

Federal Court



Cour fédérale

Date: 20101125

Docket: T-1209-09

Citation: 2010 FC 1184

[UNREVISED ENGLISH CERTIFIED TRANSLATION]

Ottawa, Ontario, November 25, 2010

PRESENT: The Honourable Mr. Justice Shore

BETWEEN:

DIAMANT ELINOR INC.

Applicant

and

88766 CANADA INC.

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

I. Introduction

[1] The concept of use is crucial in Canadian trade-mark law: it gives rise to ownership of the mark. It is through use that rights to a mark are obtained and preserved against third parties. The Supreme Court of Canada wrote the following in *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772:

[5] Unlike other forms of intellectual property, the gravamen of trade-mark entitlement is actual use. By contrast, a Canadian inventor is entitled to his or her patent even if no commercial use of it is made. A playwright retains copyright even if the play remains unperformed. But in trade-marks the watchword is “use

it or lose it”. In the absence of use, a registered mark can be expunged (s. 45(3)). . . .

[2] It is settled law that, in expungement proceedings under section 45, the burden on the registered owner of the mark is not a heavy one. The owner need only establish a *prima facie* case of use within the meaning of section 4 of the *Trade-marks Act*, R.S.C. 1985, c. T-13 (TMA); *Prince v. Orange Cove-Sanger Citrus Association*, 2007 FC 1229, 322 F.T.R. 212, at paragraph 7. On this subject, the Federal Court stated the following:

[44] So what guidance can be gleaned from these authorities and statements of basic principle that can be applied in the present case? We know that the purpose of s. 45 proceedings is to clean up the “dead wood” on the register. We know that the mere assertion by the owner that the trade mark is in use is not sufficient and that the owner must “show” how, when and where it is being used. We need sufficient evidence to be able to form an opinion under s. 45 and apply that provision. At the same time, we need to maintain a sense of proportion and avoid evidentiary overkill. We also know that the type of evidence required will vary somewhat from case to case, depending upon a range of factors such as the trade mark owners’ business and merchandising practices.

(*Uvex Toko Canada Ltd. v. Performance Apparel Corp.*, 2004 FC 448, 429 F.T.R. 105.)

What evidence must be adduced?

[3] The affidavit or statutory declaration must show, and not merely state, use of the trade-mark. Owners must adequately explain use of the mark in their affidavits, but mere assertions of use have been found to be insufficient to maintain a trade-mark registration in proceedings under section 45 TMA (*Plough (Canada) Ltd. v. Aerosol Fillers Inc.*, [1981] 1 F.C. 679, 5 A.C.W.S. (3d) 317, at para. 9 (F.C.A.)). The evidence should be forthcoming in quality, not quantity (*Phillip Morris Inc. v. Imperial Tobacco Ltd.* (1987), 8 F.T.R. 310, 3 A.C.W.S. (3d) 109, at para. 10 (F.C.T.D.)).

[4] The type of evidence necessary to show use varies from case to case (*Union Electric Supply Co. Ltd. v. Registrar of Trade Marks*, [1982] 2 F.C. 263, 63 C.P.R. (2d) 56, at para. 9 (F.C.T.D.)).

[5] As the purpose of proceedings under section 45 TMA is to ascertain whether the mark has been used as registered, the owner of the mark must file a specimen of the mark. The Court has abstained from finding that a mark was in use whenever that mark failed the test for determining whether the mark used was identical or, at least, had only minor deviations from the registered mark (*Coastal Culture Inc. c. Wood Wheeler Inc.*, 2007 FC 472, 312 F.T.R. 158; the concept remains the same regardless of whether section 38 or 45 of the TMA is used).

[6] As for the business associated with the wares, one commercial transaction, at least, must be shown for each ware for which use of the mark is alleged (according to the principle set out in *Phillip Morris*, above). The Federal Court has stated that it is not necessary to provide invoices in section 45 proceedings (*Lewis Thomson & Sons Ltd. v. Rogers, Bereskin & Parr* (1988), 21 C.P.R. (3d) 483, 12 A.C.W.S. (3d) 33, at para. 9 (F.C.T.D.)).

[7] The owner of a mark must at the very least refer to the dates of the relevant period in its affidavit. Among other things, the deponent should not address the “current” situation of the use of the mark or a period outside the relevant one (*88766 Canada Inc. v. Monte Carlo Restaurant Ltd.*, 2007 FC 1174, 63 C.P.R. (4th) 391, at para. 9). The evidence must satisfy the Registrar that the mark was in use during the relevant period (*Boutique Limité v. Limco Investments, Inc.*

(1998), 232 N.R. 190, 84 C.P.R. (3d) 164 (C.A.F.); *Grapha-Holding AG v. Illinois Tool Works Inc.*, 2008 FC 959, 161 A.C.W.S. (3d) 181).

The Court may draw inferences from the evidence as a whole

[8] In *Footlocker Group Canada Inc. v. Steinberg*, 2004 FC 717, 35 C.P.R. (4th) 443 (*Footlocker*, F.C., reversed by the Federal Court of Appeal: *Footlocker Group Canada Inc. v. Steinberg*, 2005 FCA 99, 38 C.P.R. (4th) 508 (*Footlocker*, F.C.A.), but not on this point specifically), the Federal Court noted that the registrant's evidence need not be perfect:

[51] The case law establishes the limited onus that rests on the owner of a trade-mark of proving use to a sufficient degree to avoid expungement in a s. 45 proceedings. The cases also establish that the affidavit evidence does not have to be perfect. In *Gesco Industries Inc.*, *supra*, Wetston J. said that "evidence filed with the Registrar must establish facts from which a conclusion of 'use' or 'use in the normal course of trade' would follow as a logical inference from the facts established." . . .

[9] The burden of proof is very light: affidavits and evidence filed to support them must only supply facts from which a conclusion of use may follow as a logical inference (*Grapha-Holding*, above, at para. 16). For example, in *Eclipse International Fashions Canada Inc. v. Shapiro Cohen*, 2005 FCA 64, 48 C.P.R. (4th) 223 (F.C.A.), the Federal Court of Appeal inferred from the evidence as a whole (which evidence had been found to be insufficient at trial) that the mark had been used:

[7] Of course, the affidavits before the Registrar and the Federal Court could have been more explicit. But, as Mr. Justice Cattanach said in *Keepsake, Inc. v. Prestons Ltd.* (1983), 69 C.P.R. (2d) 50 (F.C.T.D.), at page 61, the inference can properly be drawn from the evidence as a whole that some sales of women's clothing were made by the appellant in the normal course of trade and that the mark was used or in use during the period in question.

[10] The evidence as a whole included invoices, tags, drawings and photographs of the mark. The invoices displayed the trade-mark (*Eclipse International Fashions Canada Inc. v. Shapiro Cohen*, 2004 FC 617, 259 F.T.R. 5, at para. 9), but the Federal Court found that “the invoices filed in support of these statements do not indicate in any way that the styles sold were ladies’ sportswear, nor that they bore the ECLIPSE trade-mark. The appearance of the name ECLIPSE on these invoices refers to the applicant’s name and not to the trade-mark on the garments” (*Eclipse International Fashions Canada Inc. v. Cohen*, 2004 FC 617, at para. 9). The Federal Court of Appeal then ruled that all of the evidence taken together, namely, the invoices and other evidence adduced, as well as the information contained therein, made it possible to infer that the mark had been used. Furthermore, in *Union Electric*, above, the Court found that the evidence of use of a trade-mark was sufficient, on the basis of the deponent’s affidavit, accompanied by one single exhibit, which was a price tag that bore the relevant trade-mark and that had been affixed to the wares, and a detailed enumeration of the wares associated with the mark.

[11] In proceedings under section 45 of the TMA, a *prima facie* case must be made allowing the Court to rely on an inference from proven facts rather than on speculation (*Curb v. Smart & Biggar*, 2009 FC 47, 72 C.P.R. (4th) 176, at para. 20). It must be possible to infer every element of section 4 in some way from the evidence filed by the owner of the mark, and use of the mark must emerge from the evidence as a whole.

[12] For cases where the evidence is ambiguous, the Federal Court stated the following in *Fairweather Ltd. v. Canada (Registrar of Trade-marks)*, 2006 FC 1248, 301 F.T.R. 263 (upheld

by the Federal Court of Appeal: *Bereskin & Parr v. Fairweather Ltd.*, 2007 FCA 376, 62 C.P.R.

(4th) 266):

[41] Finally, any doubt there may be with respect to the evidence must be resolved in favour of the trade-mark owner, without reducing the burden on the owner to provide *prima facie* evidence of use: *Boutiques Progolff*, per Justice Desjardins, dissenting, but not on this point.

[13] However, in *Aerosol Fillers Inc. v. Plough (Canada) Ltd.*, [1980] 2 F.C. 338, [1979] 3 A.C.W.S. 460 (upheld by *Plough (Canada) Ltd. v. Aerosol Fillers Inc.*, [1981] 1 F.C. 679, 53 C.P.R. (2d) 62 (C.A.F.)), the Federal Court had made this earlier finding:

[21] . . . [The affidavit] should not be susceptible of more than one interpretation and if it is then the interpretation adverse to the interest of the party in whose favour the document was made should be adopted.

[14] Given that, in section 45 proceedings, the Registrar may not receive any evidence other than the affidavit, and considering that no cross-examination or contradictory evidence is allowed, the Court is of the opinion that any ambiguity should be interpreted against the owner of a mark, as it was entirely open to the owner to file evidence of use of its mark.

[15] Furthermore, a parallel can be drawn between that interpretation and the Federal Court of Appeal's interpretation in *Christian Dior, S.A. v. Dion Neckwear Ltd.*, 2002 FCA 29, [2002] 3 F.C. 405, in the context of a proceeding under subsection 38(8) of the TMA, where the Court stated that "doubt should be resolved in favour of the opponent" (para. 10).

[16] Therefore, the registrant bears the full burden of proof, and any ambiguity in its affidavit should be interpreted against it.

II. Judicial proceeding

[17] This is an appeal under section 56 of the TMA of the decision of the Registrar of Trade-marks dated May 26, 2009, determining that the mark TMA No. 408,863 for Yves Delorme & Design ought to be expunged from the register for absence of use, in accordance with section 45 of the TMA.

III. Facts

[18] Joseph Sebag has been president of the applicant company, Diamant Élinor Inc., since its founding on December 2, 1983.

[19] On October 28, 1991, the applicant filed an application for registration of the trade-mark Yves Delorme & Design in association with the wares [TRANSLATION] “Watches and Jewellery”.

[20] The mark was the subject of a registration on February 26, 1993.

[21] On December 6, 2006, at the request of the respondent, 88766 Inc., the Registrar forwarded the notice prescribed by section 45 of the TMA to the applicant, the registered owner of the trade-mark. The Registrar required the applicant to furnish, within three months of the date of the notice, an affidavit or a statutory declaration showing, with respect to each of the wares specified in the register, whether the mark that was the subject of the registration had been in use in Canada during the three-year period preceding the date of the notice.

[22] In response to this notice, the applicant submitted into evidence three affidavits: that of Mr. Sebag dated January 29, 2007, a second one of Mr. Sebag dated September 27, 2007, and that of Armando Elbaz, President of Fiori Canada Inc., dated September 27, 2007.

[23] On May 26, 2009, the Registrar rendered the decision that the mark ought to be expunged for absence of use.

[24] On July 24, 2009, the applicant filed a notice of appeal under section 56 of the TMA, challenging only the Registrar's decision regarding the watches.

[25] That same day, Mr. Sebag produced another affidavit with supporting evidence.

[26] The hearing before the Federal Court took place on November 15, 2010. Only counsel for the applicant appeared.

IV. Impugned decision

[27] The Registrar of Trade-marks considered one by one each item of evidence adduced:

1. Mr. Sebag's affidavit dated January 29, 2007, along with an invoice dated October 16, 2008, and a product information card bearing the mark attached as exhibits;
2. Mr. Sebag's affidavit dated September 27, 2007, along with a warranty card as a supporting exhibit;

3. the affidavit of Mr. Elbaz, President of Fiori Canada Inc., dated September 27, 2007, along with the supporting exhibit, which was the same invoice dated October 16, 2008, as the one filed by Mr. Sebag.

[28] The Registrar found that the evidence filed was ambiguous, among other reasons because no information had been provided to establish whether the mark had been used in association with the wares with which the mark was associated, or whether the mark had been used during the relevant period.

[29] Pursuant to the authority delegated to the Registrar under subsection 63(3) of the TMA, the Registrar concluded that the mark TMA No. 408,863 ought to be expunged from the Register for absence of use.

V. Issues

- [30] (1) Would the new evidence filed before this Court have materially affected the Registrar's findings?
- (2) Has the applicant provided acceptable evidence of use, as required by section 45 of the TMA?

VI. Relevant legislation

[31] Section 2 of the TMA contains a definition of what is deemed to be use of a mark:

2. ...	2. [...]
“use”, in relation to a trade-mark, means any use that by section 4 is deemed to be a	« emploi » ou « usage » À l'égard d'une marque de commerce, tout emploi qui,

use in association with wares or services;

selon l'article 4, est réputé un emploi en liaison avec des marchandises ou services.

[32] Section 2 of the TMA refers to section 4 of the TMA:

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.

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

(3) A trade-mark that is marked in Canada on wares or on the packages in which they are contained is, when the wares are exported from Canada, deemed to be used in Canada in association with those wares.

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.

(2) Une marque de commerce est réputée employée en liaison avec des services si elle est employée ou montrée dans l'exécution ou l'annonce de ces services.

(3) Une marque de commerce mise au Canada sur des marchandises ou sur les colis qui les contiennent est réputée, quand ces marchandises sont exportées du Canada, être employée dans ce pays en liaison avec ces marchandises.

[33] As for proceedings under section 45 of the TMA, they allow the Registrar to require the registered owner of the mark to show whether the mark in question was in use in Canada in association with each of the wares specified in the registration at any time during the three-year period immediately preceding the date of the notice. In this case, the relevant period is from December 6, 2003, to December 6, 2006:

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

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

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

(2) Le registraire ne peut recevoir aucune preuve autre que cet affidavit ou cette déclaration solennelle, mais il peut entendre des représentations faites par le propriétaire inscrit de la marque de commerce ou pour

(3) Where, by reason of the evidence furnished to the Registrar or the failure to furnish any evidence, it appears to the Registrar that a trade-mark, either with respect to all of the wares or services specified in the registration or with respect to any of those wares or services, was not used in Canada at any time during the three year period immediately preceding the date of the notice and that the absence of use has not been due to special circumstances that excuse the absence of use, the registration of the trade-mark is liable to be expunged or amended accordingly.

(4) When the Registrar reaches a decision whether or not the registration of a trade-mark ought to be expunged or amended, he shall give notice of his decision with the reasons therefore to the registered owner of the trade-mark and to the person at whose request the notice referred to in subsection (1) was given.

(5) The Registrar shall act in accordance with his decision if no appeal therefrom is taken within the time limited by this Act or, if an appeal is taken, shall act in accordance with the final judgment given in the appeal.

celui-ci ou par la personne à la demande de qui l'avis a été donné ou pour celle-ci.

(3) Lorsqu'il apparaît au registraire, en raison de la preuve qui lui est fournie ou du défaut de fournir une telle preuve, que la marque de commerce, soit à l'égard de la totalité des marchandises ou services spécifiés dans l'enregistrement, soit à l'égard de l'une de ces marchandises ou de l'un de ces services, n'a été employée au Canada à aucun moment au cours des trois ans précédant la date de l'avis et que le défaut d'emploi n'a pas été attribuable à des circonstances spéciales qui le justifient, l'enregistrement de cette marque de commerce est susceptible de radiation ou de modification en conséquence.

(4) Lorsque le registraire décide ou non de radier ou de modifier l'enregistrement de la marque de commerce, il notifie sa décision, avec les motifs pertinents, au propriétaire inscrit de la marque de commerce et à la personne à la demande de qui l'avis visé au paragraphe (1) a été donné.

(5) Le registraire agit en conformité avec sa décision si aucun appel n'en est interjeté dans le délai prévu par la présente loi ou, si un appel est interjeté, il agit en conformité avec le jugement définitif rendu dans cet appel.

[34] The notice prescribed in section 45 of the TMA that was sent to the applicant referred to the [TRANSLATION] “Rules of practice for section 45 proceedings” (which were published in the *Trade-marks Journal* on December 21, 2005). These rules describe the requirements for evidence of use of the registered trade-mark:

III.2 Evidence of Use of the Registered Trade-mark

The evidence filed in response to the Section 45 Notice must be in the form of an affidavit or statutory declaration. More than one affidavit or statutory declaration may be filed on behalf of the registered owner, regardless of whether the affidavit or statutory declaration is signed by the registered owner *Canada (Registrar of Trade-marks) v. Harris Knitting Mills Ltd.* (1985), 4 C.P.R. (3d) 488 at 494 (F.C.A.).

The evidence must show use of the trade-mark by the registered owner or an assignee entitled to be recorded as registered owner [*Star-Kist Foods Inc. v. Canada (Registrar of Trade-marks)* (1988), 20 C.P.R. (3d) 46 at 52 (F.C.A.)], licensed use of the trade-mark pursuant to s. 50 of the Act, or licensed use of a certification mark pursuant to s. 23(2) of the Act.

III.2 Preuve d’emploi de la marque de commerce enregistrée

La preuve produite en réponse à l’avis prévu à l’article 45 doit être sous forme d’affidavit ou de déclaration solennelle. Il est possible de fournir, pour le compte du propriétaire inscrit, plus d’un affidavit ou plus d’une déclaration solennelle, que l’affidavit ou la déclaration soit signé(e) ou non par le propriétaire inscrit [*Canada (Registraire des marques de commerce) c. Harris Knitting Mills Ltd.* (1985), 4 C.P.R. (3d) 488 à la p. 494 (C.A.F.)].

La preuve doit démontrer l’emploi de la marque de commerce par le propriétaire inscrit ou un cessionnaire en droit d’être inscrit en tant que propriétaire inscrit [*Star Kist Foods Inc. c. Canada (Registraire des marques de commerce)* (1988), 20 C.P.R. (3d) 46 à la p. 52 (C.A.F.)], l’emploi sous licence de la marque de commerce conformément à l’article 50 de la Loi ou l’emploi sous licence de la marque de certification

conformément au paragraphe 23(2) de la Loi.

Although the type of evidence necessary to show use varies from case to case [*Union Electric Supply Co. Ltd. v. Registrar of Trade-marks* (1982), 63 C.P.R. (2d) 56 at 60 (F.C.T.D.)], the use of the trade-mark must be in compliance with s. 4 of the Act and must be shown with respect to each of the wares/services listed in the registration [s. 45(1) of the Act]. The affidavit or statutory declaration must contain sufficient facts to support a conclusion that the trade-mark has been used in Canada, as opposed to containing bare assertions of use, which have been held to be insufficient to maintain a trade-mark registration under s. 45 of the Act [*Plough (Canada) Ltd. v. Aerosol Fillers Inc.* (1980), 53 C.P.R. (2d) 62 at 65-6 (F.C.A.)]. The evidence should be forthcoming in quality, not quantity [*Phillip Morris Inc. v. Imperial Tobacco Ltd.*, supra, at 294].

Bien que le genre de preuve permettant de démontrer l'emploi varie d'un cas à l'autre [*Union Electric Supply Co. Ltd. c. Registraire des marques de commerce* (1982), 63 C.P.R. (2d) 56 à la p. 60 (C.F. 1re inst.)], l'emploi de la marque de commerce doit être conforme à l'article 4 de la Loi et doit être démontré à l'égard de chacune des marchandises/chacun des services que spécifie l'enregistrement [art. 45(1) de la Loi]. L'affidavit ou la déclaration solennelle doit contenir suffisamment de faits pour permettre de conclure que la marque de commerce a été employée au Canada, par opposition à des simples affirmations d'emploi qui ont été jugées insuffisantes pour maintenir un enregistrement de marque de commerce aux termes de l'article 45 de la Loi [*Plough (Canada) Ltd. c. Aerosol Fillers Inc.* (1980), 53 C.P.R. (2d) 62 aux pp. 65-66 (C.A.F.)]. Les exigences en matière de preuve sont d'ordre non pas quantitatif, mais qualitatif [*Phillip Morris Inc. c. Imperial Tobacco Ltd.*, précité, à la p. 294].

[35] Section 56 of the TMA allows the parties, on appeal before the Federal Court, to adduce evidence in addition to that adduced before the Registrar:

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.

...

(5) On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar.

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.

[...]

(5) Lors de l’appel, il peut être apporté une preuve en plus de celle qui a été fournie devant le registraire, et le tribunal peut exercer toute discrétion dont le registraire est investi.

VII. Parties’ submissions

[36] The applicant submitted that it had continuously used the mark in Canada in association with watches between December 6, 2003, and December 6, 2006.

[37] The respondent submitted that nothing in the applicant’s evidence, either at trial or before this Court, shows use of the mark “Yves Delorme & Design” within the meaning of sections 4 and 45 of the TMA. The respondent also submitted that, even if the applicant’s trade-mark had been in use, it did not maintain the essential and dominant features of the mark “Yves Delorme & Design”.

VIII. Standard of review

[38] The standard of review applicable to a decision expunging a mark under section 45 of the TMA varies depending on whether or not new evidence was adduced before a court of appeal. In *Molson Breweries v. John Labatt Ltd.*, [2000] F.C.J. No. 159 (QL), [2000] 3 F.C. 145, the Federal Court of Appeal concluded thus:

[51] . . . 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.

[39] Thus, courts applied the reasonableness *simpliciter* standard to appeals from decisions of the Registrar made under section 56 of the TMA (*Mattel* at para. 40), where no additional evidence was adduced in appeal, or where this evidence would not have materially affected the Registrar's decision. Notably, the standard of reasonableness *simpliciter* was applied in appeals from decisions of the Registrar under section 45 of the TMA (*United Grain Growers Ltd. v. Lang Michener*, 2001 FCA 66, [2001] 3 F.C. 102, at para. 8).

[40] It is important to note that, following *Dunsmuir v. New Brunswick*, 2008 SCC 9, [2008] 1 S.C.R. 190, the distinction between the "patent unreasonableness" and "reasonableness *simpliciter*" standards was abandoned. The two standards were merged into one:

[47] . . . In judicial review, reasonableness is concerned mostly with the existence of justification, transparency and intelligibility within the decision-making process. But it is also concerned with whether the decision falls

within a range of possible, acceptable outcomes which are defensible in respect of the facts and law.

[41] However, where additional evidence is adduced before the Federal Court that would have materially affected the Registrar's findings of fact or the exercise of the Registrar's discretion, the Court must come to its own conclusion as to the correctness of the Registrar's decision.

[35] . . . Where fresh evidence is admitted, it may, depending on its nature, put quite a different light on the record that was before the Board, and thus require the applications judge to proceed more by way of a fresh hearing on an extended record than a simple appeal (*Philip Morris Inc. v. Imperial Tobacco Ltd. (No. 1)*, (1987), 17 C.P.R. (3d) 289 (F.C.A.)).

(*Mattel*, above, at para. 35).

[42] Thus, new evidence justifies a review based on the standard of correctness. One must first determine therefore whether the new evidence would have materially affected the Registrar's decision, without necessarily affecting the final conclusion (*Worldwide Diamond Trademarks Ltd. v. Canadian Jewellers Assoc.*, 2010 FC 309, 363 F.T.R. 83).

[43] In assessing the new evidence, the Court must ask to what extent this evidence has a probative significance that extends beyond the material that was before the Registrar: "If it adds nothing of significance, but is merely repetitive of existing evidence without enhancing its cogency, its presence should not affect the standard of review applied by the Court on the appeal" (*Garbo Group Inc. v. Harriet Brown & Co.*, [1999] F.C.J. No. 1763, 3 C.P.R. (4th) 224, at para. 37).

[44] This case therefore requires the Court to analyze each new item of evidence filed by the applicant in light of the appropriate standard of review, according to the probative value of the new evidence.

IX. Analysis

(1) Would the new evidence filed before this Court have materially affected the Registrar's findings?

[45] In his affidavit dated July 24, 2009, Mr. Sebag produced five items of evidence to demonstrate the relevant period. Reproduced below is the relevant passage from the affidavit:

[TRANSLATION]

- a) The Mark, in association with watches, was featured in an advertisement poster that existed during the relevant period in 2005 and 2006, as evidenced by a copy of the poster filed as **Exhibit P-1**.
- b) I am filing as **Exhibit P-2**, in a bundle, three (3) watch warranty cards bearing the Mark, and I confirm that these cards existed during the relevant period and still exist.
- c) The Applicant purchases watches bearing the mark from a company called Fiori Canada and, in this respect, I am filing a series of invoices from Fiori Canada clearly showing that the Applicant bought watches bearing the Mark for the relevant period. The invoices filed as specimens are dated August 2005, November 2005, October 2006, September 2008 and October 2008, as evidenced by the copy of these invoices filed as **Exhibit P-3**.
- d) The watches bought by the Applicant were resold retail during the relevant period, as evidenced by a series of statements of account dated in 2005 and 2006, filed as **Exhibit P-4**. These statements bear the initials "MYD". I confirm that this designation stands for "Montres Yves Delorme".
- e) The Mark was used, marketed, and in use in Canada during the relevant period, and this demonstration is also supported by a number of watches themselves, along with their respective cases, clearly displaying the Mark "Yves Delorme".

(Statutory declaration of Joseph Sebag, at p. 2).

Exhibit P-1: the advertisements

[46] Case law has established that advertisements are not in themselves sufficient to establish use of a trade-mark. In *BMW Canada Inc. v. Nissan Canada Inc.*, 2007 FCA 255, 60 C.P.R. (4th) 181 (F.C.A.), the Federal Court of Appeal stated the following:

[25] Based on the evidence, BMW's use of the M mark was limited to advertisements and promotional type materials. Such use of a mark is not in itself sufficient to constitute "use" under subsection 4(1) of the Act. For the use of a mark in advertisement and promotional material to be sufficiently associated with a ware to constitute use, the advertisements and promotional material would have to be given at the time of transfer of the property in or possession of the wares: see *Clairol International Corp. et al. v. Thomas Supply & Equipment Co. Ltd. et al.* (1968), 55 C.P.R. 176 at 190 (Can. Ex. Ct.) and *General Mills Canada Ltd. v. Procter & Gamble Inc.* (1985), 6 C.P.R. (3d) 551 (T.M. Opp. Bd.).

...

[28] Quite simply, in the absence of evidence indicating whether the advertisements or promotional materials were given to purchasers at the time of transfer of BMW's wares, there is no evidence to support a finding of use of the M and M6 marks as that term is defined in the Act.

[47] The Federal Court notably applied this requirement set out in *BMW* in an appeal from a decision of the Registrar regarding a section 45 proceeding, where there was no evidence that the brochures in question had been given at the time of the transfer of the property in or possession of the wares (*Grapha-Holding*, above).

[48] However, nothing in the applicant's evidence shows that the advertisements were used at the time of the transfer of the property. **Exhibit P-1** would not have materially affected the Registrar's decision.

Exhibit P-2: the warranty cards

[49] The applicant provided a warranty card attached to its affidavit dated September 27, 2007. A card bearing the mark “Yves Delorme” accompanied by a logo of a panther above the words was filed, as well as another separate document indicating that the watch was guaranteed to be free from manufacturing defects.

[50] The differences between this evidence filed as an attachment to the affidavit dated September 27, 2007, and the warranty cards filed as attachments to the affidavit dated July 24, 2009, are trivial. Among other similarities, the warranty cards are accompanied by the addresses of Diamant Élinor Inc.’s sales outlets. In addition, the same page referring to the warranty was provided, giving details on the types of watches but showing neither the date nor the trade-mark. Essentially, the evidence tendered merely repeats existing evidence without enhancing its cogency. The Court cannot find that this is new evidence and must therefore determine whether the Registrar’s decision was reasonable with respect to the treatment of this evidence.

[51] As in the case of advertisements, a trade-mark that appears on a document inserted in the wares’ packaging may constitute evidence of use.

[52] In this case, the Registrar assessed the warranty card as follows:

. . . Mr. Sebag states that at each sale the client is aware the subject trade-mark is a house mark since every customer receives a 5-year warranty card. A sample card is attached which depicts the words YVES DELORME in plain font with a panther design placed above the words. No indication is given of the wares with which this card is associated, nor that it was in fact distributed during the relevant period. Consequently, it is unnecessary to make a determination on whether the mark that appears on the product information card can be considered use of the trade-mark as registered. (Emphasis added.)

(Registrar's decision at p. 3)

[53] In his affidavit dated July 24, 2009, Mr. Sebag described **Exhibit P-2** thus: they are [TRANSLATION] "three (3) watch warranty cards bearing the Mark, and . . . these cards existed during the relevant period and still exist (Affidavit, July 24, 2009, at p. 2). Like the evidence before the Registrar, it does not show how the warranty cards were used or whether the cards bore the mark. The Registrar's decision regarding this evidence was reasonable.

Exhibit P-3: the series of invoices from Fiori Canada

[54] In **Exhibit P-3**, the applicant attached to its affidavit a series of five invoices from the company Fiori Canada to the applicant company, Diamant Élinor Inc.:

1. Invoice 25602 dated August 19, 2005
2. Invoice 26226 dated November 23, 2005
3. Invoice 26522 dated January 10, 2006
4. Invoice 33976 dated September 18, 2008
5. Invoice 34342 dated October 24, 2008

[55] First, the Court notes that the last two invoices were issued after the relevant period.

[56] As for the other three invoices, they are similar to the invoice from Fiori Canada (No. 28017) filed before the Registrar in support of Mr. Sebag's affidavit dated January 29,

2007, and in support of Mr. Elbaz's affidavit dated September 27, 2007. In this sense, the three invoices could not have materially affected the Registrar's decision.

[57] The Registrar had assessed the invoice filed before the Registrar:

. . . [E]ven if it had been clear that the invoice relates watches, no information is given as to whether or not the invoice accompanied the wares at the time of sale. In other words, no evidence is provided of the manner of association of the invoice with the wares within the meaning of section 4(1) of the *Act*.

In addition, without further information on the normal course of trade of the YVES DELORME products, some ambiguity exists surrounding the fact that the invoice represents sales *to* the registrant. No sales *by* the registrant within the meaning of Section 45 of the *Act* are in evidence.

(Registrar's decision at p. 3)

[58] It was reasonable for the Registrar to find that the purchase of watches by the applicant does not show use of the mark by the owner. The purchase of wares cannot be determinative in proving use of a mark; otherwise, consumers could ultimately all claim use of the marks of every commodity they ever bought.

Exhibit P-4: the statements of account

[59] **Exhibit P-4** is evidence that was not filed before the Registrar.

[60] The documents that counsel for the applicant entitled "Invoices for the retail sale of watches bearing the mark Yves Delorme for the period 2005 - 2006" (Filing of the affidavit dated July 24, 2009, by counsel for the applicant) are actually more aptly described by the French version of Mr. Sebag's affidavit dated July 24, 2009, which designates these documents as [TRANSLATION] "a series of statements of account dated in 2005 and 2006".

[61] The bundle of documents filed as **Exhibit P-4** is entitled [TRANSLATION] “Diamant Élinor – Detailed sales report”. The series of accounts represents the sales for May 2005, July 2005, August 2005, September 2005, October 2005, May 2006, August 2006, September 2006, October 2006, November 2006 and December 2006, respectively.

[62] These statements indicate the sales figures for the company Diamant Élinor Inc., including for wares bearing the initials “MYD”. The mark “Yves Delorme” is not mentioned anywhere. The applicant confirmed in its affidavit [TRANSLATION] “that the designation ‘MYD’ stands for ‘Montres Yves Delorme’” (Affidavit dated July 24 at p. 2). In other words, the statements of account do not refer to the sale of watches. Nor do customers’ names appear on these statements of account. The applicant failed to discharge the burden of showing that the mark was used in association with the wares.

[63] In *Footlocker* (F.C.A.), above, the owner of the mark had submitted the sales figures in evidence. There was also a sign bearing the mark at issue. The Federal Court of Appeal set aside the Registrar’s and the Federal Court’s decisions, on the basis that no new evidence had been filed before the Federal Court, which should have reviewed the Registrar’s decision on the reasonableness standard. However, in this case, the statements of account constitute new evidence, and the Court may exercise its discretion to assess its probative value.

Exhibit P-5: the watches themselves and their cases

[64] Section 4 of the TMA stipulates that a trade-mark is deemed to be used if “it is marked on the wares themselves or on the packages in which they are distributed”. Thus, the most direct way of proving use of a mark in association with wares is to show that the mark in question was placed on the products themselves.

[65] The applicant submitted in its affidavit dated July 24, 2009, that [TRANSLATION] “[t]he Mark was used, marketed, and in use in Canada during the relevant period, and this demonstration is also supported by a number of watches themselves, along with their respective cases, clearly displaying the Mark ‘Yves Delorme’”. (Affidavit dated July 24, 2009, at p. 2).

[66] Counsel for the applicant, on the first page of the affidavit dated July 24, 2009, confirmed that it would be possible to provide the watches themselves and their respective cases bearing the mark “Yves Delorme”, [TRANSLATION] “upon request” (“if required”, in the original version of the affidavit dated July 24, 2009).

[67] To ensure that all of the evidence was available for the purposes of fairness and justice, the Court itself, of its own accord, gave the applicant the opportunity to adduce any additional evidence (under subsection 56(5) of the TMA) that it might have wished to submit to the Court further to its comment on the first page of the affidavit dated July 24, 2009, stating that there was additional evidence, “if required”. (*Tint King of California Inc. v. Canada (Registrar of Trade-Marks)*, 2006 FC 1440, 304 F.T.R. 174, at para. 23, in which the Court dealt with a case where an additional affidavit had been accepted belatedly “for justice to be done”: “Although the

decision in *Larson-Radok* was driven by the fact that counsel for the applicant had not followed the applicant's instructions, the situation of the Applicant in the present case also suggests that allowing a supplemental affidavit to be filed is necessary 'for justice to be done.' Given that the interests of justice will in no way be compromised by allowing an additional affidavit to be filed, it would appear that this is an appropriate case for the Court to exercise its discretion in favour of the Applicant and allow the supplemental affidavit (Supplemental Affidavit) of Mrs. Starkman").

[68] On being invited to do so at the direction of the Court during a telephone conference, the applicant filed its evidence two days later, evidence that the Court was willing to accept by dispensing with the need for a motion in accordance with sections 55, 60, 312 and 313 of the *Federal Courts Rules*, SOR/98-106 (Rules).

[69] The scheme of the Act is such that the Court must ensure that the procedure does not interfere with the substance in the tendering of any evidence that the Court might consider under subsection 56(5) of the TMA (similar to section 2 of the Quebec *Code of Civil Procedure*, R.S.Q., c. C-25), even following the respondent's objections to the applicant's filing this evidence without a motion. However, when discussing this new evidence during the telephone conference, the applicant itself admitted and explained in its own words that it realized that this evidence added nothing to what had already been initially submitted. This evidence was therefore excluded without being accepted before the Court, given the turn the conversation had taken between the two parties. Ultimately, in this case, it changed nothing.

[70] There is therefore no evidence supporting this allegation of the applicant. Moreover, it has been established since *Aerosol* that the affidavit must show, and not merely state, use of the mark.

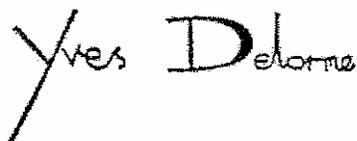
(2) Has the applicant provided acceptable evidence of use, as required by section 45 of the TMA?

[71] The Court cannot infer use of the mark from the evidence as a whole. As in the Registrar's decision, the affidavits and their supporting exhibits are ambiguous and insufficient. There is no indication of the dates or connection to the wares—watches, in this case. Furthermore, the applicant adduced no examples of its alleged use of the mark as registered.

[72] *Registrar of Trade Marks v. CII Honeywell Bull*, [1985] 1 F.C. 406, 61 N.R. 286, is the decision that established the basic principle on this subject:

[4] . . . The real and only question is whether, by identifying its goods as it did, CII made use of its trade mark "Bull". That question must be answered in the negative unless the mark was used in such a way that the mark did not lose its identity and remained recognizable in spite of the differences between the form in which it was registered and the form in which it was used. The practical test to be applied in order to resolve a case of this nature is to 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.

[73] The applicant registered the mark "Yves Delorme" as a fictitious signature:

The image shows a handwritten signature in cursive script. The word "Yves" is written in a fluid, connected style, and "Delorme" follows in a similar but slightly more upright cursive. The signature is written in black ink on a white background.

[74] However, the affidavits show instead use of the mark “Yves Delorme”, in plain characters with a panther design placed above the words:



[75] Given that the mark as filed in evidence does not bear the graphic feature of the signature and includes an additional design element, the Court has no choice but to find that the applicant has not used the mark as filed. “[T]he same dominant features [are not] maintained”, and it is rather hard to characterize the differences as “unimportant” (as stated in *Promafil Canada Ltée v. Munsingwear Inc.* (1992), 142 N.R. 230, 44 C.P.R. (3d) 59, at para. 35).

[76] Use of the mark as registered is ambiguous in the evidence. It is true that affidavit evidence need not be perfect. Nevertheless, it must present a *prima facie* case to the Court allowing it to rely on an inference on the basis of the facts rather than on speculation (*Curb*, above, at para. 20). In addition, the ambiguities in the evidence must be interpreted against the registered owner.

[77] For example, in *Eclipse* (C.A.F.), above, the Federal Court of Appeal had inferred use of the mark from the evidence as a whole, which included invoices, tags, drawings and photographs of the mark. In this case, the Court does not have enough evidence to infer that the applicant used the mark. It would be hard for the Court to infer that sales were made during the relevant period; it cannot infer that the mark itself, or a sufficiently similar version, was used by the applicant.

Such a finding by the Court would be pure speculation, given that no evidence was filed bearing the trade-mark as registered. Even the statements of account do not show use of the letters “MYD”. In this sense, the applicant has failed to discharge its burden of proof.

X. Conclusion

[78] For these reasons, the Court dismisses the appeal and affirms the Registrar’s decision expunging the mark “Yves Delorme & Design”.

JUDGMENT

THE COURT ORDERS AND ADJUDGES that

1. The applicant's appeal be dismissed;
2. The decision of the Registrar of Trade-marks dated May 26, 2009, be affirmed;
3. As the respondent prepared the documents but did not participate in the appeal before the Court, costs will be limited to any preparation done by the respondent prior to and for the hearing, apart from its physical presence before the Court at the hearing itself, which it did not attend.

“Michel M.J. Shore”

Judge

Certified true translation
Tu-Quynh Trinh

FEDERAL COURT
SOLICITORS OF RECORD

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STYLE OF CAUSE: DIAMANT ELINOR INC.
v. 88766 CANADA INC.

PLACE OF HEARING: Montréal, Quebec

DATE OF HEARING: November 15, 2010

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

DATED: November 25, 2010

APPEARANCES:

Claude Benabou	FOR THE APPLICANT
Laurent Carrière Catherine Daigle	FOR THE RESPONDENT (not present at the hearing)

SOLICITORS OF RECORD:

MADAR BENABOU Montréal, Quebec	FOR THE APPLICANT
ROBIC, LLP Montréal, Quebec	FOR THE RESPONDENT (not present at the hearing)