descriptive or deceptively misdescriptive of place of origin, or character and quality, or persons employed in their production, are not registrable.

(i) *Place of Origin*

In *Dart Industries Canada Ltd. v. Algonquin Mercantile Corp.*,²³ application for two trade-marks involved slight variations on the geographic designation WESTON. The Board concluded that the trade-marks did not clearly describe the place of origin, given the lack of evidence to suggest that everyday users would recognize the geographic location WESTON as being a common source of the wares in question.

An attempt to prevent the registration of a trade-mark comprising the name WATERFORD on the basis of clearly descriptiveness²⁴ was rejected on similar rationale as that relied upon for the decision in *Dart Industries*.

(ii) *Character or Quality of Wares and Services*

In *Bagagerie S.A. v. Bagagerie Willy Ltée*,²⁵ the Federal Court, Trial Division, concluded that it was appropriate for the trial judge to rely on intuition and personal understanding of what is generally known and used by the public when coming to an understanding of a word at issue in an infringement action. The Court concluded that "the word 'bagagerie'... meaning a booth for the sale of travel articles connected with suitcases has long been ... in everyday speech."²⁶ Accordingly, the court found the word to be descriptive and dismissed an infringement action by the owner of the registered trade-mark BAGAGERIE. The absence of dictionary recognition of the meaning of a word did not preclude reliance upon the defense in subparagraph 20(b)(ii) which preserves the right to use words descriptively.

Similarly, the Federal Court of Appeal held in *Molson Cos. V. John Labatt Ltd.*²⁷ that the word GOLDEN is an apt word to describe one of the characteristics of beer, namely its color. Consequently, as a result of paragraph 12 (1) (b), the respondent could not obtain a monopoly of it.

(T.M.Opp.Bd.), holding that MR. CHRISTIE'S CRISP AND CHEWY was not, as a whole, primarily merely the name or surname of a living individual.

23 (1987), 15 C.P.R. (3d) 517, 13 C.I.P.R. 95 (T.M.Opp.Bd.) [hereinafter *Dart Industries*].

24 *Waterford Glass Group plc v. Canarinda Manufacturing Ltd.* (1987), 16 C.P.R. (3d) 40 (T.M.Opp.Bd.).

25 (1987), 12 F.T.R. 245, 17 C.P.R. (3d) 209 [hereinafter *Bagagerie* cited to C.P.R.].

26 *Ibid.* at 219. The Federal Court of Appeal reversed the Trial Judge in *Bagagerie S.A. v. Bagagerie Willy Ltée* (1992), 148 N.R. 125, 45 C.P.R. (3d) 503, based upon a review of authorities submitted to contest the allegations of descriptivity of the word BAGAGERIE. However, it did not disapprove of the Trial Judge's approach but came to a different conclusion on the evidence. The court concluded that, at most, the word BAGAGERIE was suggestive and therefore, since it was not an accurate description, it afforded the respondent no defense under paragraph 20(b)(ii).

27 (1987), 19 C.P.R. (3d) 88, 15 C.I.P.R. 161.

[pg. 347]

In *Canadian Parking Equipment Ltd. v. Canada (Registrar of Trade-marks)*,²⁸ the Associate Chief Justice provided helpful emphasis on the appropriate test as to whether or not a proposed trade-mark is "clearly" descriptive. He endorsed Justice Reed's explanation in *Clarkson Gordon v. Canada (Registrar of Trade-marks)*,²⁹ that the question is one of first impression, the first impression of a hypothetical prospective purchaser of the general description of wares or service, but not of the particular subject wares or service.

The Associate Chief Justice elaborated upon this principle in *Reed Stenhouse Co. v. Canada (Registrar of Trade-marks)*³⁰ in which he held that "[t]he words 'pet plan' do not, as a matter of first impression, indicate to the ordinary user that the service being offered is a comprehensive system of health insurance for domestic animals."³¹ In the Associate Chief Justice's view, the word PLAN cannot be considered to plainly or evidently describe health insurance protection or a characteristic, character or quality of insurance. At most, there was a suggestion of a relationship between the plan offered and domestic animals, but the particular pet service was not obvious from the trade-mark.

In a 1992 case, the Federal Court, Trial Division, provided further weight to the recent jurisprudence emphasizing that the question of descriptiveness is to be gauged as a matter of first impression of a hypothetical average purchaser of the wares or services but not a purchaser of the specific wares. In *Imperial Tobacco Ltd. v. Rothman, Benson & Hedges Inc.*,³² the Court dismissed the argument that the Opposition Board Member had erred by considering the matter from the perspective of the specific product and not manufactured tobacco products in a broad sense. The Court concluded that the Board Member had directed herself on the issue in question in relation to the broad category of manufactured tobacco products. Furthermore, the Court concluded that on the basis of the evidence the trade-marks in issue were, at most, merely suggestive of a character or quality of the wares and did not offend paragraph 12(1)(b) of the *Act*.

Not surprisingly, in *Molson Cos. v. John Labatt Ltd.*,³³ the Federal Court of Appeal echoed its conclusion as to the descriptiveness of the word GOLDEN when it considered, on appeal, the rejection of an opposition by Molson against an application for the trade-mark WINCHESTER GOLD.

(iii) *Persons Employed in Their Production*

In *Canadian Council of Professional Engineers v. Lubrication Engineers, Inc.*,³⁴ the Federal Court of Appeal had occasion to apply a portion of paragraph 12(1)(b) not often used. The court held that the wares "greases, oils and lubricants" were intimately associated with the practice of the occupation or profession of "Lubrication Engineer" and consequently the words LUBRICATION ENGINEERS clearly described or deceptively misdescribed the character or quality of the grease, oils and lubricants or the persons employed in their production.

28 (1990), 39 F.T.R. 63, 34 C.P.R. (3d) 154 (T.D.).

29 (1985), 5 C.P.R. (3d) 252, 5 C.I.P.R. 167 (F.C.T.D.).

30 (1992), 57 F.T.R. 317, 45 C.P.R. (3d) 79 (T.D.) [hereinafter cited to C.P.R.].

31 *Ibid.* at 81.

32 *Imperial Tobacco Ltd. v. Rothman, Benson & Hedges Inc.* (1992), 58 F.T.R. 106, 45 C.P.R. (3d) 354.

33 (1994), 178 N.R. 20, 58 C.P.R. (3d) 527.

34 [1992] 2 F.C. 329, 41 C.P.R. (3d) 243.

[pg. 348]

(c) *Paragraph 12(1)(d) — Confusing with a Registered Trade-mark*

Not surprisingly, the conflicts arising from complaints of confusion with a registered trade-mark are numerous. Several significant and valuable decisions have been rendered in recent years. For instance, the Federal Court of Appeal, in *Park Avenue Furniture Corp. v. Wickes/Simmons Bedding Ltd.*,³⁵ provided valuable and helpful clarification and guidance in respect of several aspects of this question. Of course, subsection 6(5) establishes the statutory test to be used in assessing the question of confusion.

(i) *Inherent Distinctiveness and Extent of Renown*

One of the circumstances to be considered in assessing the likelihood of confusion is the relative degree of inherent distinctiveness and renown enjoyed by the contending marks.

The Federal Court of Appeal, in *Park Avenue*, reasserted the principle that trade-marks composed of common English words are weak trade-marks and accordingly entitled to a narrower range of protection than an inventive or unique word.

Furthermore, *Canadian Co-operative Credit Society Ltd. v. Commercial Union Assurance Co., Plc*³⁶ reaffirmed the principle that, when marks are weak marks, comparatively small differences will suffice to distinguish one from another.

In *Maximum Nutrition Ltd. v. Kellogg Salada Canada Inc.*,³⁷ the Federal Court of Appeal decided that it is reasonable to conclude that a particular word has been commonly adopted in a particular trade where "state of the register" evidence shows many trade-mark registrations and there is evidence of many trade-names containing the particular word. As well, the Court concluded that it may be inferred as a consequence that consumers can become accustomed to making fine distinctions between the various trade-marks with a particular word in the market place by paying more attention to any small differences between marks. Uncertainty as to the value of "state of the register" evidence had been raised as a result of the decision of the Trial Division.³⁸

Nevertheless, while "state of the register" evidence may be relevant, the magnitude of such evidence will be an important factor in determining the weight to be given to it. In *Welch Foods Inc. v. Del Monte Corp.*,³⁹ after carefully considering the implications of the recent Federal Court of Appeal decision in *Kellogg Salada* as well as the comments of the Federal Court of Appeal in *Park Avenue*⁴⁰ regarding reliance on "state of the register" evidence, the Court concluded that the evidence of other registered trade-marks was insufficient to demonstrate such use of the word in question as to render that word available for use by the trade.

In *Multiplicant Inc. v. Petit Bateau Valton S.A.*,⁴¹ the Federal Court, Trial Division, invoked the principle articulated by Mr. Justice Rand of the Supreme Court of Canada in *General Motors Corp. v.*

35 (1991), 130 N.R. 223, 37 C.P.R. (3d) 413 [hereinafter *Park Avenue* cited to C.P.R.].

36 (1992), 56 F.T.R. 1, 42 C.P.R. (3d) 239 (T.D.).

37 [1992] 3 F.C. 442, 43 C.P.R. (3d) 349 [hereinafter *Kellogg Salada*].

38 (1987), 9 F.T.R. 136, 14 C.P.R. (3d) 133.

39 (1992), 56 F.T.R. 249, 44 C.P.R. (3d) 205 (T.D.).

40 *Supra* note 35.

41 (1994), 79 F.T.R. 241, 55 C.P.R. (3d) 372 [hereinafter cited to C.P.R.].

Bellows,⁴² namely that "where a party has reached inside a

[pg. 349]

common trade vocabulary for a word mark and seeks to prevent competitors from doing the same thing, the range of protection to be given to him should be more limited than in the case of an invented or unique or a non-descriptive word". The Court held that this principle may be applied where the mark in question contains a popular design. In this particular case, it was established that there were a great many marks that included a sail boat drawing such that the court concluded "a mark that includes a drawing of a sailboat is a mark that does not confer extensive protection in the world of trade marks."⁴³

In *Miss Universe, Inc. v. Bohna*,⁴⁴ the Federal Court of Appeal had occasion to re-state the well-established principles to be applied in order to decide whether the use of a trade-mark or a trade name causes confusion with another trade-mark or trade name.

The Federal Court of Appeal in *Molson Cos. v. John Labatt Ltd.*⁴⁵ reiterated its approval of the principle articulated by Harold G. Fox in *The Canadian Law of Trade Marks and Unfair Competition*⁴⁶ to the effect that, where two trade-marks contain a common element that is also contained in a number of other marks and used in the same market, such a common occurrence in the market tends to cause purchasers to pay more attention to the other or non-common features of the respective marks and to distinguish between them by those other features.

In the *McBeans* case,⁴⁷ the Federal Court, Trial Division, provided a useful reminder to the effect that a family of trade-marks is not possible for a whole trade where a particular word is otherwise common to the trade, apart from a particular segment of such trade. In this case, McDonald's was unable to prevent Coffee Hut Stores Ltd. from getting registration of the trade-mark MCBEANS for use in association with coffee, tea and certain accessories, and for the services of a business dealing in the sale of the wares. The Court was influenced by the previous decision of *McDonald's Corp. v. Silcorp Ltd.*⁴⁸ involving an unsuccessful attempt by McDonald's to prevent Silcorp from expanding its registration of MAC'S trade-marks for convenience store services.

(ii) *Length of Use*

The Federal Court of Appeal in *Park Avenue*⁴⁹ stated that whether a registered trade-mark has been used or not in association with the registered wares or services is irrelevant to whether such registered trade-mark is to be considered on the issue of confusion with another mark. However, whether or not the registered trade-mark has been used is a fact that must be considered when assessing the question of confusion.

42 [1949] S.C.R. 678, 10 C.P.R. 101 at 115.

43 *Supra* note 41 at 380.

44 (1994), 176 N.R. 35, 58 C.P.R. (3d) 381.

45 *Supra* note 33.

46 3rd ed. (Toronto: Carswell, 1972) at 351.

47 *McDonald's Corp. v. Coffee Hut Stores Ltd.* (1994), 76 F.T.R. 281, 55 C.P.R. (3d) 463 [hereinafter *McBeans*].

48 (1989), 24 C.P.R. (3d) 207, 23 C.I.P.R. 292 (F.C.T.D.), aff'd (1992), 139 N.R. 319, 41 C.P.R. (3d) 67 (F.C.A.).

49 *Supra* note 35.

In the 1992 case of *Panavision, Inc. v. Matsushita Electric Industrial Co.*,⁵⁰ the Federal Court, Trial Division, provided a useful reminder of the significance of co-existence in the marketplace for a significant period of time without evidence of actual confusion. The Court concluded that, despite the similarities between the two competing trade-marks and the presence of some overlap in the nature of the wares and of the trade,

[pg. 350]

PANAVIDEO was not confusing with the registered trade-mark PANAVISION, given ten years of co-existence in a highly segmented market without instances of actual confusion.

(iii) *Nature of Wares and Services of Business*

In *Clorox Co. v. Sears Canada Inc.*,⁵¹ the Federal Court, Trial Division, confirmed that the "narrow protection" doctrine applies equally when dealing with the similarity of wares test. The Court held that, while fruit-cake and barbecue sauce may belong to the general category of food stuffs, the "same general class of wares" test cannot be applied on a black or white basis. The Judge stated that "[o]ne only needs to look at the thousands of different foods, meats, condiments, confectioneries, cereals and what-not, found in some supermarket to be wary of giving too much weight ... to the 'same general class' test."⁵²

The Court also expressed the view that the application of the provisions of subsection 6(5) in assessing confusion should not cause the decision-maker to reduce the assessment to a mathematical calculation. Rather, due emphasis should be given to the consideration of all surrounding circumstances so that the individual parts are not taken to be exhaustive.

The Federal Court made quite clear, in *Joseph E. Seagram & Sons Ltd. v. Canada (Registrar of Trade-marks)*,⁵³ that renown can be limited in kind such that a company, even as well known as Seagrams, will be unable to claim any element of distinctiveness in its name beyond that for which it is famous, namely, the manufacture and sale of alcoholic beverages. Seagrams attempted to stop Seagram Real Estate Ltd. from registering its trade-mark, which it had used in association with services since April of 1976. The Court concluded that, even though Seagrams and its predecessors had used their marks and names in Canada for more than 100 years, this prolonged use had only gained it renown in association with alcoholic beverages which it manufactures and sells. In particular, the Court noted that Seagrams had never used the name SEAGRAM as a trade-mark in association with any other wares or services.

(iv) *Nature of Trade*

The Associate Chief Justice in the 1989 case of *Tiger Brand Knitting Co. Ltd v. John E. Fetzer Inc.*⁵⁴ commented on the appropriate manner of assessing confusion and stated that "an appreciation of

50 (1992), 53 F.T.R. 228, 40 C.P.R. (3d) 486.

51 [1992] 2 F.C. 579, 41 C.P.R. (3d) 483 [hereinafter cited to C.P.R.].

52 *Ibid.* at 490.

53 (1990), 38 F.T.R. 96, (sub nom. *Joseph E. Seagram & Sons Ltd. v. Seagram Real Estate Ltd.*) 33 C.P.R. (3d) 454 (T.D.).

54 (1989), 31 F.T.R. 8, 26 C.P.R. (3d) 551 (F.C.T.D.) [hereinafter cited to C.P.R.].

the manner in which the competing parties intend to market their products"⁵⁵ is a relevant circumstance since the evaluation of the likelihood of confusion cannot be done in a vacuum. According to the Associate Chief Justice, this manner of assessment "brings into play the intention of the parties in terms of channels of distribution and marketing strategy".⁵⁶

To the extent that such an appreciation indicates a manner of trade beyond what would normally be expected, it is a valuable and relevant factor. However, as the Federal

[pg. 351]

Court of Appeal has indicated on several occasions,⁵⁷ what is intended or actually occurs in the marketplace should not limit the assessment of confusion if the marketing channels are normally broader. Simply because the marketing strategy favours a limited number of channels of trade does not disentitle the registrant from occupying the normally broader channels of trade for the subject wares or services.

The Associate Chief Justice further commented that the Opposition Board Member had failed to recognize "that these are different looking logos, pitched to different consumers in different settings and with different channels of distribution."⁵⁸ This direction from the Associate Chief Justice to consider the settings in which the products or services are "pitched" must not be misunderstood. Though products or services are provided only in certain settings or destined for certain consumers, this should not affect the question of likelihood of confusion if the products or services are capable of circulating in other settings or being consumed by others.⁵⁹ The assessment of likelihood of confusion requires a broad perspective on the "nature of the trade".

In the 1992 case of *Bally Schuhfabriken AG / Bally's Shoe Factories Ltd. v. Big Blue Jeans Ltd./Ltée*,⁶⁰ the Federal Court, Trial Division, reiterated several of the relevant principles in assessing the likelihood of confusion, while pointing to relatively recent authority for such principles. However, care should be used in relying literally upon the court's reiteration of these principles. In particular, the statement "the fact that ... [the wares] are sold in dissimilar establishments is a factor that would decrease the risk of confusion",⁶¹ with the citation of *Hermes S. A. v. Fletcher Golf Enterprises Ltd.*⁶² as the authority, merits caution. In view of *Henkel*,⁶³ it is respectfully suggested that reliance on *Hermes* for this proposition would be suspect, if what is meant by it is that the likelihood of confusion would decrease. Certainly, it is easy to imagine that actual sales in dissimilar establishments can mean little risk of confusion. Nevertheless, the proper analysis is to compare the alleged offender's actual use with all normal inferred uses to which the registered owner is entitled as the previous survey author has

55 *Ibid.* at 554.

56 *Ibid.*

57 See *Henkel Kommanditgesellschaft auf Aktien v. Super Dragon Import Export Inc.* (1986), 69 N.R. 234, 12 C.P.R. (3d) 110 [hereinafter *Henkel*]; *Mr. Submarine Ltd. v. Amandista Investments Ltd.* (1987), [1988] 3 F.C. 91, 19 C.P.R. (3d) 3 [hereinafter *Mr. Submarine*]; *Miss Universe Inc. v. Bohna*, *supra* note 44.

58 *Supra* note 54 at 555.

59 See the useful explanation of the "*June Perfect*" principle in Hayhurst, *supra* note 2 at 631. This principle, effectively endorsed by the Federal Court of Appeal in *Mr. Submarine*, *supra* note 57, holds that the environment in which the confusing mark is used does not help an infringer of a registered trade-mark.

60 52 F.T.R. 270, 41 C.P.R. (3d) 205 [hereinafter cited to C.P.R.].

61 *Ibid.* at 211.

62 (1984), 78 C.P.R. (2d) 134 (F.C.T.D.) [hereinafter *Hermes*].

63 *Supra* note 57.

emphasized.⁶⁴

Similar caution applies to the court's comment in *M. & K. Stereo Plus Ltd. v. Broadway Sound Plus Ltd.*⁶⁵ that the risk is lessened when one party sells at the "high end" of the trade and the other sells more at the "low end" of the trade. The Federal Court of Appeal in *Bagagerie*⁶⁶ clarified that while the Court has recognized that the price of goods and type of customers for whom the goods are intended are relevant factors, this is only so when the more the purchase of goods leads the consumer to examine and

[pg. 352]

reflect, the less the risk of confusion. The court recognized no distinction between goods of the same general class in which "price" is the main distinguishing feature.

(v) *Degree of Resemblance*

In *Produits Freddy Inc. c. Ferrero S.p.A.*,⁶⁷ the Federal Court of Appeal would not infer that the respondent's trade-mark NOIXELLE was a French translation of the appellant's registered trade-mark NUTELLA. In doing so, the Court opened the door to having the question of confusion also considered from the point of view of an unilingual English or unilingual French speaking consumer and not just from the point of view of a bilingual person. The view of a bilingual person was the standard applied by the Opposition Board, giving equal importance to the English and French languages. The Court stated that the question of confusion "is one of concrete fact to be verified in real life, and not one to be inferred from the constitutionally established bilingual nature of the country".⁶⁸

On the question of assessing the degree of resemblance, the Federal Court of Appeal in *Park Avenue* reasserted that trade-marks are to be considered in their entirety and highlighted the view of H.G. Fox that "[t]he true test is whether the totality of the mark proposed to be registered is such that it is likely to cause mistake or deception or confusion in the minds of persons accustomed to the existing trade mark. It is the combination of the marks as a whole that is to be regarded and the effect or idea of the whole that is to be compared".⁶⁹

While trade-marks are to be considered in their entirety when assessing the possibility of confusion with a registered trade-mark, additional indicia have no place in such assessment. The Federal Court, Trial Division, in *Grant Industries Inc. v. Alfred Grass Gesellschaft m.b.H. Metallwarenfabrik*⁷⁰ considered designs which consisted of the capital letter "G". The capital letter "G" of the application was accompanied only by an asterisk, while the capital letter "G" of the opponent's registered mark was encapsulated by an octagon border. In this case, the Court concluded that the presence of the word GRANT and the name GRANT INDUSTRIES INC. adjacent the subject design trade-mark eliminated the possibility of confusion.

With respect, the fact that the opponent's registered trade-mark might be accompanied by additional wording is not one which the Court should consider when assessing the question of confusion

64 Hayhurst, *supra* note 2 at 632.

65 (1985), 5 C.P.R. (3d) 390 (F.C.T.D.).

66 *Supra* note 25.

67 (1988), 22 C.P.R. (3d) 346, 24 C.I.P.R. 189 [hereinafter cited to C.P.R.].

68 *Ibid.* at 350.

69 *Supra* note 35 at 426.

70 (1991), 47 F.T.R. 231, 39 C.P.R. (3d) 416 (T.D.) [hereinafter *Grant Industries*].

under section 6. *Mr. Submarine*⁷¹ made that principle clear, and should not be confused with the assessment made to determine whether there may be passing off. It should be noted that the Court in *Grant Industries* was also persuaded that there was little evidence, if any, that the opponent's registered trade-mark was seen by the consuming public in Canada. Nevertheless, to the extent the court concluded that confusion could never occur because of the accompaniment of the design by additional words, it ignored the prohibition against considering such additional indicia when assessing the question of confusion with a registered trade-mark.

The Federal Court, Trial Division, had yet another occasion to elaborate on the linguistic abilities to be attributed to the average Canadian consumer when assessing the

[pg. 353]

question of likelihood of confusion when it considered the *Krazy Glue* case.⁷² This case involved an appeal from a decision of the Opposition Board which had held that the trade-mark KOLA LOKA would not be confusing with KRAZY GLUE as a matter of first impression to the average consumer having a vague or imperfect recollection. The Opposition Board reached this conclusion even though there was evidence that KOLA LOKA is the phonetic equivalent of COLA LOKA which means CRAZY GLUE in Spanish. In order for there to be a likelihood of confusion, the court concluded that it would be necessary for the average consumer having a vague or imperfect recollection of the registered trade-mark KRAZY GLUE to be capable of making the translation from Spanish to English in order to be confused by the ideas suggested by KRAZY GLUE and KOLA LOKA. However, the Court found that only a minimal proportion of the Canadian population speaks Spanish as a mother tongue or understands Spanish sufficiently to be capable of making the translation. This rationale continued to be used by the Opposition Board when it considered a trade-mark involving foreign characters.⁷³

Another aspect of the degree of resemblance is the relative importance of the various portions of trade-marks. In the Federal Court, Trial Division, case of *Pernod Ricard v. Molson Breweries*,⁷⁴ Molson's application to register RICKARD'S RED for use in association with "brewed alcoholic beverages"⁷⁵ was refused in view of the registration for the mark RICARD for use in association with "apéritifs, alcools et eaux-de-vie, liqueurs et spiritueux".⁷⁶ A significant factor relied upon by the Court was the principle recently re-stated in *Molson Cos. v. John Labatt Ltd.*,⁷⁷ that, although the dissection of trade-marks is not appropriate "when determining matters of confusion, it has been held that the first portion of a trade mark is the most relevant for purposes of distinction".⁷⁸

(vi) *Surrounding Circumstances*

The Federal Court, Trial Division, pointed to a useful surrounding circumstance in the 1992 case

71 *Supra* note 57.

72 *B. Jadov & Sons Inc. v. Grupo Cyanomex, S.A. de C.V.* (1992), F.T.R. 278, (sub nom. *Krazy Glue, Inc. v. Grupo Cyanomex, S.A. de C.V.*) 45 C.P.R. (3d) 161 (T.D.).

73 See *Cheung's Bakery Products Ltd. v. St. Anna Bakery Ltd.* (1992), 46 C.P.R. (3d) 261 (T.M.Opp.Bd.).

74 (1992), 56 F.T.R. 53, 44 C.P.R. (3d) 359 [hereinafter cited to C.P.R.].

75 *Ibid.* at 360.

76 *Ibid.*

77 (1990), 32 F.T.R. 152, 28 C.P.R. (3d) 457 at 461 (T.D.).

78 *Supra* note 74 at 370.

of *Everex Systems, Inc. v. Everdata Computer Inc.*,⁷⁹ namely the consideration of a family of trade-marks. In particular, the Court focused on the likelihood that a similar contending trade-mark would be inferred to be a logical extension of the family, identifying another product line of the owner of the family of trade-marks. It found that the public would infer that EVERDATA was a logical extension of the Everex family of trade-marks for a new line of wares.

(d) *Paragraph 12(1)(e) — Prohibited under Section 9 or Section 10*

The scope of protection and the effect of the establishment of "official marks" under section 9 has received judicial attention in several cases.

[pg. 354]

In the 1988 case of *Mihaljevic v. British Columbia*,⁸⁰ the Federal Court, Trial Division, commented that the "official mark" is hardy and virtually unexpungeable. Two marks, namely EXPO and EXPO 86, were recorded as "official marks" under section 9 while "86" was registered as a trade-mark. The court concluded that the status of the official marks could not be challenged but "86" in plain numerals was unregistrable and ought to be expunged. The Court ventured the view that, even if the plain numerals "86" were promoted as an official mark, "it would go against public order to accord a monopoly even to the Sovereign or to a government over the mere numerals "86".⁸¹

The Federal Court of Appeal had occasion to address the scope and effect of official marks in *Canadian Olympic Assn v. Allied Corp.*⁸² The Court had to consider an application, by Allied Corporation, to register the trade-mark OLYMPIAN based on use which had occurred continuously since before the Canadian Olympic Association had adopted OLYMPIAN as an official mark in 1980. In deciding that the Registrar was correct in refusing the application, the Court clarified that section 9 deals with adoption in a prospective sense and, accordingly, does not retroactively prohibit the continued use of marks which had been adopted prior to the adoption of the official mark. However, as for registration, the court ruled that, since section 12 speaks in the present tense, "[i]t therefore renders unregistrable a not yet registered mark the adoption of which would now run afoul of s. 9, even if that mark had been adopted and used prior to the giving of public notice under s. 9."⁸³

The prohibition in section 9, as well as the one in section 11, is against the adoption "in connection with a business, as a trade-mark or otherwise". In *Canadian Olympic Association v. Konica Canada Inc.*,⁸⁴ the Federal Court, Trial Division, clearly stated that the words "or otherwise" merely reinforced the main qualifier "in connection with a business" so that they should be interpreted to mean "or in connection with a business in any other way".⁸⁵ Consequently, the use of marks which have no commercial purpose are not prohibited by sections 9 or 11. The Federal Court of Appeal affirmed this interpretation.⁸⁶

79 (1992), 56 F.T.R. 132, 44 C.P.R. (3d) 175.

80 (1988), 22 F.T.R. 59, 23 C.P.R. (3d) 80 [hereinafter cited to C.P.R.].

81 *Ibid.* at 91.

82 (1989), [1990] 1 F.C. 769, 28 C.P.R. (3d) 161 [hereinafter cited to C.P.R.].

83 *Ibid.* at 166.

84 [1990] 2 F.C. 703, 30 C.P.R. (3d) 60 [hereinafter cited to C.P.R.].

85 *Ibid.* at 65.

86 (1991), [1992] 1 F.C. 797, 39 C.P.R. (3d) 400 [hereinafter *Konica* cited to C.P.R.].

The appropriate test for considering the prohibition of section 9 was recently expressed by the Federal Court, Trial Division, in *Canadian Olympic Association v. Health Care Employees Union of Alberta*.⁸⁷ The Court stated that the test required the assessment of whether a person who, on first impression, knowing one mark only and having an imperfect recollection of it, would likely be deceived or confused.

3. *Entitlement — Applicant and Opponent*

The question of whether an applicant is the person entitled to the registration of an otherwise registrable trade-mark depends primarily on the question of first use, or making known of trade-mark.

[pg. 355]

(a) *Actual Use and Potential Use*

(i) *Normal Course of Trade*

An essential aspect of "use" in most instances under the *Act* is that it be "in the normal course of trade."

The question of whether the sale of goods bearing a trade-mark by a foreign trade-mark owner to a Canadian wholesaler or distributor constituted use of the trade-mark "in the normal course of trade" was clearly answered in *Lin Trading Co. v. CBM Kabushiki Kaisha*.⁸⁸ The Court of Appeal concluded that the decision of Mr. Justice Heald in *Manhattan Industries Inc. v. Princeton Manufacturing Ltd.*⁸⁹ did not lay down a requirement that the entire chain of distribution from manufacturer to ultimate consumer be in Canada in order for there to be use of the trade-mark in the normal course of trade in Canada. Accordingly, watches sold by CBM to its Canadian distributor resulted in use by CBM of its trade-mark in Canada.

However, in order for a trade-mark to be used in Canada as a result of such a sale of wares into Canada, the trade-mark must be used in association with the wares at the time of such transaction. *Carter-Wallace, Inc. v. VLI Corp.*⁹⁰ revealed the fundamental need for the trade-mark to be used in association with the wares at the time of such transaction. VLI Corp. had contended that it had used its trade-mark in Canada by virtue of the sale of its wares into Canada to a distributor and then the subsequent sale of such wares in containers bearing the trade-mark. Reliance was placed upon *Lin Trading* to support the proposition that, provided a chain of distribution was established with the trade-mark ultimately being used in association with the wares supplied by the manufacturer, use of the trade-mark by the manufacturer in Canada had occurred. The section 45 Hearing Officer rejected such argument and concluded that the goods must flow from the manufacturer with the trade-mark being associated with the wares right from the start.

In addition to being "in the normal course of trade", the Federal Court has expressed the reasonable proposition that the use be "lawful". In *McCabe v. Yamamoto & Co. (America)*,⁹¹ the Federal

87 (1992), 59 F.T.R. 37, 46 C.P.R. (3d) 12.

88 (1988), [1989] 1 F.C. 620, 21 C.P.R. (3d) 417 [hereinafter *Lin Trading*].

89 (1971), 4 C.P.R. (2d) 6 (F.C.T.D.).

90 (1992), 44 C.P.R. (3d) 141 (T.M.Opp.Bd.).

91 [1989] 3 F.C. 290, 23 C.P.R. (3d) 498 [hereinafter cited to C.P.R.].

Court, Trial Division, enunciated several general propositions as to the need for trade-mark use to be "lawful". In particular, the Court stated "[t]he principle that the *Trade Marks Act* should not be construed as providing support to unlawful use is indirectly or obliquely endorsed by any number of decided cases."⁹² The Court concluded that the use upon which the trade-mark application was based was contrary to certain contracts between the parties such that the use would not be considered lawful. Even though there were remedies available for breach of the contracts, the court concluded that the *Trade-marks Act* empowered the court to prevent such "unlawful" use from being used to frustrate the rightful owner's exercise of its trade-mark rights.

Subsection 4(3) of the *Trade-marks Act* is one instance where there is no reference to use "in the normal course of trade". In *Molson Cos. v. Moosehead Breweries Ltd.*,⁹³

[pg. 356]

the Federal Court, Trial Division, rejected the argument that the subsection should be interpreted to include the qualifying conditions set out in subsection 4(1). The Court concluded that, provided the requirements of subsection 4(3) were met, use of the trade-mark on export of wares would be deemed to be use in Canada of the trade-mark, regardless of whether the export was in the normal course of trade.

In *Optagest Canada Inc. v. Services Optométriques Inc. (S.O.I.)*,⁹⁴ the Federal Court, Trial Division, emphasized that "before the legitimate aspect of use of a mark or the fiduciary obligations of a member to his colleagues can limit his conduct, use giving rise to a right must first be established."⁹⁵ The Court concluded that such a use had not occurred and that it was premature to consider the question of the legitimacy of any use.

Changes in the appearance of marks raise the question of whether the subject mark is being used. The Federal Court of Appeal in *Promafil Canada Ltée v. Munsingwear Inc.*⁹⁶ expanded on the test for assessing whether a variation of a registered trade-mark constituted use of such registered trade-mark. The Court stated:

the law of trade marks does not require the maintaining of absolute identity of marks in order to avoid abandonment, nor does it look to minuscule differences to catch out a registered trade mark owner acting in good faith and in response to fashion and other trends. It demands only such identity as maintains recognizability and avoids confusion on the part of unaware purchasers.⁹⁷

The Court was considering the renowned PENGUIN DESIGN trade-mark and recognized that what can be drawn and what can be stitched on clothing may be somewhat different, especially in finer detail.

In *Humpty Dumpty Foods Ltd. v. George Weston Ltd.*,⁹⁸ the Federal Court, Trial Division, dealt decisively with the efforts of an applicant to strengthen its case by the "generation of evidence to show

92 *Ibid.* at 508.

93 (1990), 36 F.T.R. 241, 32 C.P.R. (3d) 363.

94 (1991), 43 F.T.R. 241, 37 C.P.R. (3d) 28 [hereinafter cited to C.P.R.].

95 *Ibid.* at 37.

96 (1992), 142 N.R. 230, 44 C.P.R. (3d) 59 [hereinafter cited to C.P.R.].

97 *Ibid.* at 71-72.

98 (1989), 27 F.T.R. 219, 24 C.P.R. (3d) 454 [hereinafter cited to C.P.R.].

that it had a prior claim and stronger claim by reason of usage".⁹⁹ The Court concluded that the evidence of the respondent's activities which had occurred after having received notice of the unlikelihood of its application being allowed because of the apparent confusion with the opponent's application should not have been considered by the Chair of the Opposition Board. The Chair had concluded that, as a result of the extensive use by the respondent, the opponent's application was not distinctive. The rationale for this decision was that such further use cannot be considered *bona fide* if its generation is motivated predominantly by a desire to defeat another person's application. The Court's decision suggests implicitly that normal use generated by normal *bona fide* commercial considerations will be available for consideration by the decision maker in determining the question of distinctiveness.

The Federal Court, Trial Division, had further occasion to consider whether a single sale will suffice for the purposes of entitlement to registration under section 16 in *Mr. Goodwrench Inc. v. General Motors Corp.*¹⁰⁰ The Court concluded that a single use was insufficient, particularly in view of the lack of evidence describing the normal course of

[pg. 357]

business by the "user". The court emphasized that evidence of a single transaction cannot, without more, constitute evidence of the normal course of business because it is inherent in the words "normal course" "that a functioning business actually exist[s]".¹⁰¹

The Federal Court of Appeal in *Boutiques Prologolf Inc. v. Canada (Registrar of Trade-marks)*¹⁰² overruled the Trial Division which had decided that evidence filed by Boutiques Prologolf Inc., showing a single sale of a golf club head cover in July, 1986 and a single sale of a golf bag in August, 1986 in response to a section 45 notice sent on July 6th, 1988, was sufficient to show use of the trade-mark for these specific wares. The Federal Court, Trial Division, had deleted several other items in the registration, namely golf clubs, golf balls, some specified items of clothing, and some accessories, for which the responding trade-mark registrant was unable to provide any evidence of use. The majority decisions for the Federal Court of Appeal concluded that the gap of almost two years prior to the notice, which then grew to almost four years before further use was shown, made it impossible to conclude that use of the mark had occurred contemporaneously with the section 45 notice. In a dissenting decision, Madam Justice Desjardins concluded that the requirement of section 45 was for use of the trade-mark that is "more or less" contemporaneous with the date of the notice. Her view was based on the judicial interpretation of section 45 as a section meant to deal with "dead wood" on the register. Consequently, she expressed the view that any doubt about a registration being "dead wood" should be resolved in favour of the registered trade-mark owner.

(ii) *Proximity*

Use of a trade-mark with wares still depends on the proximity of the mark to the wares at the time the wares are acquired. In 1987, the Federal Court, Trial Division had occasion to comment on the sufficiency of trade-mark use in association with computer software. In *BMB Compuscience Canada Ltd.*

99 *Ibid.* at 462.

100 (1994), 77 F.T.R. 142, 55 C.P.R. (3d) 508 [hereinafter cited to C.P.R.].

101 *Ibid.* at 509.

102 (1993), 164 N.R. 264, 54 C.P.R. (3d) 451, rev'g (1992), 55 F.T.R. 221, 44 C.P.R. (3d) 380.

v. *Bramalea Ltd.*,¹⁰³ the Court concluded that the display of the trade-mark to a prospective purchaser before and after the sale of the software constituted "adequate" trade-mark usage. The court was influenced by the practical difficulty of requiring each copy of a software program to be physically labeled.

A further decision which addressed the question of the manner of use of trade-marks was *Konica*.¹⁰⁴ Konica Canada offered as a promotional item a book relating to the Olympics which contained on the inside front cover and outside back cover advertising for Konica's films and cameras. Coupons offering discounts on the price of the wares contained the word OLYMPIC, an official mark of the Canadian Olympic Association. The court concluded that the word OLYMPIC was used as a trade-mark within the meaning of subsection 4(1) in respect of not only the books but also in respect of the films and cameras. As the Federal Court of Appeal stated, "[h]ere the association between the mark and the wares is so close and so clearly related to their sale (notably in the coupons offering discounts on the price of the wares) that I am satisfied that the mark is used by the respondent as a trade mark in association with them."¹⁰⁵

[pg. 358]

(b) *Making Known*

The Federal Court, Trial Division, had occasion to consider the sufficiency of an allegation of making known in the context of an application for expungement of the trade-mark FEMINIQUE in *Schmid Laboratories, Inc. v. Atlantic Packaging Products Ltd.*¹⁰⁶ The court re-emphasized the principle established in *Williamson Candy Co. v. W.J. Crothers Co.*¹⁰⁷ and *Andres Wines Ltd. v. E. J. Gallo Winery*¹⁰⁸ that, for a person to succeed on a basis that the other person's trade-mark is not distinctive, it must show that its mark was at least widely known in Canada at the material time, if not also well-known within the meaning of section 5. However, if a person wishes to succeed on a basis of being the person entitled to securing the registration, it must show, having regard to the activities of the applicant and its predecessor in title, that its mark was well-known in Canada within the meaning of section 5.

4. *Distinctiveness*

The hallmark of a trade-mark is its ability to distinguish goods or services, or both, of a trader from those of others. The distinctiveness of a trade-mark can be challenged at the opposition stage to test the suitability of an application for registration. It is also crucial to the validity of a registration.

The perils of trafficking in trade-marks without due attention to the public and the affect on distinctiveness was demonstrated in the case of *Heintzman v. 751056 Ontario Ltd.*¹⁰⁹ The world-renowned trade-mark HEINTZMAN was registered for use in association with pianos in 1926. A series of ownership changes of Heintzman Company took place, with the result that Sklar-Peppler Inc. owned the

103 (1988), 23 F.T.R. 149, 22 C.P.R. (3d) 561.

104 *Supra* note 86.

105 *Ibid.* at 405-06.

106 (1989), 26 F.T.R. 203, 24 C.P.R. (3d) 258.

107 [1924] Ex. C.R. 183 [hereinafter *Williamson Candy*].

108 (1975), [1976] 2 F.C. 3, 25 C.P.R. (2d) 126 (C.A.) [hereinafter *Andres Wines*].

109 (1990), 38 F.T.R. 210, 34 C.P.R. (3d) 1 (T.D.) [hereinafter *Heintzman* cited to C.P.R.].

company and (in 1986) closed the piano manufacturing division in Ontario. It sold the remaining inventory of pianos on hand to a numbered company, 487497 Ontario Ltd. c.o.b. The Music Stand, who started to sell the inventory and to import pianos from Korea and elsewhere. The registered trade-mark HEINTZMAN was also to be sold to The Music Stand. However, not until two years later was the HEINTZMAN trade-mark assigned to an agreed company, which in turn licensed The Music Stand to use the mark.

The court restated the fundamental function and purpose of a trade-mark, which is to indicate the source from which goods come so that a purchaser can tell whether or not the goods have come from a source in which he or she has confidence. Furthermore, the *Trade-marks Act*, through paragraph 18(1)(b) and section 2, operates "as an automatic sanction to ensure that the owner of a trade mark does not permit the trade mark to be used as an instrument for deceiving or confusing the public".¹¹⁰ The Court concluded that the HEINTZMAN trade-mark lost its distinctiveness when The Music Stand used the trade-mark in connection with pianos obtained from sources other than that with which the public associated the mark. Its failure to notify the public that the source for the pianos they were selling "under the Heintzman name, was different from that which the public had previously associated with that name"¹¹¹ caused the mark to lose its distinctiveness.

[pg. 359]

The Court reached this conclusion, over and above the argument that the mark was rendered invalid as a result of the use of the mark by The Music Stand for two years when it was neither owner nor registered user. Regardless of such circumstance, the Court concluded there was a clear deliberate attempt by The Music Stand to "camouflage the fact that a change of source had occurred".¹¹²

In deciding so, the Court relied upon the view of the Supreme Court of Canada expressed in *Breck's Sporting Goods*¹¹³ to the effect that, while section 45 of the *Trade-marks Act* permits assignments of marks beyond what was permitted under the pre-existing law, it does not permit "untrammelled assignment in gross without regard to the associative character of the assigned trade mark in identifying the goods as those of the assignee owner".¹¹⁴ The Supreme Court had held that protection of the public "resides in the definition of distinctiveness in s. 2(f) and in the application of [the validity section, namely] s. 18".¹¹⁵

As the Supreme Court of Canada made clear, the requirement of distinctiveness is not met by the acquisition of a trade-mark by assignment in gross indicative of a certain manufacturing origin and then use of it as a seller's mark in respect of wares not made by the seller.

If not adopted to distinguish, a trade-mark may be found to be not distinctive. The knowing adoption of a foreign trade-mark was addressed in *Bousquet v. Barmish Inc.*,¹¹⁶ where the fashion designer Jean Bousquet, known since 1960 as "Jean Cacharel", encountered a registration of the trade-mark CACHAREL and was unsuccessful in attempting to expunge the registration. Bousquet had argued that, because of the knowing adoption of his trade-mark, Barmish Inc.'s trade-mark was not adapted to

110 *Ibid.* at 12.

111 *Ibid.* at 16.

112 *Ibid.* at 17.

113 *Breck's Sporting Goods Co. v. Magder* (1975), [1976] 1 S.C.R. 527, 17 C.P.R. (2d) 201 [hereinafter cited to C.P.R.].

114 *Ibid.* at 209.

115 *Ibid.*

116 (1991), 48 F.T.R. 122, 37 C.P.R. (3d) 516 (T.D.) [hereinafter *Cacharel* cited to C.P.R.].

distinguish. The court reviewed *Williamson Candy*,¹¹⁷ where the Canadian registration for the trade-mark O HENRY was expunged upon application by the owner of the U.S. trade-mark. The court also reviewed the Federal Court of Appeal decision in *Andres Wines*.¹¹⁸

In *Cacharel*, the court concluded that both prior knowledge of the foreign trade-mark as well as evidence of either prior use of the mark in Canada or previous making known were required to establish non-distinctiveness on this basis. Such was the view of the Federal Court of Appeal in *Andres Wines*. However, *Williamson Candy* suggested that the real prospect of Canadians becoming aware of a foreigner's trade-mark and products ought to be enough to bar registration in Canada of such a trade-mark. The court in *Williamson Candy* added that, if the foreign owner had neglected to apply for registration in Canada for many years, possibly a different view might be taken of the case in that such conduct "might be construed as a deliberate abandonment of this market, or of the mark in this market."¹¹⁹

In this latter regard, the Court in *Cacharel* seemed impressed by the failure of Jean Cacharel to challenge the impugned registration for almost eight years. Despite having

[pg. 360]

sent one "cease and desist" letter in July, 1975, to the owner of the CACHAREL trade-mark registration, the use went unchallenged until the application for expungement, brought in 1983. As *Heintzman*¹²⁰ emphasized, the message given to the public is vital. In *White Consolidated Industries, Inc. v. Beam of Canada Inc.*,¹²¹ the Federal Court, Trial Division, again stressed the significance and importance of the message given to the public concerning the subject goods.

The court found that the message given to the public in *Beam* changed over time such that the mark was no longer distinctive of the registered owner. Beginning in 1985, Beam Industries allowed Beam of Canada to put its own serial plate bearing its name on the wares. They also allowed Beam of Canada to refer to itself on the associated guarantee, the manual, advertising and packaging for the vacuum systems which were the subject of the trade-mark registration. In effect, Beam Industries became a supplier to Beam of Canada, rather than carrying on as a manufacturer having its product sold by a distributor. In the Court's view, the evidence supported the inference that the public would associate the registered trade-mark with Beam of Canada, with a resultant loss in distinctiveness of the mark as a trade-mark of Beam Industries.

The court had found that the registration of BEAM in Canada was invalid when obtained by Beam of Canada as the distributor of Beam Industries, subject to the equitable remedies available to Beam of Canada. It then considered the circumstances subsequent to the registration. The court concluded that Beam Industries had, by its conduct, assigned the trade-mark to Beam of Canada. Consequently, they could not complain of the registration of the BEAM trade-mark by Beam of Canada. In such circumstances, the expungement could not occur since the Court had found that the equitable remedies, of assignor estoppel, laches and acquiescence, were applicable.

Distinctiveness in the context of use of a trade-mark by licensees in association with wares or services not included in the statement of services of the trade-mark owner's registration arose in

117 *Supra* note 107.

118 *Supra* note 108.

119 *Supra* note 107 at 192.

120 *Supra* note 109.

121 (1991), 47 F.T.R. 172, 39 C.P.R. (3d) 94 [hereinafter *Beam*].

*Steinberg Inc. v. J. L. Duvall Ltée.*¹²² The owner registered its trade-mark for the "wholesale distribution and sale of food products".¹²³ However, it had licensed several retail grocery stores to use its trade-mark along with a caption which read "affilié à J. L. Duvall."¹²⁴ The risk of an erosion of distinctiveness can easily occur in such circumstances. Yet, the court noted that the question of distinctiveness is one of fact and, accordingly, the trade-mark "should not automatically be held to be invalid merely because its owner has permitted its restricted use in association with wares or services not included in the trade mark owner's registration of its mark."¹²⁵ The court conducted a detailed study of the owner's control over the use of the mark and concluded that, in the circumstances, the registered owner exercised sufficient control over the use of its mark by its member retailers such that the distinctiveness of the trade-mark in association with the wholesale distribution and sale of food products remained. In particular, the use of the caption meant that the registered owner was "using its trade mark quite effectively to promote its wholesale distribution services."¹²⁶ The court emphasized that "distinctiveness" as it applies to a particular trade-mark cannot be

[pg. 361]

determined *in abstracto*. As the court stated, "[r]ather, the "distinctive" quality of a trade mark must be appreciated in light of the specific facts of each case."¹²⁷

5. Abandonment

The Federal Court, Trial Division, considered the question of abandonment in *Borden, Inc. v. Hostess Food Products Ltd.*,¹²⁸ in the context of an appeal from a decision in an Opposition proceeding rejecting the opposition of Borden to Hostess Food's application for the trade-mark DOODLES. Borden was relying on having made known its DIPSY DOODLES and CHEEZ DOODLES products. The Registrar had found that Borden had not met the burden of showing prior use and non-abandonment of its trade-marks. Borden argued that the failure to file evidence of use of its trade-marks in Canada did not indicate any intention of abandoning its trade-marks. It relied on affidavit evidence of sales of its products in the United States to support its contention.

The Federal Court dismissed the submission by Borden that, because section 17 of the *Trade-marks Act* speaks only of abandonment generally, it must be construed to mean abandonment in general and not merely in Canada. The Court applied the modern rule of statutory interpretation and interpreted the section in context with the scheme of the *Trade-marks Act* as a whole to clearly limit the range of abandonment of the confusing trade-mark to abandonment in Canada.

In contrast, three years later (in 1992) the court concluded in *Sequa Chemicals, Inc. v. United Color and Chemicals Ltd.*¹²⁹ that the applicant never abandoned the trade-mark SUNREZ "since it

122 (1992), [1993] 1 F.C. 145, 44 C.P.R. (3d) 417 (F.C.T.D.) [hereinafter cited to C.P.R.].

123 *Ibid.* at 417.

124 *Ibid.* at 419.

125 *Ibid.* at 423.

126 *Ibid.*

127 *Ibid.* at 420.

128 (1989), [1990] 1 F.C. 570, 28 C.P.R. (3d) 45.

129 (1992), 56 F.T.R. 172, 44 C.P.R. (3d) 371 [hereinafter *Sequa Chemicals*].

continued to use the mark in the United States."¹³⁰ Consequently, the court found that there was no evidence to show that the applicant had any intention to abandon the mark. With respect, to the extent *Sequa Chemicals* suggests that reliance upon use elsewhere can evidence lack of intention to abandon in Canada, it represents an improper interpretation of section 17.

The Federal Court of Appeal considered the Trial Division's decision in *Sequa Chemicals*.¹³¹ It overturned the Trial Judge on the basis of lack of evidence of any use or sale of the trade-mark SUNREZ in Canada by the respondent "other than token use or token sale".¹³²

B. *For Opposition Only*

1. *Non-compliance with Section 30 of the Trade-marks Act*

One basis for objection, available in the context of an opposition but not in expungement proceedings, is non-compliance with the requirements for a proper application.

As already noted, the Federal Court, Trial Division, in *Burroughs Wellcome*,¹³³ ruled that a proposed amendment to an application, to provide a better drawing in order to bring the application into compliance with section 30, was not permissible. The

[pg. 362]

proposed amendment would have changed the trade-mark and, as such, it violated the prohibition against amendments to an application after advertisement where the amendment changes the trade-mark.

The decision of the Federal Court of Appeal in *McDonald's Corp. v. Canada (Registrar of Trade-Marks)*¹³⁴ illustrated a further basis for opposition on the grounds of non-compliance with section 30. The Court of Appeal took the opportunity to overturn the decision of the Trial Division in *Hardee's Food Systems, Inc. v. Canada (Registrar of Trade-Marks)*.¹³⁵ The Trial Judge in *Hardee* had construed the *Trade Mark Regulations* governing amendments to an application and concluded that, after advertisement, "the registrar had no discretion to refuse an amendment having the effect of converting an application for registration of a trade mark to one for registration of a proposed trade mark."¹³⁶ The Court of Appeal respectfully concluded that *Hardee* was wrongly decided.

The particular regulation in issue was subsection 37(b), which rules that "[a]n application for the registration of a trade mark may not be amended after advertisement to change a date of first use or making known in Canada of the trade mark." The Federal Court of Appeal concluded that "the term 'change in date of first use' does, in its ordinary sense, embrace [both] the abandonment of any alleged use prior to the application, thereby converting the application to one for registration of a proposed trade mark, as well as a change from one date to another in an application for registration of a trade mark."¹³⁷ The court emphasized the rationale for the rule by highlighting that the persons whose rights might be

130 *Ibid.* at 378.

131 (1993), 165 N.R. 316, 53 C.P.R. (3d) 216 [hereinafter cited to C.P.R.].

132 *Ibid.* at 218.

133 *Supra* note 15.

134 [1989] 3 F.C. 267, 24 C.P.R. (3d) 463 [hereinafter *Macdonald's Corp.* cited to C.P.R.].

135 [1983] 1 F.C. 591, 70 C.P.R. (2d) 108 [hereinafter *Hardee*].

136 *Macdonald's Corp.*, *supra* note 134 at 465.

137 *Ibid.* at 466.

unfairly impaired by the acceptance of amendments after advertisement of a trade-mark are those who considered the application as advertised and decided they had no basis upon which to oppose it. The Court was of the view that, had such persons known of the ultimate basis upon which the application would be disposed, they may well have decided otherwise and opposed the application.

C. *For Expungement Under Section 45*

1. *Continuous Non-use for Two Years Without Satisfactory Explanation*

Section 45 of the *Trade-marks Act* remains an oft-employed provision. Designed to rid the trade-mark register of "deadwood", it is called upon not only to clear the register of obstacles encountered by those seeking registration, but also by parties actively contesting trade-mark rights in oppositions and infringements. Its summary nature, with its requirement for evidence showing use in Canada or special circumstances, but without the test of cross-examination or the benefit of contrary evidence, has continued to require judicial clarification.

In a global context, the value of trade-mark registrations received significant recognition in both the *North American Free Trade Agreement*¹³⁸ and the *Agreement Establishing the World Trade Organization*.¹³⁹ Rather than expose registrations to

[pg. 363]

cancellation for non-use for an unspecified period, both treaties require a minimum of two years of continuous non-use.

Accordingly, section 45 of the *Trade-marks Act* was amended by the *NAFTA Implementation Act*¹⁴⁰ on January 1, 1994. Before this change, the relevant period of time for which use had to be demonstrated was as of the date of the notice. Decisions prior to the January 1, 1994 change must be read with this difference in mind.

The nature of section 45 proceedings and the onus that the registrant must discharge continue to be the subject of judicial comment. The Federal Court, Trial Division, had occasion in *Lewis Thomson & Sons Ltd. v. Rogers, Bereskin & Parr*¹⁴¹ to reemphasize that the registrant need only establish a prima facie case of use. The proceedings do not allow for cross-examination or the filing of evidence by the requesting party. Consequently, the Court observed that the proceedings "are not considered to be proceedings where there should be an infinite contestation of the facts."¹⁴²

This view was echoed by the court in *Saks & Co. v. Canada (Registrar of Trade-marks)*,¹⁴³ where the fundamental purpose of the proceedings was once again described as being "to rid "dead wood" from the register."¹⁴⁴ The Court found that the wares in the registration were properly categorized and that, where there had been evidence of Canadian deliveries in respect of some items for a particular category,

138 (Ottawa: Minister of Supply & Services Canada, 1992).

139 J.F. Dennin, ed., *Law & Practice of the World Trade Organization: Marrakesh Declaration Booklet* (New York: Oceana Publications, 1995).

140 *North American Free Trade Agreement Implementation Act*, S.C. 1993, c. 44, s. 232(1), amending *Trade-marks Act*, *supra* note 1, s. 45. See also Part I, p. 113.

141 (1988), 21 C.P.R. (3d) 483.

142 *Ibid.* at 486.

143 (1989), 25 F.T.R. 65, 24 C.P.R. (3d) 49 (F.C.T.D.) [hereinafter *Saks Fifth Avenue* cited to C.P.R.].

144 *Ibid.* at 57.

such evidence was sufficient to maintain the registration for the related categories of wares, without the requirement for evidence regarding every item in each category. However, the Court held that, for those categories where there was no evidence of use, the mere statement of use was insufficient to maintain those wares in the registration.

Saks Fifth Avenue involved a notice, issued in respect of the registration for the trade-mark SAKS FIFTH AVENUE, in respect of 28 categories of wares as well as for "the provision of retail department store services".¹⁴⁵ In respect of the services, the court concluded that although there were no retail stores operating in Canada, certain cross-border activities constituted "retail department store services" and also the furnishing of services in Canada within the meaning of the *Act*. These activities included responses to mail and telephone orders from Canada for merchandise, the granting of credit to Canadian customers, the advertising of wares in Canada by sending catalogues to chosen Canadian customers, advertising in newspapers and magazines which circulate in Canada, arranging for the delivery of wares in Canada and the honouring of warranties and guarantees.

The Court expressed this ruling even while acknowledging that the honouring of any guarantees and the servicing of goods sold to Canadians would probably be performed in the United States. Nevertheless, the Court concluded that, since such servicing would relate to goods situated in Canada at the time when the registrant would be called upon to make good its undertaking, the services ought to be considered to be furnished in Canada. The court distinguished *Motel 6, Inc. v. No. 6 Motel Ltd.*¹⁴⁶ and

[pg. 364]

*Porter v. Don the Beachcomber*¹⁴⁷ by stressing that there was no connection whatsoever with Canada in these cases, except the advertising itself which, in fact, invited Canadian's to attend in the United States in order to benefit from the services advertised. As the court observed, in those cases, "[n]o person whilst residing in Canada could benefit in any way from the services [n]or did they relate to anything situated in Canada."¹⁴⁸

Saks Fifth Avenue has expanded the concept of "performance of services in Canada" beyond the dimensions previously established by the jurisprudence. With wares, the key criteria for determining whether use has occurred in association with a particular ware is the degree to which the trade-mark has been used at the time of transfer in, or possession of, the ware. Notice of the trade-mark's association with the wares must come to the attention of the person acquiring the wares. With services, it has long been held that trade-marks are only used where the performance of the service occurs. However, the notion from *Saks Fifth Avenue*, that work done in another country (albeit in respect of wares ordinarily situate in Canada) constitutes the furnishing of services in Canada, distorts the concept of performance of services in Canada beyond its proper dimension.

The expansion of the concept of "performance of services in Canada" engendered by *Saks Fifth Avenue* was embraced by the Registrar of Trade-marks, in *Dubuc v. Montana*,¹⁴⁹ resulting in a further distortion. The Hearing Officer concluded that a registration of the trade-mark CLAUDE MONTANA for, *inter alia*, the services of "designing of articles of clothing ... and wearing apparel accessories"¹⁵⁰ should

145 *Ibid.* at 60.

146 (1981), 127 D.L.R. (3d) 267, 56 C.P.R. (2d) 44 (F.C.T.D.).

147 [1966] Ex. C.R. 982, 48 C.P.R. (2d) 280.

148 *Supra* note 143 at 61.

149 (1991), 38 C.P.R. (3d) 88.

150 *Ibid.* at 90.

be sustained on the basis that "Canadian customers purchasing clothing in Canada, even though designed by Claude Montana in Paris, ... [were] purchasing clothes designed by Claude Montana. The designing services, of necessity, were provided in Canada."¹⁵¹ The Hearing Officer placed reliance upon *Saks Fifth Avenue* as well as an Opposition Board decision, *Wenward (Canada) Ltd. v. Dynaturf Co.*¹⁵² However, *Wenward* does not support the position taken by the Hearing Officer. *Wenward* involved an American factory advertising its tennis court resurfacing services in Canada. While the constituent materials were manufactured in the United States, the resurfacing was performed in Canada.

The *Dubuc v. Montana* decision cannot be sustained for at least two reasons. Firstly, when one buys a product already made, one is not, by that purchase, engaging the design services of the maker of the product. Secondly, to say that a designing service has been performed in Canada, when done in Paris with no specific request from the purchaser, severely misinterprets *Saks Fifth Avenue* and extends the concept well beyond its proper meaning.

Beyond "use" having to occur in Canada to satisfy section 45, there is the requirement for "use" to be by a proper person. The Court of Appeal in *Star-Kist Foods Inc. v. Canada (Register of Trade-marks)*¹⁵³ confirmed that, for the purposes of the section, "use in Canada" means use by either the registrant or a registered user. However, despite this clear pronouncement by the Federal Court of Appeal, a judicial reluctance

[pg. 365]

to expunge trade-mark registrations as a result of "technical" defects remains.

In *Coscelebre Inc. v. Canada (Registrar of Trade-marks)*,¹⁵⁴ the Federal Court, Trial Division, concluded, on the basis of *Kightley v. (Registrar of Trade-marks)*,¹⁵⁵ that evidence of use by the true owner could be submitted to satisfy the notice. In the circumstances of *Kightley*, the Court was dealing with use by a successor corporation. In *Coscelebre*, the Court was dealing with use by a corporation that had changed its name. Thus, in neither case had there been an assignment of ownership of the registration. However, given that the proceedings are summary in nature, without the possibility of cross-examination on the affidavits, adherence to the Federal Court of Appeal's ruling in *Star-Kist*¹⁵⁶ ought to govern the determination of whether adequate evidence of use has been provided. To allow otherwise, jeopardizes the effectiveness of the summary nature of these proceedings. If evidence showing that a change of name has occurred becomes acceptable then evidence of a transfer of ownership ought to be acceptable as well. The inquiry then expands and puts at risk the reliability of the result in circumstances where cross-examination and contrary evidence are prohibited.

The Federal Court, Trial Division, had a further opportunity to comment on the effect of variation in use of a mark as registered, in the context of section 45 proceedings, when it considered registrations by Molson Breweries for the trade-marks MOLSON STOCK ALE and DESIGN in *John Labatt Ltd. v. Molson Breweries, A Partnership*.¹⁵⁷ The court concluded that the jurisprudence clearly allows a registration to be sustained on the basis of use of an unregistered altered version of the registered trade-

151 *Ibid.* at 95-96.

152 (1976), 28 C.P.R. (2d) 20 [hereinafter *Wenward*].

153 (1988), 20 C.P.R. (3d) 46, 19 C.I.P.R. 60 [hereinafter *Star-Kist*].

154 (1991), 42 F.T.R. 127, 35 C.P.R. (3d) 74 [hereinafter *Coscelebre*]. Madam Justice Reed provides a useful overview of the issues involved in section 45 proceedings and appeals from decisions made in such proceedings.

155 (1982), 65 C.P.R. (2d) 36 [hereinafter *Kightley*].

156 *Supra* note 153.

157 (1992), 59 F.T.R. 56, 46 C.P.R. (3d) 6.

mark provided no person would be deceived or injured by the alteration. Consequently, the court ruled that evidence of use of a registered associated trade-mark, containing the dominant features of a preceding registered trade-mark, should be allowed to sustain the registration of the preceding registered trade-mark.

The question of whether special circumstances existed so as to justify non-use arose in *McFadden, Fincham, Marcus & Allen v. Canada (Registrar of Trade-marks)*.¹⁵⁸ The Court concluded that the registrant's difficulties, including the cyclical nature of the fashion industry, and difficulties caused by the resignation of key personnel, were factors beyond the registrant's control which led to the delay of use of the registrant's trade-mark. Accordingly, the court found that special circumstances existed and maintained the registration.

Further, with respect to special circumstances justifying non-use, the Federal Court, Trial Division, emphasized in *Lander Co. Canada v. Alex E. Macrae & Co.*¹⁵⁹ that "the mere intention to resume use is not satisfactory... [It] must be substantiated by factual elements such as purchase orders or, at least, a specific date of resumption."¹⁶⁰ However, while the court recognized a recession as being beyond anyone's control, it concluded

[pg. 366]

that a recession is not an uncommon or exceptional situation. In its view, it is common knowledge that market conditions fluctuate.¹⁶¹

In *Sim & McBurney v. Belvedere International Inc.*,¹⁶² the Court reiterated that special circumstances are meant to mean "circumstances that are unusual, uncommon or exceptional".¹⁶³ Accordingly, a "soft market" for certain wares, resulting in a long voluntary cessation of use of the mark, was insufficient evidence of "special circumstances" justifying non-use.

III. PROCEDURES FOR ATTACKING SUITABILITY OF APPLICATIONS AND VALIDITY OF REGISTRATIONS

A. *Expungement*

1. *Procedure*

(a) *General*

Procedurally, applicants for the expungement of trade-mark registrations must heed section 58 of the *Trade-marks Act*. Section 58 of the *Act* establishes a rigid procedure for seeking an order for expungement of a trade-mark registration under section 57 of the *Act*. Such an application must be made by way of an originating notice of motion, by counterclaim, or by a statement of claim which claims additional relief under the *Trade-marks Act*.

158 (1990), 38 F.T.R. 48, 34 C.P.R. (3d) 70 (T.D.).

159 (1993), 62 F.T.R. 71, 46 C.P.R. (3d) 417 [hereinafter cited to C.P.R.].

160 *Ibid.* at 421.

161 See also *Arrowhead Spring Water Ltd. v. Arrowhead Water Corp.* (1993), 61 F.T.R. 132, 47 C.P.R. (3d) 217 (F.C.T.D.).

162 (1993), 73 F.T.R. 8, 53 C.P.R. (3d) 522 (T.D.) [hereinafter cited to C.P.R.].

163 *Ibid.* at 529.

In *Baume & Mercier S.A. v. Importations Cercle Ltée*,¹⁶⁴ the Federal Court, Trial Division, concluded that a statement of claim seeking a declaration of abandonment as well as an order for expungement was in compliance with the requirements of section 58 and allowed the statement of claim to stand. Although the court recognized that section 58 permits the use of a statement of claim only where the action claims additional relief, beyond expungement, under the *Trade-marks Act*, the Court, nevertheless, concluded that the statement of claim was in compliance with section 58. The court reached this conclusion by reasoning that section 45 proceedings do not allow the Registrar to decide whether a registered trade-mark has been abandoned within the meaning of subsection 18(c) of the *Act* or whether the trade-mark is, in fact, used in Canada.

It is difficult to see how the limited purposes of section 45 can convert a claim for a declaration for abandonment into a claim for relief under the *Trade-marks Act*. While there may be many occasions where it would be advantageous to allow a person seeking the expungement of a registration to also obtain a declaration of abandonment, the *Trade-marks Act* does not provide for such relief. As such, the *Baume & Mercier* decision to allow the statement of claim to stand in such circumstances is questionable.

In applications for expungement, rule 704 of the *Federal Court Rules*¹⁶⁵ provides a code of procedure to be followed before the Federal Court of Canada in respect of cases involving, *inter alia*, the expungement of registered trade-marks. However, the Associate

[pg. 367]

Chief Justice of the Federal Court emphasized that rule 704 is not a rigid code of procedure. In the circumstances of a case involving an affiant who had difficulties with English, the Associate Chief Justice was prepared to permit the filing of supplementary affidavits "where there is a reasonable explanation for the delay and the information contained therein is considered necessary in order to have the benefit of all available relevant evidence."¹⁶⁶

It is not uncommon for circumstances to arise where multiple registrations and related pending applications are the subject of efforts to have their existence terminated. In *Westwind Investments Ltd. v. Yannacoulia*,¹⁶⁷ the Federal Court, Trial Division, was invited to not only expunge certain registrations but also to prohibit the registration of certain related design trade-marks. The authority offered in support of this requested prohibition was a passage by the Federal Court Chief Justice from *Chalet Bar B-Q (Canada) Inc. v. Foodcorp. Ltd.*¹⁶⁸ In that passage, Chief Justice Thurlow commented on a similar request and stated "[i]n my view, if the court has jurisdiction to make such a declaration apart from proceedings for expungement, it is a jurisdiction which is discretionary and in the absence of any right to or claim for consequential relief the jurisdiction should not be exercised so as to short-circuit or oust the procedure for establishing entitlement to registration prescribed by the statute." Interestingly enough, even though the applicant for expungement relied upon Chief Justice Thurlow's statement in requesting the order of prohibition, it made no claim for such consequential relief in the proceedings before the court. As such, the court declined to grant the order to prohibit registration of the pending applications. It remains open for another applicant to specifically request this relief in an effort to obtain such a

164 (1994), 58 C.P.R. (3d) 232 [hereinafter *Baume & Mercier*].

165 C.R.C., c. 663.

166 *Golden Happiness Bakery Ltd. v. Goldstone Bakery & Restaurant Ltd.* (1994), 76 F.T.R. 52, 53 C.P.R. (3d) 195 at 198.

167 (1990), 34 F.T.R. 147, 30 C.P.R. (3d) 231 [hereinafter *Westwind Investments Ltd.*].

168 (1982), 47 N.R. 172, 66 C.P.R. (2d) 56 at 79 (F.C.A.).

discretionary order of prohibition in suitable circumstances.

(b) *Material Dates*

The material date for determining whether a mark ought to be expunged by reason of being not registrable at the date of registration depends on the relevant subsection. In *Cacharel*,¹⁶⁹ the Court found the date of adoption as the material date when contravention of paragraph 12(1)(e) formed the basis of the alleged unregistrability. Paragraph 12(1)(e) prevents the registration of marks which cannot be adopted by virtue of sections 9 or 10. In *Cacharel*, one of the arguments against registration was that the trade-mark was not registrable in view of paragraph 9(1)(k), namely by virtue of it allegedly being "matter that may falsely suggest a connection with any living individual". In view of the clear language of subsection 18(a) of the *Act*, it seems inappropriate to judge the question as of the date of adoption. In order to contravene paragraph 12(1)(e), the mark must be one of which the adoption is prohibited by sections 9 or 10 and this must first be established as of the date of adoption. However, in view of the reasoning in *Park Avenue*, it seems sensible to consider the possibility that, at the date of registration, circumstances may have changed so that adoption as of that date would no longer be prohibited.

[pg. 368]

The clear language of subsection 18(b), states that, in an expungement proceeding, distinctiveness must be assessed at the date it is brought into question. Nevertheless, creative challenges on distinctiveness continue to be made. In *Fibergrid Inc. v. Precisioneering Ltd.*,¹⁷⁰ the applicant for expungement contended unsuccessfully that the trade-mark should be expunged under subsection 18(a) by reason of it being not registrable at the time of registration, since it was not then distinctive.

B. *Opposition*

1. *Procedure*

(a) *General*

The courts have regularly held that the scheme of the *Trade-marks Act* establishes a complete code of procedure that should be observed. In contrast to *Westwind Investments Ltd.*,¹⁷¹ the Federal Court, Trial Division, made clear in *Bell Canada v. Pizza Pizza Ltd.*,¹⁷² at least in respect of the provisions relating to oppositions and appeals from oppositions, that these provisions ought not to be circumvented. The decision arose in the context of application by Pizza Pizza to strike out the statement of claim of Bell Canada.

As previously mentioned, Pizza Pizza had been successful in establishing the right to seek registration of a telephone number *Pizza Pizza Ltd. v. Canada (Registrar of Trade-marks)*.¹⁷³ In *Bell*

169 *Supra* note 116.

170 (1991), 42 F.T.R. 114, 35 C.P.R. (3d) 221.

171 *Supra* note 167.

172 (1993), 48 C.P.R. (3d) 129 [hereinafter *Bell Canada*].

173 *Supra* note 10.

Canada, Pizza Pizza was attempting to register further telephone numbers and Bell Canada had asked the court to declare that the telephone numbers did not constitute registrable trade-marks. The Court refused by characterizing Bell Canada's request as an effort to circumvent the complete code of procedure set out in the *Trade-marks Act*, which the Court was of the view "ought not to be by-passed".¹⁷⁴

While the provisions relating to oppositions and appeals therefrom represent a complete code of procedure not to be circumvented, the Federal Court has recognized, as with expungement proceedings, that the procedure is not a rigid procedure. In *Miss Universe Inc. v. Bohna*,¹⁷⁵ the court observed that "there is substantial jurisprudence in the Trade Mark Office to the effect that an opposition should not be rejected on technicalities if no prejudice has been caused to the applicant". Accordingly, in view of the applicant's response to the Statement of Opposition, its evidence filed on appeal, and the absence of complaint by its counsel on the appeal, the court held that it could consider the question of possible confusion between the services of the two parties, even though the opponent had not identified any services in the Statement of Opposition, contrary to the requirements of paragraph 38(3)(a).

[pg. 369]

(b) *Material Dates*

As already mentioned, and previously noted in an earlier survey,¹⁷⁶ the question of the appropriate dates for determining the various issues to be decided in opposition proceedings, and other proceedings, under the *Trade-marks Act*, have bedeviled practitioners for some time. The statute specifies several dates, while others have to be determined by way of inference.

A series of Federal Court trial decisions fostered the rule at the Opposition Board, that the relevant date for determining whether a trade-mark was unregistrable by virtue of being confusing with a registered trade-mark was the date of the statement of opposition. *Molnlycke Aktiebolag v. Kimberly-Clark of Canada Ltd.*¹⁷⁷ was severely criticized by the previous surveyor. In addition, the Federal Court of Appeal, in *Oshawa Group Ltd. v. Creative Resources Co.*,¹⁷⁸ had concluded that an earlier contrary statement by the Judge in *Molnlycke* subsequently expressed the proper view, namely that the date for determining registrability in an opposition should be the date of the disposition of the opposition. Nevertheless, despite the decision of the Federal Court of Appeal, the Opposition Board and the Federal Court, Trial Division, continued to rely upon *Molnlycke*. Complicating the matter was that the judge in *Molnlycke* concluded, on the basis of general language to this effect by the Court of Appeal in an even earlier decision, namely the case of *Andres Wines*,¹⁷⁹ that the material date was the date of filing of the opposition.

*Park Avenue*¹⁸⁰ clarified matters since it specifically involved opposition on the basis of confusion with a registered trade-mark. Madam Justice Desjardins accepted the reasoning of the Federal Court of Appeal in *Oshawa Group* as being the most logical inference of the relevant date. Since paragraph 12(1)(d) may speak as of the present, then the general rule applicable in a matter should

174 *Supra* note 172 at 133.

175 [1992] 3 F.C. 682, 43 C.P.R. (3d) 462 at 499 (T.D.).

176 *Supra* note 2.

177 (1982), 61 C.P.R. (2d) 42 [hereinafter *Molnlycke*].

178 (1982), 46 N.R. 426, 61 C.P.R. (2d) 29 [hereinafter *Oshawa Group*].

179 *Supra* note 108.

180 *Supra* note 35.

prevail, namely that the date when the matter is disposed of on the evidence adduced is the material date for determining the issue of likelihood of confusion with a registered trade-mark. In her Lordship's view, "[i]t is important, it would seem to me, that the decision of the Registrar or the court be taken on an accurate state of the record. Registrability should be decided at the date of registration or at the date of refusal of registration. The relevant date, in the case at bar, was the day the Registrar disposed of the opposition on the evidence adduced."¹⁸¹

Despite a jurisprudential gloss on paragraph 38(2)(d) regarding oppositions based on lack of distinctiveness, the Federal Court, Trial Division, seized the opportunity in *Clarco Communications Ltd. v. Sassy Publishers Inc.*¹⁸² to establish a new material date for the determination of the question of distinctiveness. Despite the *obiter* comment of Justice Thurlow, as he then was, in the Court of Appeal's decision in *Andres Wines*¹⁸³ and a parade of Trial Division decisions following it,¹⁸⁴ the Federal Court was inspired

[pg. 370]

by the decision of the Court of Appeal in *Park Avenue*¹⁸⁵ to conclude that the relevant date is the date at which the opposition is disposed, rather than the date of filing the opposition. As pointed out cogently by the previous surveyor,¹⁸⁶ this is the preferable material date in view of the public interest in ensuring that an applicant "obtains no more than he is entitled to at the date the registration is granted".

(c) *Onus*

As in any adversarial process, there are legal burdens as well as evidentiary burdens. A scenario which has prompted frequent judicial comment arises in opposition proceedings where the basis of opposition is non-conformity with the requirements of section 30 (previously section 29), the section of the *Trade-marks Act* which establishes the requirements for a valid application.

The Federal Court, Trial Division, explained the onus in *John Labatt Ltd. v. Molson Cos.*¹⁸⁷ To the Court, the jurisprudence was clear that, while an applicant is under a legal burden to show compliance, an evidentiary burden rests on the opponent to support the allegations of non-compliance pleaded by him. As the court explained, by reference to a variety of noted texts on the law of evidence, the evidentiary burden is "the burden of adducing sufficient evidence to persuade the trier of fact that the alleged facts are true". The Registrar in the opposition decision had used the word "prove" and the opponent had appealed and contended that the Registrar had erred by concluding that a standard of proof akin to the standard in criminal cases, namely proof beyond a reasonable doubt, was applicable. The Federal Court ruled that, when taken in context, the word "prove", as used by the Registrar, meant nothing further than the requirement that the opponent had to "make out its case". An appeal to the Federal Court of Appeal was dismissed.¹⁸⁸

181 *Ibid.* at 424.

182 (1994), 73 F.T.R. 131, 54 C.P.R. (3d) 418.

183 *Supra* note 108.

184 See especially *Labatt Brewing Co. v. Molson Breweries, A Partnership* (1992), 55 F.T.R. 266, 42 C.P.R. (3d) 481 and the cases cited at 493 therein.

185 *Supra* note 35.

186 *Supra* note 2, at 589-91.

187 (1990), 36 F.T.R. 70, 30 C.P.R. (3d) 293 at 298.

188 (1992), 144 N.R. 318, 42 C.P.R. (3d) 495.

Another ground of non-conformity with section 30 is the contention that the applicant could not have been satisfied of its entitlement to use the trade-mark with the wares or services described, when making such a statement as required under subsection 30(i). In *Optagest Canada Inc. v. Services Optométriques Inc. (S.O.I.)*,¹⁸⁹ the Court emphasized that a simple bald allegation that the applicant does not have the right to use the trade-mark is insufficient. It is important to remember that to successfully contend that the applicant could not have been satisfied of its entitlement to use its trade-mark in association with the subject wares or services, requires proof of two facts. First, the opponent must prove facts by which the applicant would not be entitled to registration. Second, the opponent must prove that the applicant was aware of these disentitling facts such that it could not have been satisfied of its entitlement.

*Pernod Ricard v. Molson Breweries*¹⁹⁰ demonstrates both the operation of the legal and evidentiary burden as well as the need to carefully consider the grounds of opposition when providing evidence to support an application. Molson was able to rely on evidence provided by Pernod Ricard to demonstrate that one of the predecessors in title alleged by Pernod Ricard could not possibly have been a predecessor in title. Pernod Ricard neglected to file reply evidence, resulting in the rejection of the application for

[pg. 371]

non-conformity with section 30. Since Pernod Ricard did not file reply evidence, it is not possible to determine whether or not the initial evidence correctly described the chain of predecessors in title or whether it may have been misdescribed. Nevertheless, the court concluded that the opponent, Molson Breweries, had met its evidentiary burden and, in the absence of any evidence in reply by Pernod Ricard, found that Pernod Ricard had failed to meet its legal burden of establishing compliance.

(d) *Pleadings*

Opposition proceedings consist of two statements by way of pleading, namely the formal statement of opposition and counterstatement. The requirements for each are set out in subsections 38(3) and 38(6), respectively. Amendments to these pleadings are allowed¹⁹¹ only with leave of the Registrar on such terms as the Registrar may think fit. The Federal Court, Trial Division, had the opportunity to comment on the applicable principles which should govern the exercise of the Registrar's discretion relating to amendments in *Canada Post Corp. v. Canada (Registrar of Trade-marks)*.¹⁹² The case arose in the context of an application for *certiorari* and *mandamus* against the Trade-marks Opposition Board in respect of certain amendments to the Statement of Opposition requested by Canada Post. Although the court was scathing in its criticism of the delay and "tardiness" of Canada Post in expressing grounds of opposition at such a late stage in the proceedings, the amendments were, nevertheless, allowed. The rationale for allowing the amendments after the applicant had filed its evidence was that, despite the delay, no prejudice was demonstrated apart from the passage of time. The trade-mark applicant had also pointed to the absence of compensatory costs in opposition proceedings. For this reason, and because of the behavior of Canada Post, the court awarded costs to the unsuccessful trade-mark applicant, rather

189 *Supra* note 94.

190 *Supra* note 74.

191 Trade Mark Rules, *supra* note 15, r. 42.

192 (1991), 50 F.T.R. 86, 40 C.P.R. (3d) 221.

than to the successful Canada Post.

2. Evidence

The opportunity to submit evidence and make representations to the Registrar in opposition proceedings is established by subsection 38(7) and regulated by rules 43, 44 and 45, which relate to the opponent's evidence, the applicant's evidence, and the opponent's reply evidence, if any, respectively. In addition, subrule 46(1) allows the Registrar the discretion to permit the filing of further evidence.

The Federal Court of Appeal in *Lin Trading*¹⁹³ affirmed the decision of the Opposition Board Hearing Officer, which refused the trade-mark applicant leave to file an additional affidavit. The refusal was based on a sensible exercise of discretion. The Hearing Officer concluded that the lateness of the request was not justified by an earlier change of agent and that the proposed additional evidence would be unlikely to have "any fundamental effect on the decisions to be reached in these oppositions."¹⁹⁴

[pg. 372]

C. Section 45

1. Procedure

In respect of the procedure before the Registrar, it is clear that the Registrar may only receive evidence tendered by or on behalf of the registered owner. The Federal Court of Appeal has made this clear on several occasions, more recently in *Meredith and Finlayson v. Berg Equipment Co. (Canada)*.¹⁹⁵ In addition, the court in that case underlined the principle that, on appeals, the only evidence receivable is evidence from or on behalf of the registered owner.¹⁹⁶ The court further clarified that, while affidavits filed before the Registrar were necessarily part of the record, they were not affidavits filed in the Trial Division. As such, the Court of Appeal knew of no provision which would allow it to order cross-examination on such affidavits.

With respect to the question of standing in section 45 proceedings, the Federal Court, Trial Division, ruled in *Renaud Cointreau & Cie. v. Cordon Bleu International Ltd.*¹⁹⁷ that in circumstances where a notice is issued before the expiration of three years from the date of registration, the notice must be considered to be issued on behalf of the Registrar, rather than a requesting party, even if there has been a request. Section 45 permits a person to request the Registrar to give notice under section 45 at any time after three years from the date of registration of the subject trade-mark, while the Registrar may give notice under section 45 at any time.

The Federal Court of Appeal, in a further case entitled *Meredith & Finlayson v. Canada (Registrar of Trade-marks)*,¹⁹⁸ underscored the need for requesting parties to ensure that the notice issued by the Registrar of Trade-marks pursuant to their requests refers to complete registrations and, in

193 *Supra* note 88.

194 *CBM Kabushiki Kaisha v. Lin Trading Co.* (1985), 5 C.P.R. (3d) 27 at 29 (T.M.Opp.Bd.).

195 (1991), 138 N.R. 379, 40 C.P.R. (3d) 409.

196 The court relied upon the words of Thurlow C.J. in *Plough (Canada) Ltd. v. Aerosol Fillers Inc.* (1980), [1981] 1 F.C. 679, 53 C.P.R. (2d) 62 as well as the decisions of the Court of Appeal in *Labatt Brewing Co. v. Benson & Hedges (Canada) Ltd.* (1983), 75 C.P.R. (2d) 287, 1 C.I.P.R. 21 and *Star-Kist*, *supra* note 153.

197 (1992), 58 F.T.R. 191, 45 C.P.R. (3d) 374.

198 (1994), 164 N.R. 319, 54 C.P.R. (3d) 444.

particular, specifies all of the wares and services that should be specified. The court ruled that, since the section 45 notice in issue referred to a registration which was incomplete, the decisions of the Registrar and Trial Division could not stand, since no proper notice had ever been sent to the owner of the trade-mark.

The nature of section 45 proceedings gave rise to a concern about serious prejudice in the context of related proceedings for trade-mark infringement and opposition in *Royal Bank of Canada v. Canadian Imperial Bank of Commerce*.¹⁹⁹ The Federal Court, Trial Division, concluded that the continuation of opposition proceedings and section 45 proceedings could cause serious prejudice to the Royal Bank, since the issues, including the validity of its trade-mark, could not be fully debated before the particular tribunal. The court was of the view that "[t]he continuation of the proceedings would be an abuse of the judicial process inasmuch as it would allow decisions to be made without the benefit of highly relevant evidence in circumstances where such evidence is known to exist and is available to both parties."²⁰⁰

[pg. 373]

The question of cross-examination of affiants on their affidavits filed in response to section 45 notices also came before the Federal Court, Trial Division, again in *Burke-Robertson v. Carhartt Canada Ltd.*²⁰¹ when the requesting party was denied the opportunity to cross-examine on the affidavit evidence filed by the trade-mark owner. The court dismissed an application for judicial review to quash the Registrar's decision on the basis that "[t]he Registrar is purely a creature of statute and, as such, possesses no inherent jurisdiction to make procedural orders."²⁰²

2. Evidence

The magnitude of evidence required to demonstrate "use in the normal course of trade in Canada" was characterized by the Federal Court, Trial Division, in *Meredith & Finlayson v. (Registrar of Trade-marks)*²⁰³ as evidence which reveals "more than a bare statement that the trade mark was in use".²⁰⁴ In the face of such evidence, the Court considered that "it can reasonably be inferred that the use was in the normal course of trade"²⁰⁵. In addition, the Court determined that the Registrar had no authority to order cross examination, given the absence of any statutory or regulatory power enabling the Registrar, either expressly or by necessary implication, to make such an order. The court took note that the Registrar had been given the express power to order cross-examination in opposition proceedings. Consequently, the absence of such an express power in respect of section 45 proceedings, in the face of such a clear expression in respect of opposition proceedings, reinforced the court's determination that such power was not available in respect of section 45 proceedings.

199 (1994), 57 C.P.R. (3d) 483.

200 *Ibid.* at 488.

201 (1994), 82 F.T.R. 55, 56 C.P.R. (3d) 353.

202 See also *Anheuser-Busch Inc. v. Carling O'Keefe Breweries of Canada Ltd.* (1982), [1983] 2 F.C. 71, 69 C.P.R. (2d) 136 (C.A.).

203 (1992), 55 F.T.R. 241, 43 C.P.R. (3d) 473.

204 *Ibid.* at 486.

205 *Ibid.*

In *Coscelebre*, the Federal Court reviewed the jurisprudence which had held that, while use has to be in the normal course of business, a single sale may satisfy that requirement, "whether wholesale or retail".²⁰⁶

IV. CONCLUSION

This concludes Part II of this Survey of Intellectual Property. Part II will complete the survey in respect of the law of Trade-marks by addressing the infringement of registered trade-marks, the statutory rights afforded by Section 7 of the *Act* as well as the protection of section 22, along with the law of passing off. Part III will also canvass the law respecting Industrial Designs.

206 See *Philip Morris Inc. v. Imperial Tobacco Ltd.* (1987), 8 F.T.R. 310, 13 C.P.R. (3d) 289.