

Federal Court



Cour fédérale

Date: 20150115

Docket: T-606-14

Citation: 2014 FC 1224

Ottawa, Ontario, January 15, 2015

PRESENT: The Honourable Madam Justice Bédard

BETWEEN:

ALLIANCE LAUNDRY SYSTEMS LLC

Applicant

and

WHIRLPOOL CANADA LP

Respondent

AMENDED JUDGMENT AND REASONS

[1] This is an appeal pursuant to section 56 of the *Trade-marks Act*, RSC 1985, c T-13 [the Act] from a decision of Annie Robitaille, member of the Trade-marks Opposition Board (the Hearing Officer), on behalf of the Registrar of Trade-marks (the Registrar). In her decision, the Hearing Officer maintained, in part, the respondent's trade-mark registration pursuant to section 45 of the Act. The sole issue was whether the respondent had established use of its trade-mark during the relevant period. For the following reasons, the appeal is dismissed.

I. **Background**

[2] The respondent, Whirlpool Canada LP, a wholly-owned subsidiary of the Whirlpool Corporation, acquired the trade-mark “SPEED QUEEN” (the Mark) in 2004. The Mark was registered in 1941 in association with a number of wares and services, including laundry washing machines and laundry dryers.

[3] At the applicant’s request, the Registrar issued a notice to the respondent under subsection 45(1) of the Act requiring the respondent to show use of its Mark within the period of October 5, 2008 to October 5, 2011.

[4] Subsections 45(1) and (2) of the Act read as follows:

Registrar may request evidence of user

45. (1) The Registrar may at any time and, at the written request made after three years from the date of the registration of a trade-mark by any person who pays the prescribed fee shall, unless the Registrar sees good reason to the contrary, give notice to the registered owner of the trade-mark requiring the registered owner to furnish within three months an affidavit or a statutory declaration showing, with respect to each of the wares or services specified in the registration, whether the trade-mark was in use in Canada at any time during the three year period immediately

Le registraire peut exiger une preuve d’emploi

45. (1) Le registraire peut, et doit sur demande écrite présentée après trois années à compter de la date de l’enregistrement d’une marque de commerce, par une personne qui verse les droits prescrits, à moins qu’il ne voie une raison valable à l’effet contraire, donner au propriétaire inscrit un avis lui enjoignant de fournir, dans les trois mois, un affidavit ou une déclaration solennelle indiquant, à l’égard de chacune des marchandises ou de chacun des services que spécifie l’enregistrement, si la marque de commerce a été employée au Canada à un moment

preceding the date of the notice and, if not, the date when it was last so in use and the reason for the absence of such use since that date.

Form of evidence

(2) The Registrar shall not receive any evidence other than the affidavit or statutory declaration, but may hear representations made by or on behalf of the registered owner of the trade-mark or by or on behalf of the person at whose request the notice was given.

quelconque au cours des trois ans précédant la date de l'avis et, dans la négative, la date où elle a été ainsi employée en dernier lieu et la raison de son défaut d'emploi depuis cette date.

Forme de la preuve

(2) Le registraire ne peut recevoir aucune preuve autre que cet affidavit ou cette déclaration solennelle, mais il peut entendre des représentations faites par le propriétaire inscrit de la marque de commerce ou pour celui-ci ou par la personne à la demande de qui l'avis a été donné ou pour celle-ci.

[5] Subsection 4(1) describes when a trade-mark is deemed to be used:

When deemed to be used
4. (1) A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves **or** on the packages in which they are distributed **or** it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.

Quand une marque de commerce est réputée employée
4. (1) Une marque de commerce est réputée employée en liaison avec des marchandises si, lors du transfert de la propriété ou de la possession de ces marchandises, dans la pratique normale du commerce, elle est apposée sur les marchandises mêmes **ou** sur les colis dans lesquels ces marchandises sont distribuées, **ou** si elle est, de toute autre manière, liée aux marchandises à tel point qu'avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.

[6] In response to the notice, the respondent filed the affidavit of Robert English, Director/General Manager of the Whirlpool Corporation, along with four exhibits. In his affidavit, Mr. English testifies to the following:

- The Mark has been used by the respondent and its licensees in Canada, including the Whirlpool Corporation, in the normal course of trade within the three year period, namely between October 5, 2008 to October 5, 2011 (the material period);
- The Mark is and was used during the material period by being prominently displayed on the front of the appliances themselves. Representative photos showing how the Mark is displayed on SPEED QUEEN washers and dryers were attached as exhibit “B”;
- SPEED QUEEN washers and dryers are and were sold during the material period by the respondent and its licensees in the normal course of trade to customers in Canada. A copy of an invoice dated December 20, 2011 from the Whirlpool Corporation to a retail customer in Canada for 108 washers bearing the Mark was attached as exhibit “C” and a copy of an invoice dated December 22, 2011 from the Whirlpool Corporation to the same retail customer in Canada for 108 dryers bearing the Mark was attached as exhibit “D”;
- The Mark appears prominently in the center of each invoice and the description and model/part numbers correspond to sales of SPEED QUEEN washers and dryers in Canada. The current use of the Mark on invoices is representative of the nature of the use of the Mark on invoices issued during the material period;
- Since acquiring the Mark, the Whirlpool Corporation has retained direct or indirect control of the character and quality of SPEED QUEEN washers and dryers marketed or sold by its licensees in association with the Mark;

- Sales of SPEED QUEEN washers and dryers in Canada for the years 2001 to 2010 totalled \$ 100,504.69;
- While the overall volumes of sales of these wares declined briefly following the Whirlpool Corporation's acquisition of the Maytag Corporation in 2006, Mr. English confirms that a portion of the above sales for SPEED QUEEN washers and dryers for the years 2001-2010 occurred directly during the material period.

II. The decision under review

[7] The Hearing Officer expunged the registration of the Mark for all wares and services except laundry washing machines and laundry dryers. The Hearing Officer was satisfied that the respondent had established use of the Mark in association with these wares during the period from October 5, 2008 to October 5, 2011.

[8] First, the Hearing Officer noted the purpose and scope of section 45 proceedings, namely that they provide a simple, summary and expeditious procedure for removing "deadwood" from the register and that the evidentiary threshold upon the registrant is quite low.

[9] The Hearing Officer was satisfied that Mr. English's affidavit described the respondent's normal course of trade.

[10] She was also satisfied that exhibit "B", which showed the Mark displayed on the wares, was sufficient to show use under subsection 4(1) of the Act. In the alternative, she found the invoices (exhibits "C" and "D") were also sufficient to show use since it could be inferred from

them that they gave notice of the association between the Mark and the wares. The Hearing Officer acknowledged the invoices were dated after the relevant period, but she found that they were still relevant because they illustrated another way by which the Mark was associated with the wares at the time of transfer. Based on the information appearing on the invoices, she accepted that they accompanied the wares at the time of transfer.

[11] Next, the Hearing Officer found that the respondent had established the requisite level of control over the licensed use of the Mark (the applicant does not challenge this finding).

[12] Finally, the Hearing Officer concluded the respondent had showed use of its Mark during the relevant period. On this point, she considered Mr. English's statement that "a portion of the sales" for the years 2001-2010, which totalled CAD \$ 100,504.69, "occurred directly during the relevant period". She also considered the invoices. While she acknowledged that the invoices were dated after the relevant period, she found they represented a continuity of sales, especially when the evidence was considered as a whole. She considered that it would be unreasonable to conclude that these invoices came from a "token sale": to make such a conclusion, one would have to accept that sales of the wares went from nil during the relevant period to orders worth tens of thousands of dollars each in the weeks following the section 45 notice. She added that such a conclusion would be inconsistent with the summary nature of proceedings under section 45 of the Act.

III. Issue and standard of review

[13] The only issue raised in this application is whether the Hearing Officer's decision is reasonable. No additional evidence was filed before the Court. The parties agree, and I concur, that the decision is to be reviewed under the reasonableness standard of review (*Spirits International BV v BCF sencl*, 2012 FCA 131 at para 10, [2012] FCJ No 526 [*Spirits International BV*]; *Ridout & Maybee LLP v Hj Heinz Company Australia Ltd*, 2014 FC 442 at para 27, [2014] FCJ No 505; *Bridgestone Corp v Campagnolo SRL*, 2014 FC 37 at para 20, 117 CPR (4th) 1; *Hawke & Co Outfitters LLC v Retail Royalty Co*, 2012 FC 1539 at para 47, [2012] FCJ No 1622.

IV. Submissions of the parties

A. *The applicant's arguments*

[14] The applicant argues that the reasonableness standard of review should be nuanced because the Hearing Officer committed an error in law by basing her finding of use on irrelevant material and on vague and ambiguous statements in Mr. English's affidavit. The respondent did not meet its evidentiary threshold: there was insufficient evidence to support a finding of use.

[15] The applicant acknowledges the evidentiary threshold is not very high, but it is still incumbent upon the respondent to show use, that is to say how, when and where the trade-mark has been used (citing *Plough (Canada) Ltd v Aerosol Fillers Inc* (1981), 53 CPR (2d) 62, [1981] 1 FC 679 (FCA) [*Plough*]). The applicant adds the evidence must show use during the relevant

period (citing *Boutiques Limité v Limco Investments* (1998), 84 CPR (3d) 164, [1998] FCJ No 1419 (FCA) [*Boutiques Limité*]; *Uvex Toko Canada Ltd v Performance Apparel Corp* (2004) 31 CPR (4th) 270 at para 58, [2004] FCJ No 581 (FC)). The applicant insists that the respondent was required to adduce evidence establishing the dates on which the commercial transactions occurred in order for the Registrar, and the Court on appeal, to determine whether these transactions occurred during the relevant period.

[16] The applicant argues that the evidence adduced by the respondent was insufficient to support a finding of use.

[17] First, the applicant submits that the pictures of the wares bearing the Mark are not in themselves sufficient to show use because they do not evidence a transaction in the normal course of trade. Likewise, the invoices are also insufficient to show use because the Mark is not displayed prominently on them, and therefore, they do not constitute an adequate notice of association between the Mark and the wares. Moreover, there is no evidence that these invoices accompanied the wares at the time of transfer.

[18] Second, the applicant argues that there is insufficient evidence to establish use during the relevant period. The applicant submits that Mr. English's affidavit contains bald assertions of use instead of facts showing use, and the mere statement asserting a portion of sales over a 10 year period occurred during the three year relevant period lacks detail and specificity. The applicant insists the respondent should have provided figures of sales and/or invoices dated during the relevant period. The applicant insists that the respondent should also have explained why it could

not lead its best evidence of use or, at the very least, better evidence to corroborate its bald and general assertions of use. The applicant further insists that Mr. English did not provide any information on a single Canadian customer. The applicant also notes that Mr. English provided sales figures for a 10 year period, and most of the time covered by said decade is not included in the relevant period. Further, Mr. English stated that the overall volume of sales of the wares declined briefly after the respondent acquired the Maytag Corporation in 2006. Therefore, Mr. English's statement that a portion of the sales occurred during the relevant period, absent any supporting information or material, should not have been given any weight.

[19] The applicant argues that, considering the deficiency of Mr. English's affidavit, it was unreasonable to find that the respondent had established use during the relevant period in the absence of invoices from the relevant period. In the applicant's view, it was inappropriate for the Hearing Officer to rely on *Lewis Thomson & Sons Ltd v Rogers, Bereskin & Parr* (1988) 21 CPR (3d) 483, [1988] FCJ No 660 (FCTD) to confirm that invoices from the period are not required because in that case, the Court found that no invoices were required because the affidavit itself provided enough detail to establish use. Furthermore, it was unreasonable to infer use during the relevant period from invoices dated months after the relevant period and conclude that they establish a continuity of sales. The applicant argues that the evidence as a whole points to a "token sale" after the relevant period. The applicant insists that the Hearing Officer seems to have been impressed by the dollar value of one sale to one customer which occurred after the relevant period. In sum, in the applicant's view, these invoices are of no assistance in assessing whether the Mark was used during the relevant period, and it was unreasonable to infer that they suggest a continuity of sales.

B. *The respondent's arguments*

[20] The respondent argues that the Hearing Officer's decision is reasonable and should not be interfered with.

[21] The respondent insists on the purpose of section 45 proceedings - which is to provide a summary procedure to clear the register of "deadwood" - and on the well-established principle that the evidentiary burden upon the registrant is not heavy. The respondent notes that proof of a single sale in the normal course of trade is sufficient to meet the burden (relying on *Philip Morris Inc v Imperial Tobacco Ltd*, (1987) 17 CPR (3d) 237, [1987] FCJ No 848 (FCA)).

[22] The respondent submits that the evidence established use in accordance with subsection 4(1) of the Act. First, Mr. English's affidavit and the pictures of the washers and dryers show how the Mark was displayed directly on the wares. Second, the Mark appears prominently on the invoices, thereby giving notice of association between the wares and the trade-mark. Moreover, it was reasonable for the Hearing Officer to conclude the evidence was sufficient to infer that the invoices accompanied the wares at the time of transfer, and therefore, the invoices illustrated a second manner of use.

[23] Further, the respondent argues that Mr. English's affidavit does not just simply allege use; rather, it contains assertions of fact showing use of the trade-mark during the relevant period.

V. Analysis

[24] The purpose of section 45 of the Act was articulated in *Philip Morris Inc v Imperial Tobacco Ltd* (1987), 8 FTR 310, 13 CPR (3d) 289 at 293, (FCTD):

It is well established that the purpose and scope of s. 44 [now s. 45] is to provide a simple, summary and expeditious procedure for clearing the register of trade marks which are not *bona fide* claimed by their owners as active trade marks. The procedure has been aptly described as one for removing "deadwood" from the register. The section does not contemplate a determination on the issue of abandonment but rather simply places on the registered owner of the trade mark the onus of furnishing evidence of use in Canada or of special circumstances excusing non-user [*sic*]. The registrar's decision is not one that finally determines substantive rights but only whether the trade mark entry is liable to be expunged under s. 44 or not. If user is relied on then the evidence filed in response to the notice must "show" the use or, at least, sufficiently relate the facts from which such use can be inferred.

[25] In *Spirits International BV*, the Federal Court of Appeal summarized as follows the burden that lies upon the registrant (at para 8):

8 The burden on the registrant to prove use in a section 45 proceeding is not a heavy one. An affidavit or statutory declaration will suffice if it provides a factual description of the use of the subject mark demonstrating that the requirements of section 4 are met: *Eclipse International Fashions Canada Inc. v. Shapiro Cohen*, 2005 FCA 64, at paragraph 6 (see also *Central Transport, Inc. v. Mantha & Associés/Associates* (1995), 64 C.P.R. (3d) 354 (F.C.A.), and *Plough (Canada) Ltd. v. Aerosol Fillers Inc.* (F.C.A.), [1981] 1 F.C. 679). It is always open to the Registrar, as the finder of fact, to draw reasonable inferences from the facts stated in the affidavit or statutory declaration.

[26] Despite the low evidentiary threshold, it is clear that the evidence must show use during the period of three year preceding the subsection 45(1) notice (*Boutiques Limité*, above, at paras 7-8).

[27] In terms of the quality of the evidence required, the Federal Court of Appeal has enunciated in *Plough*, and reiterated on several occasions, that the evidence cannot be limited to bald assertions of use, but that assertions of facts showing use are sufficient. In *Central Transport, Inc v Mantha & Associés/Associates* (1995), 64 CPR (3d) 354, [1995] FCJ No 1544 at para 3, the Federal Court of Appeal expressed the following:

3 We are all of the view that the judge erred. In a sense all statements in affidavits are "bald assertions"; what this Court has found to be inadequate in section 45 proceedings are assertions of use (a matter of law) as opposed to assertions of facts showing use (See *Plough (Canada) Ltd. v. Aerosol Fillers Inc.*). On the judge's own summary of the evidence, it clearly showed facts establishing use, ie that the appellant "conducted its transportation business in Canada utilizing trucks and trailers bearing the trade mark". That is all that was required.

[28] Under the reasonableness standard of review, the Hearing Officer's decision is entitled to considerable deference.

[29] In *Dunsmuir v New Brunswick*, 2008 SCC 9 at para 47, [2008] 1 SCR 190, the Supreme Court defined the reasonableness standard of review as follows:

47 Reasonableness is a deferential standard animated by the principle that underlies the development of the two previous standards of reasonableness: certain questions that come before administrative tribunals do not lend themselves to one specific, particular result. Instead, they may give rise to a number of possible, reasonable conclusions. Tribunals have a margin of appreciation within the range of acceptable and rational solutions.

A court conducting a review for reasonableness inquires into the qualities that make a decision reasonable, referring both to the process of articulating the reasons and to outcomes. In judicial review, reasonableness is concerned mostly with the existence of justification, transparency and intelligibility within the decision-making process. But it is also concerned with whether the decision falls within a range of possible, acceptable outcomes which are defensible in respect of the facts and law.

[30] In *Canada (Citizenship and Immigration) v Khosa*, 2009 SCC 12 at para 59, [2009] 1 SCR 339, the Supreme Court reiterated that there may be more than one acceptable outcome, and it guarded the Court from substituting its own appreciation of the evidence to that of the administrative tribunal :

59 Reasonableness is a single standard that takes its colour from the context. One of the objectives of *Dunsmuir* was to liberate judicial review courts from what came to be seen as undue complexity and formalism. Where the reasonableness standard applies, it requires deference. Reviewing courts cannot substitute their own appreciation of the appropriate solution, but must rather determine if the outcome falls within "a range of possible, acceptable outcomes which are defensible in respect of the facts and law" (*Dunsmuir*, at para. 47). There might be more than one reasonable outcome. However, as long as the process and the outcome fit comfortably with the principles of justification, transparency and intelligibility, it is not open to a reviewing court to substitute its own view of a preferable outcome.

[31] I consider that the recent comments of Justice Stratas in *Kanthasamy v Canada (Minister of Citizenship)*, 2014 FCA 113 at para 99-100, [2014] FCJ No 472, directly apply to the case at bar:

99 In conducting reasonableness review of factual findings such as these, it is not for this Court to reweigh the evidence. Rather, under reasonableness review, our quest is limited to finding irrationality or arbitrariness of the sort that implicates our rule of law jurisdiction, such as a complete failure to engage in the fact-finding process, a failure to follow a clear statutory

requirement when finding facts, the presence of illogic or irrationality in the fact-finding process, or the making of factual findings without any acceptable basis whatsoever: *Toronto (City) Board of Education v. O.S.S.T.F., District 15*, [1997] 1 S.C.R. 487 at paragraphs 44-45; *Lester (W.W.) (1978) Ltd. v. United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry, Local 740*, [1990] 3 S.C.R. 644 at page 669.

100 The Officer's decision does not suffer from any of these flaws. It is reasonable.

[32] It appears from the Hearing Officer's decision that she applied the correct principles, and her decision is justified, intelligible, and transparent. Moreover, although the interpretation of the evidence is controversial, I am of the view that the outcome reached by the Hearing Officer falls within the range of acceptable outcomes defensible in fact and in law. In this case, even though the evidence was somewhat general and lacked specificity, the Hearing Officer's findings have an evidentiary basis.

[33] The registrant must establish use of the trade-mark within the meaning of subsection 4(1) of the Act, which describes three ways in which a trade-mark will be deemed to be used in association of the wares: (1) the trade-mark is marked on the wares at the time of transfer; (2) the trade-mark is marked on the packages at the time of transfer; or (3) the trade-mark is so associated with the wares that a notice of association between the trade-mark and the wares is given to the person to whom the wares are transferred. The registrant need only to establish use in one of these ways.

[34] In this case, I consider that Mr. English's affidavit, along with the pictures showing the washers and dryers clearly bearing the Mark, was sufficient to support a finding that the

respondent had established use of the Mark in one of the manners provided for in subsection 4(1) of the Act. Since the finding that the invoices show a secondary manner of use was not determinative in the Hearing Officer's decision, I do not find it necessary to address the parties' arguments on that issue.

[35] In my view, the main issue in this application is whether the evidence was sufficient to support the Hearing Officer's finding that the respondent had established use during the relevant period. More specifically, is Mr. English's assertion that a portion of the sales during the 2001-2011 period occurred during the relevant period, along with proof of a sale that occurred 11 weeks after the relevant period, sufficient to establish use of the trade-mark during the relevant period?

[36] There is no doubt in my mind that Mr. English's assertion is general and lacks specificity. It certainly could have been clearer and more explicit. However, the statement is not limited to a bare assertion of use. Rather, it asserts facts that show use, namely that the respondent has sold SPEED QUEEN washing and drying machines in Canada during the decade of 2001-2010, and that a certain portion of these sales occurred between October 2008 and October 2011.

Considering the low evidentiary threshold required to show use and the fact that proof of a single sale is sufficient, I am of the view that Mr. English's assertion, viewed in light of the evidence as a whole, provided an evidentiary basis for the Hearing Officer's finding (*Eclipse International Fashions Canada Inc v Shapiro Cohen*, 2005 FCA 64 at para 7, 48 CPR (4th) 223).

[37] With respect to the invoices, they certainly do not establish use during the relevant period. Nonetheless, I consider that in light of Mr. English's assertion of sales during the relevant period, I find it was not unreasonable for the Hearing Officer to conclude that the sale of 108 washing machines and dryers which occurred 11 weeks after the end of the relevant period represented a continuity of use, and that the invoices could corroborate Mr. English's assertions.

[38] I find that the comments made by Justice Kelen in *Jose Cuervo SA de CV v Bacardi & Co Ltd*, 2009 FC 1166 at para 55, [2009] FCJ No 1469, can be transposed to the situation that prevails in this case:

55 On a reasonableness standard, it might have been reasonably open for the Registrar to find that the instructions from the appellant's related company, Tequila Cuervo [*sic*], not to use the trade-mark in Canada pending the trade-mark dispute with Cubatabaco, was a "special circumstance" which excuses the non-use. However, the Registrar did not come to that conclusion and came to the opposite conclusion which was reasonably open to the Registrar. As the reasonableness standard implies, the Court must be deferential to the Registrar's decision if that decision was reasonably open to the Registrar. It does not matter what the Court's decision would have been in the same circumstances. The Court is legally obliged to defer to the Registrar within the reasonableness spectrum.

[39] Therefore, given my conclusion that the outcome reached by the Hearing Officer is defensible in view of the evidence and the applicable legal parameters, the appeal ought to be dismissed.

JUDGMENT

THIS COURT'S JUDGMENT is that the appeal is dismissed with costs in favour of the respondent.

"Marie-Josée Bédard"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-606-14

STYLE OF CAUSE: ALLIANCE LAUNDRY SYSTEMS LLC v
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PLACE OF HEARING: MONTRÉAL, QUEBEC

DATE OF HEARING: SEPTEMBER 22, 2014

**REASONS FOR JUDGMENT
AND JUDGMENT:** BÉDARD J.

DATED: DECEMBER 17, 2014

AMENDED: JANUARY 15, 2015

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