

Federal Court



Cour fédérale

Date: 20090120

**Dockets: T-454-08
T-455-08**

Citation: 2009 FC 48

Ottawa, Ontario, January 20, 2009

Present: The Honourable Mr. Justice Beaudry

BETWEEN:

BROUILLETTE KOSIE PRINCE

Applicant

and

GREAT HARVEST FRANCHISING, INC.

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] These are two appeals filed by the applicant under section 56 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (the Act) from two decisions made by P.H. Sprung, a member of the Trade-marks Opposition Board, for the Registrar of Trade-marks (the Registrar) on January 24, 2008, upholding two trade-marks owned by the respondent.

Facts

[2] The first case, T-454-08, relates to the trade-mark GREAT HARVEST BREAD CO. & DESIGN, number TMA 524,225, registered on March 2, 2000, and registered in connection with the following services: “Operation and franchising of retail bakery shops”. It is a brand mark and its design is as follows:

 *Great Harvest Bread Co.*

[3] The second case, T-455-08, relates to the trade-mark GREAT HARVEST BREAD CO. & DESIGN, number TMA 523,778, registered on February 24, 2000, in connection with the following services and wares:

Services:

- (1) Franchising services, namely offering technical assistance in the establishment and/or operation of retail bakeries and retail bakery shop services.
- (2) Operation and franchising of retail bakery shops.

Wares:

Bakery goods, namely bread, cookies, muffins and cinnamon rolls; wheat; jams and jellies; clothing, namely hats, sweatshirts, aprons, t-shirts and sweaters.

It is a brand mark and its design is as follows:



[4] On June 25, 2003, in response to two requests by the applicant, the Registrar of Trade-marks gave notice to the respondent under section 45 of the Act concerning the trade-marks referred to above. Section 45 requires that the registered owner of the trade-mark furnish a 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 preceding the date of the notice. If the trade-mark was not in use during that period, the owner must show the date when it was last in use and the reason for the absence of such use since that date. For the two instant cases, the relevant period for establishing use was between June 25, 2000, and June 25, 2003.

[5] Subsection 45(1) of the Act provides:

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

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,

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 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.

dans les trois mois, un déclaration solennelle 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 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.

[6] Use in association with wares is defined in subsection 4(1) of the Act:

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.

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.

[7] Use in association with services is defined in subsection 4(2) of the Act:

4.(2) A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or

4.(2) Une marque de commerce est réputée employée en liaison avec des services si elle est employée ou montrée dans

advertising of those services. l'exécution ou l'annonce de ces services.

[8] On or about January 20, 2004, in response to the notice from the Registrar, the respondent submitted the solemn declaration of Dawn Eisenzimer, director of new franchise development for Great Harvest Bread Co. The two parties submitted written arguments to the Registrar, and a hearing was held on October 4, 2007.

[9] On January 24, 2008, P.H. Sprung, for the Registrar, upheld the registration of trade-mark TMA 524,225, while he upheld the registration of trade-mark TMA 523,778 in part.

Issues

[10] The issues are the same in both cases:

1. What is the applicable standard of review?
2. What type of evidence is necessary in proceedings under section 45 of the Act?
3. Is the Registrar's decision that the trade-mark had been used in Canada by the respondent reasonable?

Impugned Decisions

File No. T-454-08

[11] In the case of trade-mark TMA 524,225, Ms. Eisenzimer stated in her solemn declaration that the trade-mark was used in Canada on March 25, 2003, in the shopping centre in Lethbridge, Alberta, for the operation of retail bakery shops. In support of that assertion, she attached Exhibit 1,

a photograph that she had taken of the event. The photograph shows baskets of bread arranged on a temporary table set up in the shopping centre, and a banner pinned around the table that is partially concealed by a customer but shows the trade-mark in question.

[12] Exhibit 2 is another photograph, showing the table, the display of bread and the banner with the trade-mark shown in full. Behind the table is a person who seems to be a salesperson. Exhibit 3 is a page taken from an information brochure that offers the opportunity to become a franchisee. The trade-mark in question appears at the top of the information page. Ms. Eisenzimer states that this advertising material was sent to at least 157 people in Canada during the three years preceding June 25, 2003.

[13] The Registrar noted that the registrant has no obligation to show that there were franchisees in Canada; under subsection 4(2) of the Act, it is sufficient that the “use” of the mark in the performance or advertising of the services be shown. For example, the courts have held that the use of a trade-mark in advertisements in Canada for services available only in the United States does not meet the requirements of subsection 4(2) (see *Porter v. Don the Beachcomber* (1966), 48 C.P.R. 280). However, where the owner of the trade-mark offers services in Canada, the use of the trade-mark in advertising those services meets the requirements of subsection 4(2) (see *Wenward (Canada) Ltd. v. Dynaturf Co.* (1976), 28 C.P.R. (2d) 20).

[14] Although the prospectus was not provided in its entirety, the Registrar found that the page distributed to Canadians during the relevant period, which clearly shows the trade-mark in question,

solicits new franchisees and offers franchise services, and meets the requirements of subsection 4(2) of the Act in relation to the “franchising of retail bakery shops”.

[15] With respect to the “operation of retail bakery shops”, the Registrar found that the operation of a temporary bakery shop occurred once in Canada during the relevant period. The fact that those activities were carried out in order to generate interest in franchising opportunities does not mean that they were not retail sales activities, given that having bread for sale was a distinct benefit for consumers on that day (*Carling O’Keefe Breweries of Canada Ltd. v. Anheuser-Busch, Inc.* (1985), 4 C.P.R. (3d) 216).

[16] Although this is a less obvious case and it would have been preferable to have further information, the Registrar found, on the basis of his interpretation of the solemn declaration as a whole, that there was sufficient evidence to show that the trade-mark had been used in association with the “operation and franchising of retail bakery shops” within the meaning of subsection 4(2) of the Act.

File No. T-455-08

[17] With respect to trade-mark TMA 523,778, Ms. Eisenzimer states in her solemn declaration that the mark was used in Canada on March 25, 2003, in the shopping centre in Lethbridge, Alberta, for selling bakery goods, namely bread. Three samples of the labels that appeared on the packaging of bread sold are attached to Exhibit 1. The Registrar noted that one of the labels furnished shows the trade-mark in question as it was registered. Exhibit 2 includes 49 bills relating to sales of bread

on March 25, 2003. The Registrar found that this evidence established the use of the trade-mark in question in Canada during the relevant period in association with bakery goods, namely bread. No sales of “cookies, muffins and cinnamon rolls; wheat; jams and jellies; clothing, namely hats, sweatshirts, aprons, t-shirts and sweaters” was claimed or shown by the declarant.

[18] Exhibit 3 is a copy of an advertisement by the registrant that appeared in the 2003 directory of Canadian franchises. The title “Canadian Business Franchise 2003 Directory” appears at the bottom of the page. Ms. Eisenzimer states that the trade-mark has been used in that directory since about January 2003. The Registrar accepted that statement, given that it is reasonable to assume that an annual directory would be available at the beginning of each year.

[19] Exhibit 4 is an example of business cards that the declarant states were displayed and distributed in areas of the Lethbridge shopping centre on March 25, 2003. Exhibit 5 is a sample of a prospectus handed out on March 25, 2003, to solicit franchisees, in association with franchising services. The prospectus visibly contains the trade-mark in question and is composed of two pages of brightly coloured images, together with the testimony of current franchisees in the United States. The Registrar found that the evidence as a whole showed the use of the trade-mark in advertising relating to the franchising of retail bakery shops in Canada.

[20] The Registrar also found that the use of the trade-mark in question was shown in relation to the operation of retail bakery shops, given that it was obvious that the trade-mark clearly appeared when bread was sold, that is, on the bread packaging and on the sign at the sales location.

Photographs showing a salesperson selling bread, wearing a baker's hat and an apron with the trade-mark in question, are also attached. Exhibit 8 shows balloons with the trade-mark on display at that location.

[21] The Registrar noted that the trade-mark in question had been used within the meaning of subsection 4(2) of the Act in association with “franchising services, namely offering technical assistance in the establishment and/or operation of retail bakeries and retail bakery shop services”, and with the “operation and franchising of retail bakery shops” and “bakery goods, namely bread”. The trade-mark was also used within the meaning of subsection 4(1) of the Act in association with bakery goods, namely bread.

[22] Accordingly, registration TMA 523,778 was amended to remove “cookies, muffins and cinnamon rolls; wheat; jams and jellies; clothing, namely hats, sweatshirts, aprons, t-shirts and sweaters” under section 45 of the Act.

Analysis

1. What is the applicable standard of review?

[23] Both parties agree that the applicable standard of review in this case is reasonableness *simpliciter* (*Law Society of New Brunswick v. Ryan*, 2003 SCC 20, [2003] 1 S.C.R. 247 and the reasonableness standard laid down more recently in *Dunsmuir v. New Brunswick*, 2008 SCC 9, [2008] 1 S.C.R. 190). In *Molson Breweries v. John Labatt Ltd. (C.A.)*, [2000] 3 F.C. 145, the Court held 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* (*Neptune S.A. v. Canada (Attorney General)*, 2003 FCT 715, 237 F.T.R. 240 at paragraph 27). The Court must find the Registrar's decision is not reasonable or is clearly wrong before it can substitute its own decision for that of the Registrar (*Société nationale des chemins de fer français v. Venice Simplon-Orient-Express Inc.* (2000), 9 C.P.R. (4th) 443, 102 A.C.W.S. (3d) 189; *Lang Michener v. United Grain Growers*, 2001 FCA 66, [2001] 3 F.C. 102). The respondent submits that if the Registrar found no fault with the evidence, the Court should not intervene (*Footlocker Group Canada Inc. v. Steinberg*, 2004 FC 717, 253 F.T.R. 109). Although that decision was subsequently reversed by the Court of Appeal, that principle was affirmed.

2. *What type of evidence is necessary in proceedings under section 45 of the Act?*

File No. T-454-08:

[24] The applicant points out that when the respondent received the notice under subsection 56(5) of the Act, it could have submitted additional evidence to the Court. That evidence might have addressed the ambiguities and questions identified by the Registrar; however, the respondent chose not to adduce any additional evidence.

[25] The applicant submits that the evidence produced by a trade-mark owner must be rigorous (*Plough (Canada) Limited v. Aerosol Fillers Inc.*, [1981] 1 F.C. 679). A deponent may not simply state; he or she must describe and show how the trade-mark was used during the relevant period. It is up to the registered owner to satisfy the Registrar that it has used the trade-mark within the

meaning of section 4 of the Act during the relevant period (*National Sea Products Ltd. v. Scott & Ayles* (1988), 20 F.T.R. 62, 19 C.P.R. (3d) 481 (F.C.T.D.)).

[26] The applicant also submits that when a deponent produces vague and imprecise evidence and an ambiguous solemn declaration, this amounts to a total lack of evidence (*S.C. Johnson & Son, Inc. v. Canada (Registrar of Trade-marks)* (1981), 55 C.P.R. (2d) 34, 8 A.C.W.S. (2d) 71; *John Labatt Ltd. v. Rainier Brewing Co.* (1984), 54 N.R. 296, 80 C.P.R. (2d) 228 (F.C.A.)), and that this was the case before the Registrar.

[27] In the applicant's submission, Exhibits 1 and 2 do not in any way show use of the trade-mark by the respondent in association with the services described in it. It is impossible to conclude that the photographs were taken in Canada or that franchising services were presented and offered to consumers on March 25, 2003. It is not reasonable for the Registrar to have concluded that Exhibits 1 and 2 show use of the trade-mark by the respondent in the promotion of services.

[28] The applicant further submits that it is settled law that when a trade-mark is also the name of the business, the presence of the trade-mark on a banner will be considered or regarded as being the name of the business, and cannot be used to show use of the trade-mark in association with the services of the business (*Jalite Public Ltd. v. Suarez Lencina* (2001), 19 C.P.R. (4th) 406). That argument is also made in the applicant's written submissions in file no. T-455-08.

[29] The applicant submits that Exhibit 3 consists merely of a brochure and that the information surrounding the advertisement is unknown. There is nothing to suggest that a franchise was sold in Canada or was in operation in Canada. Moreover, an excerpt from a magazine, a catalogue or a directory does not show the use of wares or services in association with a trade-mark (*American Soccer Company (Re)* (2002), 21 C.P.R. (4th) 571; *Boutiques Pro Golf Inc. v. Canada (Registrar of Trade-Marks)* (1993), 164 N.R. 264, 54 C.P.R. (3d) 451 (F.C.A.); *Cornerstone Securities Canada Inc. v. North-American Trust Co.* (1994), 86 F.T.R. 53, 58 C.P.R. (3d) 184).

[30] The respondent replies that the owner of the trade-mark must make a *prima facie* case of the use of the trade-mark. The owner need not necessarily produce all of the detailed and complete evidence of the use of the trade-mark (*Jagotec AG v. Riches, McKenzie & Herbert LLP*, 2006 FC 1468, 153 A.C.W.S. (3d) 1222).

[31] The respondent notes that it has met its burden of proof by showing the use of the trade-mark during the relevant period, and this was accepted by the Registrar. On appeal, the Court need only be satisfied that the Registrar made a reasonable decision on the basis of an assessment of the *prima facie* use of the trade-mark at any time during the relevant period. The Court need not determine whether the Registrar made a reasonable decision regarding the “absolute” use of the trade-mark in Canada.

[32] Section 45 of the Act provides for a simple, summary and expeditious procedure. That section allows for trade-marks that were previously registered and that have become obsolete or

outdated to be removed (*Prince v. Orange Cove-Sanger Citrus Assn.*, 2007 FC 1229, 322 F.T.R. 212 (F.C.T.D.) at paragraph 7; *Saks & Co. v. Canada (Registrar of Trade-Marks)* (1988), 25 F.T.R. 65, (1989), 24 C.P.R. (3d) 49). The burden of proof is on the registered owner of the trade-mark to demonstrate “use” in order to maintain a trade-mark on the register. It is clear from the case law that this burden is not a stringent one, and a *prima facie* case will suffice for the purposes of section 4 of the Act.

File No. T-455-08:

[33] The applicant submits that of the three stickers, not labels, only the first one resembles the registered trade-mark. The second, in the applicant’s submission, has characteristics that are different from the registered trade-mark (*Riches, Mckenzie & Herbert LLP, supra*), and the third does not resemble the trade-mark at all. Accordingly, only the first sticker should be considered.

[34] Although Ms. Eisenzimer states that the stickers were attached to the packaging of the goods, it is impossible, in the applicant’s submission, to know whether the bills submitted in Exhibit 2 related to all of the stickers or just one. It is also impossible to determine whether the packaging used on March 25, 2003, actually used the first sticker.

[35] The applicant submits that the owner must show that the trade-mark was marked on the goods or on the packaging at the time the property was transferred. In this case, it is impossible to conclude that the trade-mark was in fact marked on the packaging sold on March 25, 2003.

[36] The applicant submits that Exhibit 3, which tends to show the trade-mark in association with franchising services, consists solely of an advertisement published in the Canadian Business Franchise Directory. This does nothing to show the use of the trade-mark in association with franchising services. Moreover, an excerpt from a magazine, a catalogue or a directory does not show the use of wares or services in association with a trade-mark (*American Soccer, supra*; *Boutiques Progolff, supra*).

[37] The applicant also challenged Exhibit 4, which represents a business card, while Exhibit 6 consists of an example of envelopes that, according to Ms. Eisenzimer, were sent to over 157 people. The applicant argues that those exhibits are not evidence of use of the trade-mark in association with services or wares.

[38] The case law in this area is to the effect that the statutory declaration evidence does not have to be perfect (*Footlocker Group Canada Inc. v. Steinberg, supra* at paragraph 73).

[39] Although the evidence submitted by the owner is not particularly strong, I find that, taken as a whole, *prima facie* use of the trade-mark in association with franchising services has been made out of the evidence introduced, and in particular from the advertisement in the franchise directory, the advertising done by the bakery shop at the shopping centre and the business cards.

[40] The bills are dated as of the time when the bread was sold (March 25, 2003) at the shopping centre in Lethbridge. *Prima facie* use of the trade-mark in association with bakery goods, namely

bread, has thus been shown, in view, in particular, of the labels on the bread packaging and the trade-mark that appears on the bills. The type of evidence submitted by the owner is sufficient to show the use of the trade-mark in association with the services and wares listed.

3. *Is the Registrar's decision that the trade-mark had been used in Canada by the respondent reasonable?*

File No. T-454-08:

[41] In the applicant's submission, the Registrar erred in fact and in law, because the evidence submitted to him failed to show the use of the trade-mark by the owner in Canada during the relevant period, in association with the services listed in the registration. The evidence is not sufficient to satisfy the requirement that there be a bakery shop, because the photographs show a temporary facility which has none of the elements that are essential to the operation of a bakery shop.

[42] In addition, sales on a single day during the relevant period show only that the respondent attempted, through that isolated activity, to maintain a trade-mark that should be expunged.

[43] As well, the respondent's failure to submit additional evidence is another indication that the evidence is vague (*Cordon Bleu International ltée v. Renaud Cointreau & Cie* (2000), 10 C.P.R. (4th) 367, 102 A.C.W.S. (3d) 1150).

[44] In *Boutiques Progolff, supra*, Mr. Justice Létourneau wrote:

[14] I do not believe that section 45 requires continuous use of the trade mark, that is, use that is not interrupted over time . . . an owner need not furnish evidence of weekly, monthly or even yearly use. It is sufficient to furnish evidence of use in the normal course of its trade. Like my colleague Marceau J.A., however, I believe that section 45 requires that an owner furnish evidence of use at the time when the Registrar's notice is sent . . .

[15] . . . What section 45 requires is evidence of a degree of current or contemporaneous use, that is, evidence of use at the actual time of the Registrar's notice or use in the still recent past, so that it can be said that the use is current or contemporaneous with the Registrar's notice. In the case of a very specialized or seasonal business, where the business practices may differ, it cannot be required and expected that there will be the same contemporaneous or current use as in the case, for example, of a trade mark in the food industry, where items are consumed frequently and regularly.

[45] In this case, I am satisfied that the Registrar made a reasonable decision, having regard to the evidence submitted by the applicant. I believe he followed the law when he found that a page from an information brochure showing the trade-mark, which solicits new franchisees and offers franchising services, constitutes a use of the trade-mark in association with services under subsection 4(2) of the Act.

[46] The Registrar correctly recognized that the trade-mark was used in offering services in association with the operation of a retail bakery shop, because the trade-mark clearly appeared on a banner pinned to the table in front of the salesperson on May 25, 2003. The use of the trade-mark on that day in particular could have constituted advertising for franchising services in Canada (*Wenward, supra*).

[47] I therefore rule that the Court need not intervene.

File No. T-455-08:

[48] The applicant argues that the Registrar erred in fact and in law when he found that the photographs submitted, which show a salesperson selling bread, wearing a baker's hat and an apron with the trade-mark in question, established the operation of a bakery shop.

[49] In the Registrar's opinion, the evidence shows that the core of the activities carried on by the trade-mark owner is franchising. To conclude then that related selling was done in order to promote franchises shows that the Registrar regarded the evidence as being associated not with wares, but with services. In the applicant's submission, it is wrong to say that there was no evidence that the trade-mark was used in association with wares, in particular bakery goods and bread.

[50] In the applicant's submission, it would have been very simple for the respondent to offer in evidence packaging used for the wares showing the trade-mark, and it would also have been very simple for the respondent to submit additional evidence to clear up any ambiguity. Since that was not done, it is obvious that the respondent is not using this trade-mark.

[51] The respondent cited *Fasken Martineau DuMoulin v. In-N-Out Burgers* (2007), 61 C.P.R. (4th) 183 in support of its argument that use during an isolated event meets the requirement in section 45. The respondent also argued that the Registrar correctly noted that the labels on the bags of bread sold and the 49 bills for the sale of bread over one day within the relevant period, on which

the trade-mark appeared, show the use of the trade-mark in question in Canada on the wares in question during the relevant period, under subsection 4(1) of the Act.

[52] I am of the opinion that the Registrar was correct, having regard to the evidence as a whole: with the temporary operation of a retail bakery shop to sell bread to the public in a shopping centre there were sales of wares, which is one of the activities of a retail bakery shop, even if one of the owner's objectives was to solicit interest in franchise sales.

[53] Although it would have been desirable for the respondent to offer further relevant evidence, there is no reason in this case not to find that the statements made in Ms. Eisenzimer's solemn declaration are true.

[54] The Registrar's decision is reasonable and his conclusions are supported by the evidence and meet the test set out in *Dunsmuir, supra*.

[55] In conclusion, the Registrar's decisions to confirm the registration of trade-mark TMA 524,225 and to amend trade-mark TMA 523,778 are warranted and this Court is not to intervene.

JUDGMENT

THE COURT ORDERS that the appeals in file nos. T-454-08 and T-455-08 be dismissed.

The respondent is awarded a lump sum for costs. The applicant shall pay the respondent \$3,000

(\$1,500 in file no. T-454-08 and \$1,500 in file no. T-455-08) plus disbursements and GST.

“Michel Beaudry”

Judge

Certified true translation
François Brunet, Revisor

FEDERAL COURT
SOLICITORS OF RECORD

DOCKETS: T-454-08 and T-455-08

STYLE OF CAUSE: BROUILLETTE KOSIE PRINCE and
GREAT HARVEST FRANCHISING, INC.

PLACE OF HEARING: Montréal, Quebec

DATE OF HEARING: January 13, 2009

**REASONS FOR JUDGMENT
AND JUDGMENT BY:** The Honourable Mr. Justice Beaudry

DATED: January 20, 2009

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