

INTELLECTUAL PROPERTY LAW

TRADE-MARKS

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A. Introduction

2008 saw no major changes to the legislation or regulations governing trade-marks.

However, the Canadian Intellectual Property Office ("CIPO") issued a call for comments on its paper entitled the Proposed Changes to the Practice in Trade-mark Office Proceedings which could be significant if adopted. An outline of these proposed changes are set out below along with other practice notices of CIPO dealing with administrative matters.

With respect to significant case law, the Federal Court dealt with a variety of issues including, clearly descriptive trade-marks, expungement proceedings, section 45 notices, summary judgment proceedings and opposition to registrations based on the name of an individual.

B. Legislation

There were no significant amendments in 2008 to the *Trade-marks Act*, R.S.C. 1985, T-13 (the "Act") or the Trade-marks Regulations (SOR/96-195).

C. Administrative Practice

CIPO, which is responsible for trade-mark registrations in Canada issued a number of practice notices as well as the call for comments on its consultation paper, the Proposed Changes to the Practice in Trade-marks Opposition Proceedings. The practice notices clarify CIPO's current policies but do not have the force of law.

1. Proposed Changes to Opposition Proceedings

CIPO issued on September 4, 2008 its consultation paper on Proposed Changes to the Practice in Trade-mark Opposition Proceedings. The consultation period was until October 24, 2008 and the results of this consultation are still pending.

In summary, among the changes proposed are the following:

- (a) A new scheme would be introduced to allow extensions of time by the trade-marks office to complete steps in opposition proceedings under a more precise set of benchmarks:
 - (i) prior to the deadline to file a counter statement, a trade-mark applicant may request a "cooling-off" period of up to nine months with a possible further extension of another nine months based on the consent of the parties. This procedure is to allow parties at an early stage to pursue settlement discussions and the Registrar will not generally allow further extensions of time for settlement discussions later in the proceedings. This "cooling-off" period can be unilaterally terminated by either the trade-mark applicant or the opponent. If the "cooling-off" period is terminated by the opponent, the applicant has one month to file and serve its counter statement;

- (ii) prior to the filing of the Statement of Opposition, a request for an extension of time with sufficient reasons may be granted up to three months;
 - (iii) prior to the filing of evidence, a request for extension of time with sufficient reasons may be granted either up to two or six months depending on the time of the request for evidence under Rules 41(1) and 42(1) of the Trade-mark Regulations and up to four months for evidence under Rule 43 of the Trade-mark Regulations;
 - (iv) prior to the filing of the written argument, a request for an extension of time with sufficient reasons may be granted up to four months;
 - (v) no request for an extension of time for a hearing date will be generally granted;
 - (vi) retroactive extensions of time will be granted only where the parties seeking such an extension provides sufficient facts to satisfy the Registrar that the failure to meet the deadline was unavoidable. However, if the proceeding has advanced to the next stage, no retroactive extension will be granted;
 - (vii) in exceptional circumstances an extension of time will be granted in excess of the foregoing benchmarks. Examples of exceptional circumstances include where there are co-pending opposition proceedings, changes in the parties instructing principal or trade-mark agent, assignment of the trade-mark, a revised application, outstanding issues arising out of a cross-examination, finalizing settlement, illness, accident or death or other such serious and unforeseen circumstances.
- (b) With respect to hearings, a party may request only a hearing if that party gives written notice of its request to be heard within one month of the Registrar's notice under the Trade-marks Regulations.

On consent, the parties may file a request to have their case scheduled and heard on short notice.

The Registrar will generally not grant any postponement of scheduled hearing dates. In particular, the Registrar will not grant a postponement on the basis of settlement negotiations.

2. Service of Documents

On January 1, 2008, CIPO issued a Practice Notice of Service of Documents on the Registrar of Trade-marks. In this regard, it is important to note that appeals of the decisions of the Registrar and other notices of application filed with the Federal Court must be personally served on the Registrar by attending at CIPO and leaving the document with an employee of the Executive

Office of the Registrar in Gatineau, Quebec or filing of the originating document and two copies of it with the Federal Court Registry.

Further, the requirements to file copies of notice of appeal are obligatory and failure to do so may render an appeal a nullity.

It is also important to point out with respect to this practice direction, the provision stating that despite subsequent appeals to the Federal Court or Federal Court of Appeal, the Registrar must, absent a stay of proceedings, act in accordance with all judgements and orders of the Federal Court. Accordingly, it is crucial that parties seek a stay of proceedings of judgments or orders adverse to them in the Federal Court if they wish to appeal such rulings. With respect to opposition or section 45 proceedings under the Act, the Registrar will not act until the judgment is deemed final.

3. Time Limits

On January 30, 2008, CIPO issued a practice direction that dealt with the time limits for filing of documents in CIPO that fall on a holiday or when CIPO is closed.

4. Correspondence Procedures

On November 27, 2008, CIPO issued a practice direction for Undated Correspondence Procedures which outlined the appropriate procedures for sending correspondence by mail and electronically (by fax and on-line).

D. Case Law

This section summarizes the important cases relevant to trade-marks that were decided in 2008.

1. Damages

The Supreme Court of British Columbia has given some guidance as to the scale of potential damage awards in cases of flagrant trade-mark violations. In *Louis Vuitton Malletier S.A. v. 486353 B.C. Ltd.*, 2008 B.C.S.C. 799, the court dealt with the well-known trade-marks for the luxury-goods maker Louis Vuitton which are distributed in Canada through Louis Vuitton Canada Inc. ("Louis Vuitton"). Pursuant to an Anton Pillar order, Louis Vuitton brought an action for trade-mark and copyright infringement against the individuals and corporate entities operating stores in the lower mainland of British Columbia selling counterfeit products (the "Store Operators").

The Federal Court awarded damages in this action in the sum of \$6,000 against the Store Operators.

However, further investigations by Louis Vuitton revealed continuing infringement activities. As a result, the Store Operators entered into a settlement agreement where they, among other things, acknowledged Louis Vuitton's ownership of the Louis Vuitton trade-marks, agreed to cease selling counterfeit merchandise, represented that they no longer possessed counterfeit merchandise, and agreed to pay Louis Vuitton \$6,000.

But once again, further investigations by Louis Vuitton revealed that the Store Operators continued to infringe Louis Vuitton's trade-marks by selling counterfeit merchandise. In the ensuing Federal Court action against the Store Operators, two of the individual defendants admitted they imported the counterfeit merchandise at least several times a year that were sold in their stores. One corporate defendant did not defend the action and a summary trial proceeded against the remaining corporate and individual defendants who participated only minimally in the proceedings.

The court found that the individual defendants could not hide behind the corporate defendant entities as they were personally involved in the operation of the stores selling the counterfeit merchandise. Imputing personal liability against the individual defendants, the court held that "[a] corporation cannot be used to shield an officer, director or principal employee, when that individual's actions amount to a deliberate, wilful and knowing pursuit of a course of conduct which was likely to constitute infringement or at least where those actions reflect an indifference to the risk of an infringement".

In assessing the damage against the Store Operators, the court affirmed the usual practice of applying nominal damages in the absence of business records to establish profits earned by the defendants. Citing the example of a 1997 decision, the court identified the scale of nominal damages as being \$3,000 where the defendants are operating temporary premises such as flea markets and \$24,000 where the defendants are distributors of counterfeit goods. By taking into account inflation since 1997, the court increased the nominal damages to \$7,250 and \$29,000 respectively.

In applying nominal damages to the defendants, the court utilized the evidence of the annual turnover of inventory and multiplied this by the nominal damages for each store location that sold the counterfeit merchandise. This substantially increased the damages such that the trade-mark damages awarded against one individual defendant were in excess of \$550,000. Further, the court awarded punitive and exemplary damages against the same defendant in the amount of \$200,000 plus special costs. However, given the large damage awards, the court declined to award an amount for contempt of court.

2. Clearly Descriptive

In 2008, the Federal Court of Appeal dealt with two cases concerning whether a registered trade-mark is clearly descriptive in violation of section 12(1)(b) of the Act.

In *Shell Canada Limited v. P.T. Sari Incofood Corporation*, 2008 F.C.A. 279, the Federal Court of Appeal allowed the appeal by Shell Canada Limited ("Shell") of the decision of the trial division which upheld the Registrar of Trade-marks' rejection of Shell's opposition to the registration of JAVECAFE by P.T. Sari Incofood Corporation ("P.T. Sari"). Shell opposed the registration of JAVACAFE as a trade-mark by P.T. Sari for coffee-related wares on the basis that it was merely descriptive of such wares in violation of section 12(1)(b) of the Act.

On appeal to the Federal Court, additional evidence was submitted concerning the meaning of JAVA in the French language. As a result of this new evidence, the Court of Appeal held that the standard of review that the Federal Court should have applied was whether the Registrar's

decision was correct as opposed to reasonable as the new evidence submitted would have materially affected the Registrar's findings of fact or exercise of discretion.

In assessing the additional evidence, the Federal Court of Appeal held that the word "java" in French is also understood to be an island known for the production of coffee. Further, the Federal Court of Appeal held when given this meaning, the mark JAVACAFE to an average French-speaking Canadian would be descriptive of a place that produces coffee as a matter of first impression. The combination of the word JAVA with CAFE lends itself to no other conclusion.

Accordingly, the Federal Court of Appeal held that JAVACAFE was clearly descriptive of P.T. Sari's coffee products in the French language and it was not necessary to consider whether JAVACAFE was clearly descriptive in violation of section 12(1)(b) of the Act in the English language.

The Federal Court of Appeal in *Cheaptickets and Travel Inc. v. Emall.ca Inc. et. al.*, 2008 F.C.A. 50, also dealt with a violation of section 12(1)(b) of the Act. In that case, the issue was whether the registered trade-marks CHEAP TICKETS and CHEAP TICKETS TRAVEL & DESIGN were clearly descriptive of the services of Cheaptickets and Travel Inc. ("CTI"). CTI registered CHEAP TICKETS and CHEAP TICKETS AND TRAVEL & DESIGN in association with its travel agency business.

Emall.ca Inc. ("Emall") brought expungement proceedings in the Federal Court for the trade-marks in issue after CTI brought a passing off action against Emall for its use of the domain name cheaptickets.ca.

The Federal Court found in favour of Emall holding that the trade-marks CHEAP TICKETS and CHEAP TICKETS AND TRAVEL & DESIGN were clearly descriptive of CTI's business and the registrations were, therefore, invalid. However, CTI argued that if the trade-marks were clearly descriptive, they could be saved by showing the trade-marks had acquired distinctiveness. The Federal Court of Appeal upheld the lower court decision and rejected CTI's argument that the Federal Court failed to determine whether CTI's trade-marks had acquired distinctiveness as of the date on which the applications for registration were filed pursuant to section 12(2) of the Act.

The Federal Court of Appeal stated that such argument was open to CTI in expungement proceedings but held that the record did not disclose evidence reasonably capable of supporting that the trade-mark had acquired distinctiveness such that they should not be expunged from the trade-mark's register.

3. Deceptively Misdescriptive

For scotch whiskey lovers an interesting case arose concerning the opposition of the Scotch Whiskey Association to the registration by Glenora Distillers International Ltd. ("Glenora Distillers") of the trade-mark GLEN BRETON in association with single malt whiskey.

The case centered on the Scotch Whiskey Association of Scotland opposing the use of the word "glen" by the Nova Scotia Company, Glenora Distillers, in association with whiskey made in Canada as being deceptively misdescriptive in violation of section 12(1)(b) of the Act. The

Registrar of Trade-marks rejected the Scotch Whiskey Association's argument that the word "glen" by ordinary and bona fide commercial usage became recognized in Canada as designating Scotland as the origin of whiskies bearing that name so that the use of the GLEN BRETON as a trade-mark would be misleading to the Canadian public. The Scotch Whiskey Association appealed the decision of the Registrar to the Federal Court in the case of *Scotch Whiskey Association v. Glenora Distillers International Ltd.*, 2008 F.C. 424.

In this appeal the Scotch Whiskey Association submitted additional evidence. The Federal Court determined that the additional evidence would have affected the Registrar's decision such that the standard of review was whether the Registrar's decision was correct as deposed to whether it was reasonable.

In reviewing the Registrar's decision on that basis, the court found that there was no evidence in the record for the year 2000, the year in which Glenora Distilleries applied for its trade-mark, that there ever was whiskey sold in Canada which had "glen" as part of its name that wasn't a whisky from Scotland. The court found that Scottish "glens" have been sold in Canada since at least 1888 as Glenlivet's trade-mark registration of that year was based on prior use. In 2000, there were 22 "glens" whiskies sold in Canada, all of which were of Scottish origin.

4. Summary Judgment

In what looks like the opening skirmish in the case of *Crocs Canada Inc. et. al. v. Holey Soles Holdings Ltd.*, 2008 F.C. 188, Holey Soles Holdings Ltd. ("Holey Soles") sought to dismiss in the Federal Court by way of summary judgement the claims of Crocs Canada Inc. ("Crocs") for passing-off under section 7(b) of the Act and for copyright infringement.

Holey Soles argued that Crocs claims disclosed no genuine issue for trial because the trade-mark claims were barred by the doctrine of functionality and Crocs was attempting to create a monopoly with respect to design elements contrary to the *Copyright Act*.

The background to the dispute concerned the popular soft plastic footwear clogs which were manufactured by Crocs and distributed in Canada by Holey Shoes under their own brand name "Holey Sole". Subsequently, Holey Shoes terminated its distribution of the Crocs manufactured clogs and obtained the supply of the same Crocs' clogs from other manufacturing sources. In response, Crocs sued Holey Shoes for passing off and copyright infringement. Holey Shoes in its motion for summary judgment attacked both claims but we shall briefly comment on the passing-off claims.

The court determined that Holey Shoes produced "rather obvious 'knock-offs'" whose only purpose was to induce consumers to thinking they were buying genuine Crocs' clogs. Crocs claimed it had trade-mark rights in the distinguishing guise of the clogs. Specifically, Crocs claimed that it had six design features in the clogs that were distinctive of its footwear and they were entitled to trade-mark protection as those features were not functional. These features include holes in the top of the clogs and sides as well as the nubs on the heel of the clogs and the tread design.

However, it was clear to the court, and it was not seriously contested by Crocs, that the holes in the clogs had a functional role. The issue concerned whether the law prohibiting trade-mark

protection for functional design aspects applied only where the sole purpose of the design aspect in issue was functional.

The court reviewed the decision of the Supreme Court of Canada Inc. in *Kirkbi AG v. Ritvik Holdings Inc.*, [2005] 3 S.C.R. 302 concerning the trade-mark protection for the nubs on Lego pieces, and held that trade-mark protection was not available for a distinguishing guise, such as the holes in Crocs' clogs, if it was purely functional. It did not exclude from trade-mark protection any and every distinguishing guise which displayed some functional features. The court went on to say that the policy was to permit some functional or utilitarian features in a distinguishing guise so long as they do not create a monopoly of the function.

The Federal Court concluded in dismissing the summary judgment motion of Holey Shoes by saying that the question of whether the design and pattern of the holes in the Crocs' clogs is primarily functional is one of fact which it could not, and should not, be deciding at this stage of the litigation. It remains to be seen how the trial court will ultimately deal with the boundaries of the doctrine of functionality.

5. Official Marks

We also reported in last year's Annual Review of Law and Practice on the ongoing battle between See You In-Canadian Athletes Fund Corporation ("SYI") and Canadian Olympic Committee ("COC") over the SYI efforts to protect its trade-mark registrations and use of the words SEE YOU IN in association with its fund raising activities for Canadian Olympic Athletes. Typically, SYI would use the SEE YOU IN as a prefix for an Olympic host city such as Barcelona (e.g. "See You In Sydney"). The COC sought to foreclose the use of such trade-marks in the future by publishing official marks under section 9 of the Act for future Olympic venues (e.g. "See You In Vancouver").

SYI successfully obtained judicial review of the Registrar's publication of the COC's official marks. The Federal Court found that the COC had not "adopted and used" the official marks prior to the decision of the Registrar to publish them as official marks as required by section 9 of the Act.

In *See You In-Canadian Athletes Fund Corporation v. Canadian Olympic Committee*, 2008 F.C.A. 124, SYI appealed against the order made in its favour. In this unusual move, SYI appealed the lower Federal Court decision rejecting judicial review of the issue of whether the COC was a licensee of the alleged official marks from the International Olympic Committee.

Because of the appeal of SYI to the Federal Court of Appeal, the COC took the opportunity to cross appeal the decision of the lower court.

In dealing with the cross appeal of the COC, the Federal Court of Appeal reviewed the decision of the lower court on the standard of whether a probable and overriding error occurred as there was question of law raised. Accordingly, the Federal Court of Appeal found that the evidence was so equivocal as to whether the "adoption and use" of the alleged official marks prior to the publication date pursuant to section 9 that there was no probable or overriding error in the decision of the lower court.

With respect to the appeal itself, the court declined to grant SYI the relief it sought as it had obtained the relief it sought in the lower courts decision and the court saw no basis for making an exception to disturb that ruling.

6. Section 45

In 2008, the Federal Court of Appeal handed down a significant decision concerning section 45 of the Act. This provision allows parties to request that registered trade-marks be cleared from the Trade-marks Registry if they have not been in use for the previous three years from the date of the notice given to the trade-mark owner and the absence of use has not been due to special circumstances that excuse such non-use. In *Scott Paper Limited v. Smart and Biggar*, 2008 F.C.A. 129, the Federal Court of Appeal dealt with the law concerning the circumstances which can excuse the non-use of a trade-mark by its owner.

In this case, Scott Paper Limited ("Scott Paper") owned the trade-mark VANITY and the section 45 notice was delivered to Scott Paper in 2002. In its Affidavit in response to the section 45 notice, Scott Paper did not provide the date of its last use of VANITY or provide any reasons for the absence of such use. Instead, Scott Paper stated that as of the date of the section 45 notice, plans were already well underway to commence use of the mark in 2002 and that as of the date of the Affidavit that the sales of the products in association with VANITY had already begun.

The Senior Hearing Officer of the Trade-marks Office determined in the absence of any other evidence that the trade-mark had not been in use for 13 years which was a deliberate and voluntary decision of Scott Paper. Then the Senior Hearing Officer went on to determine that if there were special circumstances excusing the non-use, this would be determined on the basis of (1) the length of non-use, (2) whether the non-use was due to circumstances beyond the registered owner's control and (3) whether there was an intention to resume the use of the mark in the near term. The Senior Hearing Officer based his decision on the case of *Canada Registrar of Trade-marks v. Harris Knitting Mills Ltd.* (1985), 4 C.P.R. (3d) 488 ("Harris Knitting Mills"). The Senior Hearing Officer refused to expunge the trade-mark registration as she found that there was an intention to resume the use of the trade-mark in the near term.

The matter was appealed to the Federal Court-Trial Division on the basis that the standard of review was reasonableness, the Federal Court overturned the Senior Hearing Officer's decision emphasizing that the Harris Knitting Mills decision itself states at page 3 that:

...it is difficult to see why an absence of use due solely to a deliberate decision by the owner of the mark would be excused.

The Federal Court-Trial Division found that the Senior Hearing Officer appeared to have given no weight to this statement in her decision and, as such, it was unreasonable.

Scott Paper appealed this decision to the Federal Court of Appeal where the court took up the rhetorical question of the lower court, "would one excuse a truant school boy for an absence of a month because, when confronted, he demonstrated that although he had no explanation for his past absences he generally intended to go to school the next week". In other words, does the evidence of an intention to resume use of a trade-mark which has been absent from the marketplace for 13 years, coupled with the evidence of a single sale transaction amount to "special circumstances" justifying maintaining a trade-mark on the Trade-mark Register.

In a lengthy analysis, the Federal Court of Appeal held that the Senior Hearing Officer's outline of the "special circumstances" excusing non-use as expressed in many cases was incorrect and set out the following test for section 45 of the Act according to its interpretation of the case of Harris Knitting Mills:

- (a) the general rule is that absence of use is penalized by expungement;
- (b) there is an exception to the general rule where the absence of use is due to special circumstances;
- (c) special circumstances are circumstances not found in most cases of absence of use of the mark;
- (d) the special circumstances which excuse the absence of the use of the mark must be the circumstances to which the absence of use is due.

On the basis of the fourth point the Federal Court of Appeal dismissed the appeal. The point made by the court was that it is not the nature of the special circumstances, but simply that the special circumstances must refer to the cause of the absence of use, and not to some other consideration. Simply put, Scott Paper cannot rely on the intention to use a trade-mark as a special circumstance, it must show special circumstances why it did not use the trade-mark in the previous three years. Accordingly, the trade-mark VANITY of Scott Paper was expunged from the Trade-marks Registry.

In making its decision, the Federal Court of Appeal had to distinguish the Federal Court case of *Oyen Wiggs Green and Mutala* (1997), 76 C.P.R. (3d) 48 (F.C.T.D.) and (1999), 84 C.P.R. (3d) 287 (F.C.A) which appeared to expressly support the Senior Hearing Officer's original decision in favour of Scott Paper. The Federal Court of Appeal did so on the basis that in *Oyen Wiggs Green and Mutala*, the Harris Knitting Mills case was only referred to in a footnote and that the court in that case did not draw its attention to the requirement bound in Harris Knitting Mills that the special circumstances referred to in section 45 must be circumstances to which the loss of absence of use is due.

In distinguishing *Oyen Wiggs Green and Mutala*, the Federal Court of Appeal applied *Miller v. Canada* (Attorney General), 2002 F.C.A. 370, in which the decision of another panel of this court may be overturned on the basis that it is manifestly wrong, in the sense that the court overlooked a relevant statutory provision, or a case that ought to have been followed. In short, *Oyen Wiggs Green and Mutala* was found not to be good law.

In another section 45 case, the Federal Court pointed out the evidentiary requirements for showing use under section 45 of the Act.

In *Grapha-Holding AG v. Illinois Tool Works Inc.*, 2008 F.C. 959, Illinois Tool Works ("ITW") filed evidence that sales of its machines occurred within the previous three years in association with its trade-mark MULLER exceeding \$10,000,000 for the years 2000 to 2003. However, it did not provide invoices for the sale of these machines. The Registrar rejected the expungement request pursuant to section 45 as it was content that the evidence as a whole showed use during the relevant period despite the absence of any invoices to support sales of its product in association with the trade-mark MULLER.

However, the Federal Court allowed the appeal of the Registrar's decision as it held that the Affidavit evidence did not establish when the machines were sold as there were no invoices provided. Further, the Court held that there was no evidence that the brochures provided by ITW had been given to purchasers at the time the property was transferred. Accordingly, ITW's trade-mark MULLER was expunged from the Trade-mark Register.

7. Expungement

The case of *Fairmont Resort Properties Ltd. v. Fairmont Hotel Management, L.P.*, 2008 F.C. 876, raised a number of interesting issues in dealing with the effort by Fairmont Resort Properties Ltd. ("FRP") to expunge registered trade-marks of Fairmont Hotel Management, L.P. ("FHM") for FAIRMONT under section 57(1) of the Act on the basis that as of the date of the application for registration of the trade-mark the owner was not entitled to the registration.

The background to the dispute related to the Fairmont area of British Columbia where hot springs have attracted resort hotels and property development. The owners of properties in the area created a successful and well-known hotel on their properties in the area (the "Fairmont Hot Springs Hotel Corp."). However, they also later incorporated a separate company which operated time-share resort properties in the area, FRP. The original owners of the FRP eventually sold their interest in FRP. However, the original owners of the Fairmont Hot Springs Hotel Corp. also entered into an agreement with FHM in 2000 to transfer all of its ownership over its trade-marks to FHM, a well-known San Francisco based chain of luxury hotels. In exchange, FHM gave a licence to the Fairmont Hot Springs Hotel Corp. of all of the trade-marks assigned to FHM.

The key issue before the court was whether FRP was a "person interested" such that it had standing to bring an application under section 57(1) of the Act for expungement of FHM's registered trade-marks for FAIRMONT. Pursuant to section 57(1) of the Act, a "person interested" is one which is affected by the entry on the register or reasonably apprehends that it may be affected by any act or omission or a contemplated act or omission under or contrary to the Act.

FHM argued, citing case law, that the standard for a "person interested" was a "person whose rights may be restricted by a registration or whom may reasonably apprehend that he may be affected by a registration". In this regard, the court held that the evidence showed that FRP acknowledged that it, like a number of other businesses carried on in the same region of British Columbia, used the word "Fairmont" only as a geographical descriptor, not in a trade-mark sense. Further, FRP never applied for registration of a trade-mark consisting of or incorporating the word "Fairmont". As well, the court stated that only after the assignment by the Fairmont Hot Springs Hotel Corp. of its trade-marks to FHM, did FRP ever object to the use of "Fairmont" in association with anyone else's business. The court also noted that FRP waited until the day before the five-year limitation period to bring expungement proceedings under section 57(1) of the Act.

The court concluded that FRP had not acted as if it perceived itself to be a person affected, or reasonably apprehends that it may be affected, by FMR's registered trade-marks. The court stated that the only fear FRP possibly possessed appeared to be that FMR would enter FRP's line

of business, namely selling time-share properties. However, the court dismissed this on the basis that there was no evidence before the court that this fear was well grounded.

On this basis alone, the Federal Court dismissed the application for expungement. However, the Federal Court went on to discuss other issues, albeit *obiter dicta*, that are worth commenting upon.

As to whether the FAIRMONT trade-mark registrations were properly registrable, the court dismissed the argument by FRP that FMR was not entitled to the trade-mark registrations as they were geographical names and as such were clearly descriptive in violation of section 12(1)(b) of the Act.

The court pointed out that the mere fact that the word FAIRMONT may also be a geographical name does not preclude registration and, in any event, FRP did not file evidence demonstrating that the "everyday" Canadian consumer, as a matter of "first or immediate impression", would recognize the word "Fairmont" in the registered trade-marks as being a geographical locality in British Columbia.

With respect to the allegation of lack of distinctiveness of FHM's registered trade-marks, the Federal Court also was dismissive stating that despite FRP's evidence that in at least two western-most provinces of Canada the word-mark FAIRMONT was not distinctive of the luxury hotel services provided by FHM, in light of the contradictory evidence provided to the court. This contradictory evidence consisted of the fact that FRP never used the word "Fairmont" in a trade-mark sense, FRP never pursued protecting its interest in any concerted way against Fairmont Hot Springs Hotel Corp. and did not oppose registration of FHM's trade-marks and only belatedly commence the expungement proceedings.

8. Name of an Individual

In *Matol Biotech Laboratories Ltd. v. Jurak Holdings Ltd.*, 2008 F.C. 1082, the Federal Court of Appeal dealt with the registrability of the trade-mark KARL JURAK in association with minerals and vitamins for therapeutic purposes which was alleged to be primarily merely a name or surname of an individual who has had died in the past 30 years in violation of section 12(1)(a) of the Act and had not become distinctive pursuant to section 12(2) of the Act.

The application for registration of KARL JURAK by Matol Biotech Laboratories Ltd. ("Matol") was successfully opposed by Jurak Holdings Ltd. ("Jurak Holdings") before the Registrar of Trade-marks.

On appeal to the Federal Court-Trial Division, Matol submitted additional evidence which the Federal Court determined as sufficient to review the Registrar's decision on the basis of whether it was reasonable as opposed to whether it was correct. As such, the Registrar's decision was accorded considerable deference and would only be overturned if the Registrar based its decision on an erroneous finding of fact made in a perverse or capricious manner or without regard to the material before it.

As a preliminary matter, the Federal Court-Trial Division also discussed the burden of proof stating that the initial burden of proof fell to Jurak Holdings in opposing the application for registration by Matol so far as it could reasonably conclude that the facts supported the grounds

of opposition. Thereafter, the trade-mark applicant, Matol, had to prove on a balance of probabilities that the grounds of opposition should not prevent the registration of the trade-mark KARL JURAK.

As for the test under section 12(1)(a) of the Act, the Federal Court reviewed the case law and stated that the court must first determine whether the mark in issue is a word that is the name or surname of an individual who has lived within the last 30 years. It must then determine if the chief, main or principal character of the mark is that of a name or surname or invented name to be used as a trade-mark. In determining this, the court must review what is the response of the public in Canada to the mark.

In applying this analysis, the court found that Karl Jurak was in fact an individual who died within the last 30 years which was not contested. Once this initial burden of proof was discharged, it was then up to Matol to show that Karl Jurak was something else (i.e. a trade-mark associated with wares or services) rather than the name of an individual who has died within the last 30 years.

In commenting on the Practice Guidelines dated April 26, 2000 which state that a Trade-mark Examiner will not pursue section 12(1)(a) objection unless a search of the telephone directory reveals more than 25 listed names with the surname JURAK or a person by that name is famous, the court determined that there were only 22 telephone directory listings and Jurak was not the name of a famous person in Canada. However, the court held that this was not fatal to the opposition to registration and that the burden remained on Matol to show that the mark KARL JURAK was registrable. In this regard, the court held that Matol failed to demonstrate the mark KARL JURAK would have in the minds of the average consumer of wares sold in association with the mark KARL JURAK any other meaning than they originated from an individual by that name.

As well, the Federal Court held that the mark KARL JURAK had not become, on the evidence before it, distinctive pursuant to section 12(2) of the Act so as to save it from the finding that it was not registrable by virtue of section 12(1)(a) of the Act.

9. Judicial Review

In 2008, the Federal Court dealt with a procedural issue concerning amendments to the Statements of Opposition in trade-mark registration proceedings. In *Parmalat Canada Inc. v. Sysco Corporation* 2008 F.C. 1104, Parmalat Canada Inc. ("Parmalat") sought to amend its Statement of Opposition to add a new ground of opposition which requires leave of the Register Trade-marks to do so under the Trade-mark Regulations. Specifically, Parmalat sought to add the ground that Sysco Corporation could not register its trade-marks BLACK DIAMOND, BLACK DIAMOND & DESIGN, BLACK DIAMOND SPECIALTY SERIES & DESIGN as to do so would be to depreciate the goodwill of Parmalat in association with its trade-mark BLACK DIAMOND in violation of section 22 of the Act. The Registrar dismissed the application of Parmalat to amend the Statement of Opposition and Parmalat sought judicial review of this decision.

On the judicial review the Federal Court dealt with three issues:

- (a) whether there existed exceptional circumstances to overturn the usual rule that the Registrar's decisions in interlocutory matters should not be reviewed;
- (b) if the decision was to be reviewed, what was the appropriate standard of review; and
- (c) did the Registrar commit any reviewable errors.

Parmalat took the position that it should be able to amend to add an allegation concerning section 22 of the Act as only after the Statement of Opposition was filed with the trade-marks office was it aware of the decision in *Veuve Clicquot Ponsardin, Maison Fondée en 1772 v. Boutiques Clicquot Ltee*, [2006] 1 S.C.R. 824 ("Veuve Clicquot") which stated that a finding of a depreciation of goodwill under section 22 of the Act does not rely on a finding of confusion between the relevant trade-marks in issue.

The Federal Court in effect determined that the Registrar's decision should be reviewed in light of the special circumstances of the precedent setting case of *Veuve Clicquot* which was not known to Parmalat prior to the filing of its Statement of Opposition.

In doing so, the court said that it was reviewing such a decision on the basis of the standard of correctness as the Registrar as a matter of law and believed it had no jurisdiction to decide the matter.

The court held that the Registrar erred in finding that section 22 of the Act in itself could not be the basis of a ground of opposition on the basis that as he had no authority to inquire into issues of the depreciation of goodwill. The court held that Parmalat was in effect using section 22 of the Act to support the scope of its allegation of the breach of section 30(1) of the Act that Sysco Corporation was not entitled to use the trade-marks in issue in Canada. As such, the Registrar was entitled to deal with such issues in an opposition proceeding.