

Federal Court



Cour fédérale

Date: 20200312

Docket: T-926-19

Citation: 2020 FC 367

Ottawa, Ontario, March 12, 2020

PRESENT: The Honourable Madam Justice Kane

BETWEEN:

PENTASTAR TRANSPORT LTD.

Applicant

and

FCA US LLC

Respondent

JUDGMENT AND REASONS

[1] The Applicant, Pentastar Transport Ltd [PTL], appeals the decision of the Registrar of Trademarks dated March 29, 2019, pursuant to section 56 of the former *Trade-marks Act*, R.S.C., 1985, c. T-13, [the Act]. The Registrar rejected PTL's opposition to the Respondent's, FCA US LLC [FCA], trademark application, which was based on FCA's proposed use of the word mark PENTASTAR for goods.

[2] The Registrar noted the two-stage inquiry in opposition proceedings and found that at the first stage, PTL failed to meet its evidential burden to show that the applicant for the trademark (FCA) did not have a genuine intention to use the trademark. The Registrar alternatively found, in the event that she was wrong with respect to her first finding, that at the second stage, FCA met its legal onus to show, on a balance of probabilities, that its application for the trademark did not contravene any provisions of the Act – i.e., that at the time of filing, FCA had an intention to use the trademark.

[3] PTL now argues that the Registrar erred in both findings.

[4] The Court notes that the *Trade-marks Act* was amended on June 17, 2019 and is now the *Trademarks Act*. The parties agree that this appeal is governed by the former Act.

[5] For the reasons that follow, the appeal is dismissed. The Registrar did not make any palpable and overriding errors in her assessment of whether PTL met its initial evidential burden, and alternatively, whether FCA met its legal burden.

I. Background

[6] PTL is the owner of Canadian trademark Registration No. TMA635,037 for the word mark “PENTASTAR” [the Mark].

[7] PTL registered the Mark in association with services described as “Movement of and erection of oil and gas drilling rigs; light oil field construction.” The registration was issued on March 11, 2005. PTL recounts that it has used the mark consistently since that time.

[8] FCA, formerly known as Chrysler Group LLC, is an American automobile manufacturer. On March 24, 2009, FCA applied for registration of the word mark PENTASTAR in association with goods described as “Engines for passenger motor vehicles, namely automobiles, pick up trucks, vans, and sport utility vehicles.”

[9] FCA has used PENTASTAR as a logo, which is depicted as a five-point star. There is no dispute that the logo has been used by FCA, however use of the logo does not inform the issue of whether FCA intended to use the word mark PENTASTAR.

[10] On October 30, 2012, PTL filed its opposition to FCA’s trademark application on several grounds. PTL pursued two grounds of opposition with respect to paragraphs 38(2)(a) and 30(e) of the Act. Paragraph 38(2)(a) provides that non-conformity with section 30 is a ground for opposition. Paragraph 30(e) provides that an application for the registration of a trademark shall contain “a statement that the Appellant [...] intends to use the trade-mark in Canada.”

II. The Decision of the Registrar

[11] The Registrar first set out the background to FCA’s application and the key grounds of opposition advanced by PTL.

[12] The Registrar noted the evidence on the record, including that: PTL filed the affidavit of Terry Kuzma, dated November 4, 2013, in support of its opposition; FCA filed the affidavits of Kristen Spano, dated October 24, 2014, and Dane Penny, dated October 28, 2014, in support of its application; in reply, PTL filed the affidavit of Genny Tremblay, a private investigator, dated May 11, 2016; and, FCA was granted leave to file a further affidavit of Ms. Spano, dated November 7, 2016, in reply to Ms. Tremblay's affidavit. All affiants except Mr. Kuzma were cross-examined.

[13] The Registrar noted that in opposition proceedings there is a two-stage inquiry. First, there is an evidential burden on the opponent (in this case PTL) to support the facts pleaded in its statement of opposition (*Labatt (John) Ltd. v Molson Companies Ltd.*, [1990] FCJ No 533 (QL) at 298, 30 CPR (3d) 293). This requires that there is sufficient evidence to reasonably conclude that the facts alleged to support the issue exist. At the second stage, if the opponent has met its evidential burden, there is a legal burden on the applicant for the trademark (in this case FCA) to show that the application does not contravene the provisions of the Act as alleged by the opponent. The Registrar explained that the legal burden on FCA means that if a determinate conclusion cannot be reached once all the evidence is taken into consideration, the issue must be decided against FCA for the trademark.

[14] In the present case, the parties do not take issue with the Registrar's understanding of the evidential and legal burden.

[15] In brief, the Registrar found that PTL failed to meet the evidential burden. The Registrar found that PTL conflated FCA's actual "use" of the Mark with its "intent to use", and had focussed its evidence to prove lack of use when intended use is the issue. The Registrar rejected PTL's argument that FCA's intentions could be inferred from FCA's post-filing activities with the Mark. The Registrar noted that "[t]here is no requirement for an Appellant [FCA] to use its proposed mark until it is allowed."

[16] The Registrar alternatively found that FCA provided evidence of its intent to use the Mark in accordance with the requirements of the Act. The Registrar considered that FCA sent out several press releases introducing the PENTASTAR engine 15 days after filing its application in March 2009; that FCA celebrated the launch of the PENTASTAR engine with further press releases in March 2010; and, that FCA subsequently included the Mark on point-of-sale materials, including brochures and invoices.

[17] Given that PTL's key argument is that the Registrar's decision does not explain the rationale for her findings, a more comprehensive account of the Registrar's decision follows.

[18] The Registrar summarized the evidence of the affiants and stated that she had considered all the evidence, but that only the evidence relevant to her findings would be discussed.

[19] The Registrar noted the specific grounds of opposition alleged by PTL and also paraphrased the grounds as "whether the applicant (FCA), at the filing date of the application, genuinely intended that in Canada, at the time of transfer of the property in or possession of the

Goods, the trade-mark PENTASTAR would be marked on the Goods or packaging for the Goods, or would be in any other way associated with the Goods such that notice of the association would be given to the person to whom property or possession of the goods would be transferred.”

[20] The Registrar noted PTL’s argument that FCA’s evidence showed a pattern of behaviour from the filing date to the date of cross-examination of Ms. Spano, six years later, that is consistent only with an intention to perform activities of its choice – which were primarily advertising and promotion – and to rely on these activities as being use of the trademark, which according to PTL, is not what is required under the Act.

[21] The Registrar then considered whether PTL had met its evidential burden. The Registrar noted the relevant jurisprudence, which has established that, because the intent to use the trademark is best known by the applicant for the trademark, the evidential burden on the opponent is a light one, and that all the evidence is to be considered, as is the absence of evidence that would reasonably be expected.

[22] The Registrar summarized PTL’s submissions which focussed on four questions: whether FCA intended to sell engines bearing the Mark; whether FCA intended to sell engines in packaging bearing the Mark; whether FCA intended to apply the Mark in Canada on the engines or on the packages in which they are contained when exported from Canada; and, whether FCA intended to sell goods associated with the Mark at the time of transfer of the Goods such that

notice of the association was made. The Registrar set out PTL's key arguments and the relevant evidence of PTL and FCA with respect to each question.

[23] The Registrar noted the evidence of Ms. Tremblay tendered by PTL to demonstrate what actually happens at a FCA dealership. Ms. Tremblay had not found PENTASTAR displayed on the engine of the car she viewed or on user guides or a sample bill of sale.

[24] The Registrar also noted the second affidavit of Ms. Spano, which attached actual invoices for vehicles sent to the same FCA dealership investigated by Ms. Tremblay. In response to PTL's allegation that these invoices were submitted by FCA to fix gaps in their previous evidence, the Registrar noted that leave to file this affidavit had been granted and that PTL had not sought judicial review of that decision. As a result, the Registrar found that the affidavit is proper evidence, the propriety of which would not be questioned.

[25] The Registrar noted Ms. Spano's explanation of the invoices and confirmed that the Mark appeared in the invoices and is applied as a trademark in describing the engines.

[26] Following the Registrar's assessment of the relevant evidence with respect to each of the questions raised by PTL, the Registrar set out her findings under the heading "Analysis".

[27] The Registrar acknowledged that the evidence on the record did not demonstrate that FCA had actually used the Mark pursuant to Section 4. However, the Registrar highlighted that

“use” is not the issue to be considered pursuant to paragraph 30(e); the issue is FCA’s “intent to use” the Mark.

[28] The Registrar found that PTL had taken an approach that “is more conventionally used to assess whether there has been use of a trade-mark in compliance with section 30(b)”. The Registrar noted that the concepts of use and intent to use are not interchangeable.

[29] The Registrar found, considering the evidence as a whole, that the evidence did not support PTL’s allegation that FCA did not have a *bona fide* intention to use the Mark at the time FCA applied for registration. As a result, PTL did not meet its initial evidential burden.

[30] The Registrar addressed PTL’s argument that FCA did not intend to sell the goods associated with the Mark at the time of transfer of the goods, based on the answer provided by Ms. Spano on cross-examination, “I can show you a picture of PENTASTAR used as the name of an engine in point of sale material, which is sufficient for trade-mark use.”

[31] The Registrar found that, although Ms. Spano stated her view that use of the name PENTASTAR on point-of-sale materials is sufficient for trademark use, and although her evidence did not establish exactly when the point-of-sale material was given to purchasers, this was not determinative. The Registrar found that Ms. Spano “does not indicate that the Applicant [FCA] intends to rely exclusively on this application of the Mark. In other words, I do not interpret this to be an exhaustive statement by the Applicant [FCA] of how it intended to use and

uses the Mark, as a trademark. Indeed, the evidence shows that the Mark also appears on invoices.”

[32] The Registrar distinguished Ms. Spano’s response from the situation where an applicant unequivocally conveys that they only intend to use a mark in a certain manner that will not comply with section 4 (as in *Cote-Reco Inc. c Impressions Pro-Design Inc.*, 2018 COMC 141 at paras 51-55, 161 CPR (4th) 459).

[33] The Registrar again acknowledged that the evidence shows that FCA had not used the Mark in accordance with section 4 by placing the Mark on the goods or on the associated packaging. The Registrar found, however, that there was nothing in the evidence inconsistent with the finding that FCA intended to do so, at the time of filing of the application, or that it may do so in the future.

[34] In the event that she was wrong in finding that PTL had not met its evidential burden, the Registrar also considered whether FCA had met its legal burden to show that its application does not contravene the provisions of the Act.

[35] The Registrar considered the evidence of proposed use that existed closer in time to the date of FCA’s application in March 2009. The Registrar noted the affidavit of Mr. Kuzma, filed by PTL in support of PTL’s opposition, which included press releases by FCA to introduce the PENTASTAR engine in April 2009 and to launch the engine in March 2010. The Registrar concluded that there was nothing in the evidence of the actions of FCA leading up to and

immediately following the filing of its application to indicate that it did not have a *bona fide* intention to use the Mark in accordance with section 4.

[36] The Registrar again noted that the issue was intended use, not use. The Registrar found that the evidence established that FCA intended to use the Mark. The Registrar noted that after filing its application, FCA included the Mark on point-of-sale material and invoices. The Registrar explained that the uncertainty about whether the invoices were provided simultaneously with the vehicles to the purchaser did not prevent FCA from meeting its legal burden.

[37] The Registrar noted that PTL had raised other grounds of opposition which were not pursued in its oral argument. With respect to PTL's opposition based on paragraph 30(e), the Registrar rejected PTL's submission that FCA had no intention to use the Mark due to FCA's failure to make announcements or present its goods with the Mark at Trade Shows. The Registrar again pointed to the affidavit of Mr. Kuzma, which attached press releases announcing the launch and production of the PENTASTAR engine.

III. The Relevant Statutory Provisions

[38] The former section 38(2)(a) of the Act read as follows:

38 (2) A statement of opposition may be based on any of the following grounds:

(a) that the application does not conform to the requirements of section 30; [...]

38 (2) Cette opposition peut être fondée sur l'un des motifs suivants :

a) la demande ne satisfait pas aux exigences de l'article 30; [...]

[39] The former section 30(e) of the Act read as follows:

30 An Appellant for the registration of a trade-mark shall file with the Registrar an application containing [...]

(e) in the case of a proposed trade-mark, a statement that the Appellant, by itself or through a licensee, or by itself and through a licensee, intends to use the trade-mark in Canada;

30 Quiconque sollicite l'enregistrement d'une marque de commerce produit au bureau du registraire une demande renfermant : [...]

e) dans le cas d'une marque de commerce projetée, une déclaration portant que le requérant a l'intention de l'employer, au Canada, lui-même ou par l'entremise d'un licencié, ou lui-même et par l'entremise d'un licencié;

[40] The former section 4(1) of the Act read as follows:

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

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

IV. The Issues and the Standard of Review

[41] PTL argues that the Registrar erred in both findings: that PTL had not met its evidential burden to show that FCA did not have a genuine intention to use the Mark; and, alternatively, that FCA had met its legal burden to show that its application did not contravene the Act as

alleged (in other words, that FCA did have a genuine intent to use the Mark). PTL argues, more generally, with respect to both findings, that the Registrar either ignored or misconstrued crucial evidence, that the Registrar's findings are illogical, and that the reasons fail to explain why the findings were made.

[42] In *Canada (Minister of Citizenship & Immigration) v Vavilov*, 2019 SCC 65, at paras 37-39, [2019] SCJ No 65 (QL) [*Vavilov*], the Supreme Court of Canada established that reasonableness is the presumptive standard of review for administrative decisions. However, this presumption is rebutted when the enabling statute provides for a statutory right of appeal. In such cases, the appellate standard of review applies.

[43] Section 56 of the Act provides for an appeal to the Federal Court:

<p>56 (1) An appeal lies to the Federal Court from any decision of the Registrar under this Act within two months from the date on which notice of the decision was dispatched by the Registrar or within such further time as the Court may allow, either before or after the expiration of the two months.</p>	<p>56 (1) Appel de toute décision rendue par le registraire, sous le régime de la présente loi, peut être interjeté à la Cour fédérale dans les deux mois qui suivent la date où le registraire a expédié l'avis de la décision ou dans tel délai supplémentaire accordé par le tribunal, soit avant, soit après l'expiration des deux mois.</p>
--	--

[44] The Court finds that to give effect to Parliament's expressed intention in section 56 of the Act, the decision of the Registrar of Trademarks should be reviewed on the appellate standard of review. The parties agree.

[45] The appellate standard of review established in *Housen v Nikolaisen*, 2002 SCC 33, [2002] 2 SCR 235 [*Housen*] applies to the determination of the issues raised on this appeal. For questions of fact and questions of mixed fact and law, where the legal principle or question of law is not extricable, the standard is “palpable and overriding error.” For questions of law, including statutory interpretation and the scope of a decision-maker’s authority, the standard is correctness. Inferences of fact are also reviewed on the standard of palpable and overriding error (*Housen* at para 23).

[46] As noted below, PTL alleges that the Registrar erred in her application of the law to the facts. These are issues of mixed law and fact, which are reviewed on the appellate standard of palpable and overriding error.

[47] The Federal Court of Appeal has provided a consistent definition of palpable and overriding error. In *Mahjoub v Canada (Citizenship and Immigration)*, 2017 FCA 157, [2017] FCJ No 726 (QL) [*Mahjoub*], the Court of Appeal reiterated the definition and provided additional guidance (at paras 61-65):

[61] Palpable and overriding error is a highly deferential standard of review: *Benhaim v. St. Germain*, 2016 SCC 48, [2016] 2 S.C.R. 352 at para. 38; *H.L. v. Canada (Attorney General)*, 2005 SCC 25, [2005] 1 S.C.R. 401. When arguing palpable and overriding error, it is not enough to pull at leaves and branches and leave the tree standing. The entire tree must fall. See *Canada v. South Yukon Forest Corporation*, 2012 FCA 165, 431 N.R. 286 at para. 46, cited with approval by the Supreme Court in *St. Germain*, above.

[62] “Palpable” means an error that is obvious. Many things can qualify as “palpable.” Examples include obvious illogic in the reasons (such as factual findings that cannot sit together), findings made without any admissible evidence or evidence received in accordance with the doctrine of judicial notice, findings based on

improper inferences or logical error, and the failure to make findings due to a complete or near-complete disregard of evidence.

[63] But even if an error is palpable, the judgment below does not necessarily fall. The error must also be overriding.

[64] “Overriding” means an error that affects the outcome of the case. It may be that a particular fact should not have been found because there is no evidence to support it. If this palpably wrong fact is excluded but the outcome stands without it, the error is not “overriding.” The judgment of the first-instance court remains in place.

[65] There may also be situations where a palpable error by itself is not overriding but when seen together with other palpable errors, the outcome of the case can no longer be left to stand. So to speak, the tree is felled not by one decisive chop but by several telling ones.

[48] PTL argues that although the appellate standard of review applies, the guidance of the Supreme Court in *Vavilov* with respect to the importance of reasons should still be considered. In the Court’s view, the *Vavilov* principles and guidance focus on the review of administrative decisions under the reasonableness standard. However, the Supreme Court’s emphasis on paying respectful attention to the reasons, coupled with its direction to consider the decision as a whole, is not a new approach, and is not unique to the context of reasonableness review. The same approach would be followed for appellate review.

[49] Under either the reasonableness standard or the standard of appellate review, the Court must begin with the reasons to determine whether the alleged errors exist, which requires consideration of the reasons as a whole along with the record before the decision-maker.

V. The Applicant's – PTL's – Submissions

A. *Overview*

[50] PTL submits that the Registrar erred in her application of the law to the facts which raises questions of mixed fact and law. PTL argues that the Registrar made several palpable errors, which are of the type noted by the Federal Court of Appeal in *Mahjoub* at para 62. PTL submits that the palpable errors, on their own, and particularly when taken together, amount to overriding errors.

[51] PTL argues that given that the standard of palpable and overriding error commands a high degree of deference, a high degree of scrutiny of the Registrar's reasons and the record before her is also called for.

[52] PTL submits that when the reasons are read with the record in context, the errors are obvious. The Registrar failed to analyze why PTL did not meet its light evidential burden or why FCA met its legal burden; the Registrar ignored evidence, in particular the evidence of Ms. Tremblay; the Registrar erred by drawing inferences in the absence of evidence; and, the Registrar's findings are contrary to the evidence or are made without evidentiary support. PTL points to the examples of palpable errors identified in *Mahjoub* at para 62 and submits that the same errors were made by the Registrar.

[53] PTL submits that although FCA had no obligation to file evidence of use of the Mark, once FCA did file evidence, that evidence became a proxy for how FCA intended to use the

Mark. PTL argues that FCA's intended use did not meet the requirements of use in section 4, noting that there must be a display of the Mark on the goods at the time of the transfer of the property and an association between the word and the product. The invoices submitted by FCA, relied on by the Registrar to find that FCA met its legal burden, do not provide evidence of such an association.

B. *The evidential burden*

[54] PTL submits that its evidence *far exceeded* that required to meet its light evidential burden. PTL notes that its evidence shows that: FCA has not used the Mark in association with its goods since filing the trademark application; FCA has not used the Mark in association with common transactional documents since filing; and, FCA has used its other trademarks, such as HEMI and MOPAR, in association with goods or transactional documents throughout this time, but has not used PENTASTAR.

[55] PTL argues that, by not accepting this probative and persuasive evidence, the Registrar effectively raised the evidential burden that PTL had to meet. More importantly, the Registrar's finding is illogical and inconsistent with the evidence.

[56] PTL argues that the Registrar's statement that she considered all the evidence, but discussed only the evidence she found relevant, signals that she did not find Ms. Tremblay's evidence relevant. PTL submits that the Tremblay affidavit is relevant evidence because it shows that the alleged use did not occur. PTL submits that the evidence of Ms. Tremblay, which described the results of her investigation at an Ottawa-based Chrysler dealership, and which did

not find any use of the word mark PENTASTAR on the vehicle viewed or on printed information that would accompany a vehicle at the time of sale, was ignored.

[57] PTL submits that the Registrar made a palpable and overriding error in ignoring Ms. Tremblay's evidence which, if considered, would have met the evidential burden. PTL adds that the Registrar erred in not providing some explanation why this evidence did not meet the initial evidential burden.

[58] PTL argues that the Registrar made an obvious error by inferring FCA's intended use of the Mark from the mere possibility that FCA might someday use the Mark in association with the goods, although there was no evidence of such use. PTL argues that the Registrar had no evidence to support her finding that Ms. Spano's response on cross-examination, that the Mark was used on FCA's point-of-sale materials, was not an exhaustive statement of all the ways FCA intended (and intends) to use the Mark; i.e., that it would still be possible for FCA to use the Mark in compliance with subsection 4(1) of the Act. PTL argues that there is no evidence that FCA intended to use the Mark in any other way than how it has already been used.

[59] PTL argues that the Registrar's conclusion that Ms. Spano's answer was not exhaustive of FCA's intended uses of the Mark fails to take into account the context and the other evidence. PTL notes that Ms. Spano is not an ordinary witness; rather she is a trademark counsel for FCA who carefully worded her responses on cross-examination.

[60] PTL submits that the Registrar erred by inconsistently finding that FCA did not use the Mark, yet also finding that FCA had established an intention to use the Mark. Although FCA manufactures and sells the engines, the Mark does not appear on the engines. PTL submits that use of the Mark in advertising and promotion is simply not enough to meet the requirements of section 4.

[61] PTL argues that the Registrar also erred by accepting inconsistent evidence. PTL submits that in Ms. Spano's first Affidavit (dated October 24, 2014) and cross-examination, she did not provide any evidence that the Mark was used in association with FCA's goods. PTL argues that Ms. Spano only speculated that the Mark would appear on "point of sale materials, marketing materials, likely packaging materials as well." However, in her second Affidavit (dated November 7, 2016), Ms. Spano produced three invoices bearing the Mark that had been sent to the dealership visited by Ms. Tremblay. PTL also submits that Ms. Spano's three invoices were produced only after Ms. Tremblay's Affidavit was filed, rendering her evidence suspect.

C. *The legal burden on FCA*

[62] PTL argues that the Registrar made an obvious error in alternatively finding that FCA met its legal burden, because there is no evidence to support this finding.

[63] PTL again submits that the Registrar's finding that FCA met the requirement for intended use is inconsistent with finding that FCA had not actually used the Mark in accordance with section 4 of the Act.

[64] PTL submits that the Registrar erred by accepting that FCA's use of the Mark in promotional materials constituted "use" for the purposes of subsection 4(1) of the Act. PTL relies on *Cote-Reco Inc.* at para 54, where the Registrar found that use of a mark in promotional or advertising materials does not satisfy subsection 4(1) of the Act because these materials are not part of the "normal course of trade".

[65] PTL also argues that, although the Registrar acknowledged that use "in the normal course of trade" under subsection 4(1) requires that point-of-sale materials bearing a trademark be delivered to a purchaser at the same time as the transfer of the purchased property, the Registrar illogically found that FCA had satisfied its legal burden without evidence that the invoices bearing the Mark accompanied the delivery of the vehicles with the PENTASTAR engines.

[66] PTL also submits that the invoices submitted with the second affidavit of Ms. Spano are suspect given that Ms. Spano stated in her first cross-examination that she had access to invoices, yet she did not provide any except to counter Ms. Tremblay's evidence.

VI. The Respondent – FCA's – Submissions

A. *Overview*

[67] FCA submits that to succeed on this appeal, PTL must establish that the Registrar made a palpable and overriding error with respect to both findings.

[68] FCA argues that the Registrar did not make any palpable and overriding errors in finding that PTL had not met its initial evidential burden and in alternatively finding that FCA met its legal burden. FCA notes that palpable and overriding error is a highly deferential standard. Although PTL may interpret the evidence from a different perspective, this does not mean that the Registrar erred in her assessment of the evidence.

[69] FCA argues that many of PTL's alleged errors are based on a misunderstanding of paragraph 30(e) of the Act. FCA submits that PTL again conflates "actual use" with "intent to use", and attempts to show that FCA did not have an intent to use the Mark by relying on evidence that FCA did not yet use the Mark. FCA notes that evidence of actual use is not required to satisfy the requirements of paragraph 30(e) until after the trademark application is allowed (*Procter & Gamble Inc. v Colgate-Palmolive Canada Inc.*, 2010 FC 231 at para 41, 364 FTR 288 [*Procter & Gamble*]; *Molson Canada v Anheuser-Busch Inc.*, 2003 FC 1287 at para 58, 241 FTR 238 [*Molson Canada*]). FCA notes that the Registrar addressed this in her reasons, finding that the two were distinct and acknowledging that FCA's application was based on intent to use.

[70] FCA argues that the decision shows the Registrar's rationale and the evidence she relied on. The Registrar canvassed the evidence and did not ignore or misunderstand any evidence. She clearly understood that the application was based on FCA's intent to use, and determined the opposition accordingly.

B. *The Evidential Burden*

[71] FCA submits that the evidence read as a whole supports the Registrar's finding that PTL did not meet its initial evidential burden, acknowledged to be a light burden, to show that FCA did not have such an intention.

[72] FCA submits that the Registrar supported her finding that PTL did not meet its evidential burden, including by: acknowledging that there is no requirement for a trademark applicant to use its proposed mark until it is allowed; noting that the concepts of "use" and "intent to use" are not interchangeable; noting that FCA's past use of the Mark is not the issue to be considered under paragraph 30(e); and, finding that there is no evidence inconsistent with the finding that FCA intended to use the Mark at the time of filing its trademark application, or that it may do so in the future.

[73] With respect to the evidence of Ms. Tremblay, FCA submits that Ms. Tremblay's evidence was not representative of all of the ways that FCA used the Mark. FCA notes that Ms. Tremblay only investigated a single model of car containing PENTASTAR engine at one FCA dealership.

[74] With respect to FCA's past practice of displaying other trademarks, such as HEMI, FCA submits that, unlike PENTASTAR, FCA has registered these other Marks and is able to use them freely. The fact that FCA displayed HEMI and other registered trademarks does not mean it did not intend to display PENTASTAR once registered.

[75] FCA submits that, contrary to PTL's allegation that the Registrar mischaracterized Ms. Spano's response regarding the use of PENTASTAR on an engine or on point-of-sale material as sufficient for trademark use, the Registrar clearly understood Ms. Spano's response.

[76] FCA submits that PTL never specifically asked Ms. Spano whether FCA only intended to use the Mark in advertising materials and PTL cannot now ask for inferences to be drawn from what Ms. Spano did not say. FCA notes that PTL did not challenge this evidence at the time of cross-examination and cannot do so now.

C. *The Legal Burden*

[77] FCA submits that the Registrar did not err in finding that FCA met its legal burden. The Registrar set out the reasons, supported by the evidence, for her alternative finding that FCA met its legal burden to show that FCA had a *bona fide* intention to use the Mark.

[78] FCA acknowledges that, although paragraph 30(e) only requires that a statement of intended use accompany the application, some evidence of intention to use the Mark, contemporaneous with the application, is required. FCA submits that it provided this evidence, including the April 2009 and March 2010 press releases that, respectively, announced and then launched the PENTASTAR engine.

[79] FCA submits that the Registrar's reasons are logical and supported by the evidence. FCA notes that these press releases are closest in time to the date of FCA's trademark application. In addition to the press releases and demonstration at the New York Auto show in 2009, FCA

provided further evidence of its intent to use the Mark, including its sale of over 500,000 PENTASTAR engines in Canada as well as references to the Mark on its website and vehicle invoices.

[80] FCA notes that the Registrar explained that, although FCA did not demonstrate that its invoices bearing the Mark were delivered at the same time as the vehicles containing the PENTASTAR engines, this was not an impediment to FCA from meeting its legal onus. FCA submits that PTL's argument about the need for the invoices to accompany the vehicle is misplaced as this confuses use with intended use.

VII. The Registrar did not err in finding that PTL did not meet its initial evidential burden

[81] In *Mahjoub*, the Federal Court of Appeal explained that the Court's role on appeal is not to reweigh the evidence and that the possibility of a different result is not what is contemplated by the highly deferential standard of palpable and overriding error, noting at para 70:

[70] Palpable and overriding error is often best defined by describing what it is not. If an appellate court had a free hand, it might weigh the evidence differently and come to a different result. It might be inclined to draw different inferences or see different factual implications from the evidence. But these things, without more, do not rise to the level of palpable and overriding error.

[82] In this appeal, PTL appears to seek a different result based on arguing that the evidence should have been weighed differently.

[83] PTL has made the same arguments to the Court as it did to the Registrar. The Registrar clearly understood PTL's grounds for opposition and its arguments and the Registrar addressed all the arguments and the evidence.

[84] The Registrar did not make any palpable and overriding error in finding that PTL did not meet its evidential burden, despite that this is a light burden.

[85] Examples of palpable errors noted in *Mahjoub* at para 62 do not arise. Contrary to PTL's submissions, the Registrar did not make findings in the absence of admissible evidence, or inconsistent or illogical findings. Nor did the Registrar make inferences in the absence of evidence.

[86] As noted in *Mahjoub* at paras 66-68:

[66] Often those alleging palpable and overriding error submit that a first-instance court forgot, ignored, misconceived or gave insufficient weight to evidence because it did not mention the evidence in its reasons. Before us, Mr. Mahjoub frequently makes that submission. But a non-mention in reasons does not necessarily lead to a finding of palpable and overriding error.

[67] For one thing, first-instance courts benefit from a rebuttable presumption that they considered and assessed all of the material placed before them: *Housen* at para. 46.

[68] Further, when an appellate court considers a submission of palpable and overriding error, often it focuses on the reasons of the first-instance court. But its reasons are to be viewed in context and construed in light of both the evidentiary record before it and the submissions made to it: *R. v. R.E.M.*, 2008 SCC 51, [2008] 3 S.C.R. 3 at paras. 35 and 55. Although the reasons may not mention a particular matter or a particular body of evidence, the evidentiary record and the context may shed light on why the first-instance court did what it did. They may also confirm that although

a matter is not mentioned in the reasons, it was nevertheless within the court's contemplation and considered by it.

[87] In the present case, the Registrar stated that she considered all the evidence and discussed the relevant evidence. More than simply stating this, the Registrar summarized the essential points of the evidence in relation to the issues considered. PTL's submissions that the Registrar did not provide reasons for not relying on Ms. Tremblay's evidence, and did not provide reasons to explain why PTL did not meet its evidential burden, appear to be based on a narrow reading of the Analysis section of the decision, without regard to the decision as a whole, and with an unrealistically high expectation of the level of detail and repetition required in a decision.

[88] Although PTL argues that the Registrar made palpable errors, the cumulative nature of which result in the errors being overriding, PTL's arguments focus on how the Registrar weighed the evidence. PTL argues that the Registrar should have found that PTL met its evidential burden based on the evidence of Ms. Tremblay, the evidence of FCA's pattern of behaviour, and a specific response by Ms. Spano. However, this assumes that the Registrar should have attributed more weight to this evidence and interpreted it in a particular manner. As the Supreme Court of Canada clearly stated in *Housen*, at para 23 "it is not the role of appellate courts to second-guess the weight to be assigned to the various items of evidence."

[89] Contrary to PTL's argument, the Registrar clearly considered Ms. Tremblay's affidavit. The Registrar set out the evidence as it applied to the issues raised by PTL with respect to the grounds of opposition and the specific questions raised by PTL (see for example, paras 9, 17, and 38-40 of the Registrar's Decision). Although the Registrar did not repeat Ms. Tremblay's

evidence in the Analysis section, it was not necessary for the Registrar to do so given that she had assessed this evidence in the preceding parts of the decision.

[90] It is apparent that the Registrar concluded that Ms. Tremblay's evidence – which described what she observed with respect to her discussion with a sales person at one FCA dealership, two vehicles and sample invoices – when considered along with the other evidence, was not sufficient to establish PTL's evidential burden to show that FCA did not have a genuine intention to use the Mark.

[91] The Registrar also considered Ms. Spano's response that use of the Mark on point-of-sale material, in the form of PENTASTAR marked on an engine, was not an exhaustive statement of how FCA uses or intended to use the Mark as a trademark. The Registrar did not err in making this determination as it is open to the Registrar to assess the evidence. The Registrar squarely addressed PTL's argument and extensively reviewed the evidence of Ms. Spano and Ms. Tremblay before concluding that this was not an exhaustive statement and also noting that the Mark appears on invoices and is applied as a trademark in describing the engines.

[92] Contrary to PTL's argument that Ms. Spano's evidence was contradictory and speculative, Ms. Spano stated on her first cross-examination that the Mark would appear on point-of-sale materials and "likely" on packaging materials. In her second affidavit, she produced point-of-sale materials bearing the Mark, specifically invoices. This evidence was allowed to reply to Ms. Tremblay's evidence, which focussed on one visit to one FCA dealership on one

occasion. The evidence was not speculative as the word “likely” was used only with respect to packaging materials.

[93] The Registrar also addressed PTL’s submission that Ms. Spano’s evidence was suspect, noting that PTL did not seek judicial review of the decision to allow the evidence. PTL advances the same argument now and the Court takes the same position. The evidence was allowed and the time to challenge it has passed. The Court will not second guess the Registrar’s reliance on Ms. Spano’s evidence.

[94] With respect to FCA’s use of other trademarks in association with its goods, the Registrar correctly noted that trademark applicants are not required to “use” a trademark until after it is allowed. (*Procter & Gamble* at para 41; *Molson Canada* at para 58). Although FCA did not use PENTASTAR in the same way as it used other registered trademarks, PENTASTAR had not yet been registered. No comparisons or inferences can be drawn from FCA’s choice to display its registered trademarks. The Registrar did not err by not drawing the inferences that PTL suggested.

[95] PTL’s argument that the Registrar’s findings are illogical arise from the same problem noted by the Registrar – that PTL conflates the requirement to show intent to use, upon which FCA based its application, and actual use of the Mark. Given that the two provisions of the Act are distinct, the Registrar did not err in finding that FCA had an intent to use the Mark in compliance with the Act even though FCA had not yet actually used the Mark. The Registrar explained that FCA was not required to use the Mark until after it had been allowed.

[96] The Registrar found, in accordance with the jurisprudence, that trademark applicants are not required to use a proposed mark in order to prove intent; that “the concepts of “use” and “*intent to use*” are not interchangeable.” In *Molson Canada* at paras 57-59, the Court confirmed a decision of the Registrar to reject an opposition based on paragraph 30(e) of the Act. The Court found that lack of use did not constitute evidence that is “inconsistent” with the applicant’s stated intention to use the proposed mark at the time of filing adding that there was no requirement to use the proposed mark until it is approved. (see also *Cerverceria Modelo, SA de CV v Marcon*, [2008] TMOB No 131 at paras 39-45, 70 CPR (4th) 355; and, *Wanted Shoes Inc. v Want Holdings Inc.*, 2015 TMOB 96 at paras 13-14).

[97] PTL’s argument that the evidence relied on by FCA, which was evidence of how it had used the Mark since the date of filing, was a proxy for its intended use of the Mark, also conflates the concept of intended use and actual use.

[98] The Registrar acknowledged that evidence arising after the filing date may be considered with respect to “the extent that it may describe a situation arising as of the filing date.” The Registrar considered all the evidence since the date of filing.

[99] Contrary to PTL’s argument, the Registrar did not raise the evidential burden on PTL. Rather, the Registrar found that the evidence relied on by PTL did not meet the light burden to show that FCA did not have an intention to use the Mark.

[100] In *Arcadia Group Brands Limited and Top Shop/Top Man Limited v Isaac Bennet Sales Agencies Inc.*, 2018 TMOB 6 at paras 101-108, 158 CPR (4th) 363, the Registrar noted that an opponent bears a light onus to prove a “lack of intention” to use the Mark. The key question is whether the opponent has put into question the veracity of the applicant’s statement of intention to use the proposed trademark at the date of filing. The Registrar added that the applicant “is not required to prove its intention in the absence of evidence to the contrary as of the material date.”

[101] In the present case, the Registrar did not err in finding that PTL did not put into question the veracity of FCA’s intent to use the Mark as of March 2009, as there was no evidence to the contrary.

[102] The Registrar found that there was nothing in the evidence that was inconsistent with finding that FCA intended to use the Mark at the time of filing or that it may do so in the future. The onus was on PTL to provide some evidence to meet the low evidential burden and the Registrar did not err in finding that PTL’s evidence did not meet that burden.

VIII. The Registrar did not err in finding that FCA met its legal burden

[103] The Registrar did not err in her alternative finding that FCA met its legal burden to establish that it did have a genuine intention to use the Mark at the date of filing.

[104] PTL’s argument that the Registrar erred by accepting that FCA’s use of the Mark in promotional materials satisfied the requirements of “use” under subsection 4(1) of the Act is

based on disputing the Registrar's interpretation of Ms. Spano's evidence in favour of PTL's interpretation.

[105] It bears repeating that the Court will not second-guess the weight assigned to the evidence by the decision-maker (*Housen* at para 23).

[106] PTL relies on *Cote-Reco Inc.* at paras 51-55, where on cross-examination, the applicant stated that the trademark in question had "only been displayed on private-label goods used strictly for promotional purposes and/or given to customers as a gift with the purchase of specific goods." The Registrar found that this statement was sufficient proof that the applicant did not intend to use the trademark in association with goods within the meaning of subsection 4(1).

[107] However, *Cote-Reco* is not analogous, as the Registrar found. Ms. Spano did not state that FCA only used the PENTASTAR Mark on promotional materials. Ms. Spano stated on cross-examination that the Mark appeared on point-of-sale materials (i.e. the invoices) in addition to promotional materials (i.e., the brochures and the 2009 and 2010 press releases). As noted above, the Registrar found that Ms. Spano's statements regarding the use of the Mark by FCA were not exhaustive of all the ways FCA uses or intended to use the Mark. Contrary to PTL's submission, this finding is not based on speculation; rather it is based on the Registrar's assessment of the statement in the context of all the evidence.

[108] FCA also produced three representative point-of-sale invoices bearing the Mark, which demonstrate that FCA used the Mark in materials other than promotional materials. While the

Registrar acknowledged that there was no evidence that these invoices were delivered to customers at exactly the same time as the vehicles containing the PENTASTAR engines, the Registrar found no evidence to the contrary and found no basis to prevent FCA's application.

[109] The Registrar's decision demonstrates that she did not rely only on the use of the Mark in promotional materials to support her finding that FCA met its legal burden. The Registrar noted the press releases issued close in time to the application as evidence to support FCA's intent to use the Mark at the date of filing. In conclusion, the Registrar did not err in finding that there was no evidence that was inconsistent with FCA's stated intention to use the Mark in accordance with the Act, and that, in fact, there was evidence supporting FCA's stated intent.

[110] The Registrar's finding is owed deference as no palpable and overriding error can be found.

IX. Costs

[111] Given that the Respondent, FCA, has been successful on this appeal, with the result that the Registrar's decision, which rejected PTL's opposition to the registration of FCA's word mark PENTASTAR (for goods), stands, FCA is entitled to costs.

[112] I have considered the submissions of PTL and FCA with respect to costs.

[113] PTL suggests that no costs should be awarded in favour of FCA, even if successful, alleging that FCA belaboured and added unnecessary steps to the proceedings. PTL also submits

that it should not be penalized for defending its own valid trademark registration (which was also for PENTASTAR, but in association with services).

[114] I do not agree that there is evidence of any conduct that would justify not awarding costs to FCA.

[115] First, FCA was successful in defending PTL's opposition before the Registrar. Then FCA defended this appeal by PTL. It would be unreasonable to expect that FCA would simply concede the appeal, as PTL seems to suggest should have occurred.

[116] Second, FCA did not belabour the proceedings or take PTL by surprise by "drastically" changing its position with respect to the applicable standard of review. It must be recalled that on February 4, 2020, PTL provided an additional 18 pages of submissions, characterized as an Aide Memoire, to address the impact of *Vavilov*. The Aide Memoire also sought to buttress the arguments previously set out in PTL's Memorandum of Fact and Law. FCA was equally entitled to make submissions on the impact of *Vavilov* and did so on February 11, 2020. In FCA's brief submissions, it noted that the Supreme Court of Canada had held that statutory appeals should be subject to the appellate standard of review. PTL had either overlooked or avoided this critical point in its submissions.

[117] PTL's submission that FCA modified its position on the standard of review at the last minute causing PTL to incur added expense to prepare for the hearing seems to suggest that FCA advocated, and is in some way responsible, for the clarification of the standard of review for

statutory appeals. The reality is that in *Vavilov*, the Supreme Court of Canada confirmed that one of the exceptions to the presumptive standard of review of reasonableness is where the statutory intent is clear and provides for an appeal, as in both the former *Trade-marks Act* and the current *Trademarks Act*.

[118] As noted by the parties, the amount of costs to be awarded is within the discretion of the Court. I have considered the jurisprudence in comparable matters and the Bill of Costs submitted by FCA. In my view, an award of \$7500, all-inclusive, is appropriate.

JUDGMENT in file T-926-19

THIS COURT'S JUDGMENT is that:

1. The Appeal is dismissed.
2. The Applicant shall pay the Respondent costs of \$7500, all-inclusive.

"Catherine M. Kane"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-926-19

STYLE OF CAUSE: PENTASTAR TRANSPORT LTD. v FCA US LLC

PLACE OF HEARING: OTTAWA, ONTARIO

DATE OF HEARING: FEBRUARY 18, 2020

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

DATED: MARCH 12, 2020

APPEARANCES:

Bayo Odutola FOR THE APPLICANT

R. Scott MacKendrick FOR THE RESPONDENT

SOLICITORS OF RECORD:

OLLIP P.C. FOR THE APPLICANT
Barristers and Solicitors
Ottawa, Ontario

Bereskin & Parr LLP FOR THE RESPONDENT
Barristers and Solicitors
Toronto, Ontario