

Federal Court



Cour fédérale

Date: 20161215

Docket: T-1036-13

Citation: 2016 FC 1373

St. John's, Newfoundland and Labrador, December 15, 2016

PRESENT: The Honourable Mr. Justice Bell

BETWEEN:

BAUER HOCKEY CORP.

Applicant

And

EASTON HOCKEY CANADA, INC.

Respondent

JUDGMENT AND REASONS

I. Overview

[1] In this application for judicial review the Applicant [Bauer] seeks an Order quashing the decision of the Trade-marks Opposition Board [the Board] made on April 11, 2013, in which the Board expunged the Applicant's trademark from the Trademark Register.

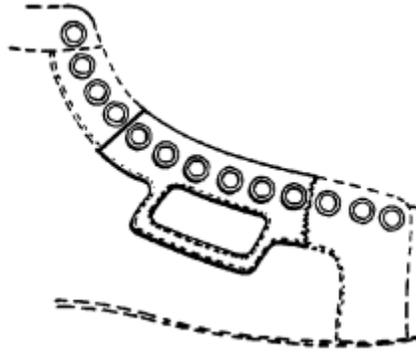
[2] For the reasons set out herein, I would allow the application without costs.

[3] Prior to commencing my brief analysis, several important observations are required. First, Bauer and the Respondent [Easton] settled all issues in dispute between them, with the exception of the expungement of the trademark by the Board, by means of an IP LITIGATION SETTLEMENT AGREEMENT made on February 13, 2014. Second, Easton did not file any written representations before me on the current application, nor did it appear at the hearing held before me. Third, at the hearing, I declared Dr. Ruth Corbin of Toronto, Ontario an expert in the fields of research, marketing and statistical analysis and authorized her to give opinion evidence in relation thereto. Obviously, given Easton's failure to appear, Dr. Corbin was not subjected to cross-examination on either her credentials or the contents of her expert report which was considered by me.

II. Context and Impugned Decision

[4] Easton sought to have the Board declare Bauer's Skate's Eyestay Design [the Trademark] expunged, pursuant to section 45 of the *Trade-marks Act* [the Act], RSC, 1985, c T-13. Section 45 provides a simple and expeditious procedure to expunge trademarks which have fallen into disuse. The issues before the Board were whether the registered owner of the Trademark had used the Trademark in Canada during the three years before the date of the notice [the Relevant Period], and whether that use was in the normal course of its trade.

[5] The Trademark, registered for use with ice skates, is demonstrated below:



[6] The Board first considered whether the registered owner had used the Trademark during the Relevant Period. In order to meet the definition of use. The Board was required to determine whether the Trademark *as used* was the Trademark *as registered*. The Board described the dominant features of the registered Trademark as follows: “a rectangular box below and parallel to the eyelets; the rectangular box is contained within the eyestay on the exterior side of the boot in the center; and the bottom edge of the eyestay forms a contour around the rectangular box”. Easton contended the dominant features of the Trademark had not been maintained because the Trademark as used included the word “BAUER”. The Board agreed, finding that this additional material resulted in the Trademark being composed of two elements: an eyestay design and the word “BAUER”. The Board concluded the Trademark had not been used during the Relevant Period and that it ought to be expunged from the Trademark Register.

[7] Although the Board’s conclusion regarding “use” of the Trademark could have disposed of Easton’s application the Board continued, in obiter, to decide the following two issues: (i) whether or not the Trademark was used in the registered owner’s normal course of trade; and (ii) whether or not the use enured to the benefit of the registered owner, pursuant to section 50 of the Act. The Board answered the first of these latter two questions in the positive and the second in

the negative. While I fail to understand how the Board could conclude the Trademark was used in the “normal course of trade” if it was not “used” consistent with the registered mark, nothing turns on that issue. With respect to the latter issue, the Board concluded the use of the Trademark had not enured to the registered owner during the Relevant Period.

III. Issues

[8] Bauer’s application requires this Court address three issues:

1. The appropriate standard of review;
2. Whether the Trademark *as used* is consistent with the Trademark *as registered*;
and
3. Whether the Trademark’s use enured to the benefit of the Trademark’s registered owner during the Relevant Period?

IV. Analysis

A. *Standard of Review*

[9] It is trite law that when an administrative tribunal interprets its home statute, the standard of review is reasonableness. The Board is therefore normally afforded deference with respect to decisions relating to the interpretation of the Act: see *Dunsmuir v New Brunswick*, 2008 SCC 9 at para 49, [2008] 1 SCR 190; *Alberta (Information and Privacy Commissioner) v Alberta Teachers' Association*, 2011 SCC 61 at paras 34, 39, [2011] 3 SCR 654. However, subsection 56(5) of the Act allows an applicant to file additional evidence on a hearing before the Federal Court. The Court may, as a consequence, exercise any discretion vested in the Board (who acts on behalf of the Registrar). Where additional evidence is admitted which would materially affect

the Registrar's findings the standard of review becomes that of correctness. See *Molson Breweries v John Labatt Ltd (CA)*, [2000] 3 FC 145 at para 51, where Rothstein, J.A., speaking on behalf of the Court, stated:

Even though there is an express appeal provision in the Trade-marks Act to the Federal Court, expertise on the part of the Registrar has been recognized as requiring some deference. Having regard to the Registrar's expertise, in the absence of additional evidence adduced in the Trial Division, I am of the opinion that decisions of the Registrar, whether of fact, law or discretion, within his area of expertise, are to be reviewed on a standard of reasonableness simpliciter. However, where additional evidence is adduced in the Trial Division that would have materially affected the Registrar's findings of fact or the exercise of his discretion, the Trial Division judge must come to his or her own conclusion as to the correctness of the Registrar's decision. [...]

[My emphasis.]

[10] For reasons which will become evident in the analysis below, I am satisfied the new evidence would have materially affected the Board's findings and its decision should be reviewed on a standard of correctness.

B. *Trademark as used vs Trademark as registered*

[11] Bauer contends the Trademark as used and the Trademark as registered are not so different as to render the Trademark unrecognizable; it has still kept its identity. Pursuant to section 2 of the Act, a trademark is used for the purpose of indicating the source of a particular good, process, or service, so that the consumer knows what they are buying and from whom. On occasion, a registered trademark is used in conjunction with additional material. In such cases, in order to find there is "use" of the registered trademark for the purposes of section 45, the public must perceive the trademark as being separate from the additional material. The test to determine whether or not the dominant features of the registered trademark have been preserved was set out

in *Registrar of Trade Marks v CII Honeywell Bull, SA*, [1985] 1 FC 406, at 525 (FCA)

[*Honeywell Bull*]. One must:

[...] compare the trade mark as it is registered with the trade mark as it is used and determine whether the differences between these two marks are so unimportant that an unaware purchaser would be likely to infer that both, in spite of their differences, identify goods having the same origin.

[12] Bauer concedes that there is limited, if any, Canadian case law on a particular geometric shape being applied to a specific position on a product (such as the Skate's Eyestay Design), to which additional matter ("BAUER") has been applied. Bauer therefore relies upon American jurisprudence which has considered similar circumstances: trademarks that consist of the shape and location of a label and trademarks that consist of a shape used as a background for a word. In both of these circumstances, American courts have found the trademarks to be valid, finding that the geometric shapes, in conjunction with their location, create a commercial impression on the consumer separate from that created by the additional material: see *Levi Strauss & Co v Blue Bell Inc*, (1978) 200 USPQ 434 (ND Cali) (Burke J); *In re Haggard Co*, (1982) 217 USPQ 81 (TTAB) (Rice, Member).

[13] Bauer contends the Trademark has the same effect:

[b]ecause of the manner in which hockey skates are seen by consumers when in use, and subsequently at retail, the public necessarily considers that the Trademark as applied to the Supreme 3000 and Pantera hockey skates is being used *as a trademark* by Bauer, and that the ["BAUER" additional material] that is superimposed within the Trademark is a separate trademark or trade name that refers to Bauer's name.

[14] In this regard, Bauer submitted two additional affidavits not before the Board from Mr. Tim Pearson, Director of Business and Strategic Planning and a report from Dr. Ruth Corbin, who conducted a survey on the perception of the Trademark by consumers. Mr. Pearson deposes that the Trademark is meant to be seen from a distance, particularly during NHL hockey games aired on television. He contends that recognition of trademarks in the hockey industry is grounded on the use of products by professional hockey players. Once consumers have seen the Trademark on an NHL player's hockey skates, they will look for this same trademark in-store, regardless of the "BAUER" additional material. They will also recognize the Trademark in-store from a distance when trying to purchase hockey skates. In the additional evidence filed by Dr. Corbin, she reports on a survey of consumers, in which skate purchasers, selected at random in various sports stores across Canada, were given a questionnaire and assigned to one of three groups. Only two of the three groups are relevant for the purpose of this analysis. The first group was shown a plain black hockey skate with the Trademark as registered (i.e. without the "BAUER" additional material). The second group was shown a plain black hockey skate with a white oval patch that had never been applied to hockey skates sold in the marketplace before. The results showed that a statistically significant amount of consumers were able to recognize the source of the Trademark without the addition of the name "BAUER" superimposed on the mark.

[15] Finally, Bauer contends the minor changes in the Trademark's design as used do not render it unrecognizable. Bauer takes issue with the Board's conclusions that the "[Trademark] as used" is now composed of two elements - the eyestay design and the word "BAUER". With respect, regardless of the new evidence, I disagree with the Board's conclusion. In my view, the

differences are not such that a consumer, from a distance, would not be able to recognize that the hockey skates with the Trademark, as used, are made by Bauer. I am particularly surprised by the distinction made by the Board regarding the shapes of the Trademark as registered (a rectangle) and as used (a parallelogram). I say this for two reasons. First, depending upon where it is located on the eyestay, the Trademark might appear as either a rectangle or a parallelogram. Second, and more fundamentally, a rectangle is a form of a parallelogram.

[16] Given my observations in paragraph 15, coupled with the additional evidence before this Court, I conclude the Board's decision does not meet the standard of correctness. Consumers would be likely to infer that the source of the Skate's Eyestay Design, even without the additional material, is Bauer.

C. *Did the Use of the Trademark Enure to the Registered Owner?*

[17] The Board found that the use of the Trademark did not enure to the registered owner. Given the evidence before the Board, its conclusion was clearly reasonable in this regard. However, Bauer submitted additional evidence to remove any "ambiguities" surrounding the Bauer entities. This new evidence included proof of various corporate changes which occurred between November 1, 2002 and April 16, 2008, which covers the Relevant Period. Upon reviewing the new evidence, I am satisfied the licensing agreement was between the registered owner, Nike International Ltd, and the corporate entity which sold the Supreme 3000 ice skates, Nike Bauer Hockey Corp.

[18] Finally, when a licensing agreement contains a control provision, it is presumed that the registered owner of the trademark exerted direct or indirect control over the character and quality of the products: see *McCarthy Tetrault LLP v Rex Inc*, (2007) 65 CPR (4th) 46. The licensing agreement at issue in this case contained such a clause. I am satisfied the registered owner exerted control over the character and the quality of the goods.

V. Conclusion

[19] I am satisfied the two additional affidavits from Mr. Pearson and the report from Dr. Corbin would have materially changed the outcome of the Board's decision, and in light of this evidence, the decision does not meet the standard of correctness. As a result, I would quash the Board's decision.

JUDGMENT

THIS COURT'S JUDGMENT is that the Board's decision is quashed, without costs.

"B. Richard Bell"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

STYLE OF CAUSE: BAUER HOCKEY CORP. v EASTON HOCKEY
CANADA, INC.

PLACE OF HEARING: MONTRÉAL, QUEBEC

DATE OF HEARING: DECEMBER 12, 2016

JUDGMENT AND REASONS: BELL J.

DATED: DECEMBER 15, 2016

APPEARANCES:

François Guay

FOR THE APPLICANT

No one appearing

FOR THE RESPONDENT

SOLICITORS OF RECORD:

Smart & Biggar
Montréal, Quebec

FOR THE APPLICANT

Dimock Stratton LLP
Toronto, Ontario

FOR THE RESPONDENT