

Federal Court



Cour fédérale

Date: 20130121

Docket: T-4-12

Citation: 2013 FC 51

Ottawa, Ontario, January 21, 2013

PRESENT: The Honourable Mr. Justice Rennie

BETWEEN:

HABIB BANK LIMITED

Applicant

and

HABIB BANK AG ZURICH

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

[1] This is an appeal pursuant to section 56 of the *Trade-marks Act*, RSC 1985, c T-13 from a decision of the Registrar of Trade-marks (the Registrar) to dismiss Habib Bank Limited's opposition to the registration of Habib Bank AG Zurich's trade-marks. For the reasons that follow this appeal is dismissed.

Facts

[2] The Habib family established Habib Bank Limited (HBL) in 1941 in Bombay, India. At the time of the partition of India and Pakistan in 1947, HBL moved its head office to Karachi, Pakistan. HBL expanded internationally and in 1967 it applied to establish a bank in Switzerland. At that time, Swiss law required that such a business be established with local capital, with the result that Habib Bank AG Zurich (HBZ) was established.

[3] In 1974, Pakistan nationalized all banks, including HBL, without compensation. The Habib family lost control of HBL but retained control over HBZ and continued international expansion from its head office in Zurich. In 2003, the government of Pakistan divested itself of HBL, with the result that HBL was privatized. At present, both HBL and HBZ provide banking services internationally in association with the name Habib, competing in many of the same markets.

[4] Unsurprisingly, HBL and HBZ have had numerous disputes over the use of the name Habib. A global settlement agreement was reached in 1986 (the Agreement). HBL agreed that HBZ and its subsidiaries, associates and affiliates could use the word “Habib” with certain restrictions. The relevant portions of the Agreement provided:

6.1 It is hereby expressly agreed that [Habib Bank Limited] shall not in future object to the use of the word “Habib” in the name of Habib Bank AG Zurich and also it shall not, in future, object if Habib Bank AG Zurich uses its name in that form at any place in the world.

6.2 It is hereby further expressly agreed that [Habib Bank AG Zurich] shall be entitled to use the word “Habib” in the name of any of its subsidiaries, associates or affiliates, i.e. any company in which [Habib Bank AG Zurich] or any member of the Habib family is a shareholder directly or indirectly, but in doing so the words “HABIB BANK” shall not be used

together, but the words “Habib” and “Bank” may be used with some other word or words interposed between them, except in the case of Habib Bank Zurich International Ltd., which has already been registered in Cayman Islands prior to the date of this Agreement.

Provided that the word “Pakistan” shall at no time be used in the name of [Habib Bank AG Zurich] or any of its subsidiaries, associates or affiliates as aforesaid.

[5] The Agreement was silent on the issue of trade-mark registration.

Evidence Before the Registrar

[6] On June 18, 2004, HBZ filed application No. 1,220,988 to register the trade-mark HABILB CANADIAN BANK & Design and application No. 1,220,990 to register the trade-mark HABILB CANADIAN BANK. HBZ made these applications based on its use of the trade-marks in Canada in association with banking services since March 22, 2001.

[7] HBL filed Statements of Opposition on March 10, 2006. The grounds of opposition at issue for this appeal are:

- (1) HBZ is not entitled to register the trade-marks pursuant to paragraph 16(1)(a) of the *Act* because the trade-marks are confusing with HBL’s trade-marks which had previously been made known in Canada; and
- (2) The trade-marks are not distinctive under section 2 of the *Act* because they do not distinguish, and are not adapted to distinguish HBZ’s services from those of HBL.

[8] Nauman Kramat Dar is the Chief Executive of Habib Allied International Bank Plc, a subsidiary of HBL. As affiant for HBL, Mr. Dar explained the history of HBL and its international presence. In particular, he stated that:

- (1) HBL uses the trade-marks HABIB BANK and HABIB BANK LIMITED & Design.
- (2) HBL's website had 84,777 hits from persons located in Canada between November 2006 and February 2007.
- (3) HBL operated a representative office in Mississauga, Ontario from July 1990 to June 1991. HBL advertised the opening in "many newspapers" including the Canadian edition of the Pakistani newspaper *Daily Dawn*.
- (4) As of March 23, 2007, 462 HBL account holders listed a Canadian address as their primary address.
- (5) HBL is involved in transactions with third party banks involving Canadians, five transactions during 2004.

[9] Mr. Muslim Hassan is the President and CEO of Habib Canadian Bank (HCB), a subsidiary of HBZ. As affiant for HBZ, he explained the history and operations of HBZ and HCB. The following is most relevant to this appeal:

- (1) HCB opened its first branch in Mississauga on March 22, 2001 and offers banking services in association with the HABIB CANADIAN BANK and HABIB CANADIAN BANK & Design trade-marks.
- (2) HBZ licences the use of the trade-marks to HCB and exercises control over the character and the quality of HCB's services.
- (3) In a June 2, 2002 article in the *Toronto Star*, an HCB customer is quoted as saying he chose to bank with HCB because his father banked with "them" in India. On

cross-examination, Mr. Hassan stated that HCB has never offered banking services in India.

Legislation

[10] The following provisions of sections 2, 5 and 16 of the *Act* are germane to this appeal:

2. In this Act,

“distinctive”, in relation to a trade-mark, means a trade-mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares or services of others or is adapted so to distinguish them;

5. A trade-mark is deemed to be made known in Canada by a person only if it is used by that person in a country of the Union, other than Canada, in association with wares or services, and

(a) the wares are distributed in association with it in Canada, or

(b) the wares or services are advertised in association with it in

(i) any printed publication circulated in Canada in the ordinary course of commerce among potential dealers in or users of the wares or services, or

2. Les définitions qui suivent s'appliquent à la présente loi.

« distinctive » Relativement à une marque de commerce, celle qui distingue véritablement les marchandises ou services en liaison avec lesquels elle est employée par son propriétaire, des marchandises ou services d'autres propriétaires, ou qui est adaptée à les distinguer ainsi.

5. Une personne est réputée faire connaître une marque de commerce au Canada seulement si elle l'emploie dans un pays de l'Union, autre que le Canada, en liaison avec des marchandises ou services, si, selon le cas :

a) ces marchandises sont distribuées en liaison avec cette marque au Canada;

b) ces marchandises ou services sont annoncés en liaison avec cette marque :

(i) soit dans toute publication imprimée et mise en circulation au Canada dans la pratique ordinaire du commerce parmi les marchands ou usagers éventuels de ces marchandises ou services,

(ii) radio broadcasts ordinarily received in Canada by potential dealers in or users of the wares or services,

and it has become well known in Canada by reason of the distribution or advertising.

(ii) soit dans des émissions de radio ordinairement captées au Canada par des marchands ou usagers éventuels de ces marchandises ou services,

et si la marque est bien connue au Canada par suite de cette distribution ou annonce.

16. (1) Any applicant who has filed an application in accordance with section 30 for registration of a trade-mark that is registrable and that he or his predecessor in title has used in Canada or made known in Canada in association with wares or services is entitled, subject to section 38, to secure its registration in respect of those wares or services, unless at the date on which he or his predecessor in title first so used it or made it known it was confusing with

(a) a trade-mark that had been previously used in Canada or made known in Canada by any other person;

(b) a trade-mark in respect of which an application for registration had been previously filed in Canada by any other person; or

(c) a trade-name that had been previously used in Canada by any other person.

16. (1) Tout requérant qui a produit une demande selon l'article 30 en vue de l'enregistrement d'une marque de commerce qui est enregistrable et que le requérant ou son prédécesseur en titre a employée ou fait connaître au Canada en liaison avec des marchandises ou services, a droit, sous réserve de l'article 38, d'en obtenir l'enregistrement à l'égard de ces marchandises ou services, à moins que, à la date où le requérant ou son prédécesseur en titre l'a en premier lieu ainsi employée ou révélée, elle n'ait créé de la confusion :

a) soit avec une marque de commerce antérieurement employée ou révélée au Canada par une autre personne;

b) soit avec une marque de commerce à l'égard de laquelle une demande d'enregistrement avait été antérieurement produite au Canada par une autre personne;

c) soit avec un nom commercial qui avait été antérieurement employé au Canada par une autre personne.

Decision Under Review

[11] An oral hearing was held before Officer Bradbury of the Trade-marks Opposition Board, on behalf of the Registrar. The Registrar dismissed HBL's opposition in a decision dated October 31, 2011.

[12] The Registrar noted that HBZ had the legal onus of establishing, on a balance of probabilities that its applications complied with the requirements of the *Act*. The Registrar also described the initial evidentiary burden on HBL to adduce sufficient admissible evidence from which it could reasonably be concluded that there are facts to support each ground of opposition: *Proctor & Gamble Inc v Colgate-Palmolive Canada Inc*, 2010 FC 231 at para 25.

[13] First, the Registrar dismissed HBL's opposition under paragraph 16(1)(c) of the *Act* as that paragraph relates to previous "use" of a trade-name in Canada. HBL did not allege it has used the trade-name, but rather that it had previously made the name known. HBL has not made submissions in support of this ground on appeal.

[14] Second, the Registrar determined that HBL did not meet its evidentiary burden for paragraph 16(1)(a), that HBL had previously made the trade-mark known in Canada, prior to March 22, 2001. The only evidence was Mr. Dar's statement that the opening of the representative office in 1990 was widely advertised in "many newspapers including the Canadian edition of the Pakistani newspaper the *Daily Dawn*". The Registrar stated that "one advertisement in a single printed publication without any evidence of its circulation" could not support a conclusion that the mark was well known in Canada.

[15] Third, the Registrar determined that HBL did not meet its evidentiary burden for its opposition on the ground of distinctiveness. For this opposition, HBL's trade-mark had to be known to some extent as of March 10, 2006. HBL relied on the existence of its representative office from 1990-1991. However, there was no evidence as to how the trade-mark was used in association with that office except for the previously mentioned advertisement. HBL also relied on evidence of five transactions in 2004 involving customers of third party banks in Canada who transferred funds to HBL accounts. The Registrar found that HBL's evidence on this point was *de minimus* and too remote in time.

[16] The Registrar also considered the *Toronto Star* article which HBL argued demonstrated actual confusion. The Registrar considered the statement in the article to be unconfirmed, anecdotal and far from reliable evidence of confusion. The Registrar also noted that during the time period referred to HBL and HBZ were controlled by the same family.

[17] Fourth, the Registrar refused to consider HBL's argument that HBZ's trade-marks were not distinctive because HCB's use of the mark as a licensee has not been shown to accrue to the benefit of HBZ, pursuant to section 50 of the *Act*. The Registrar stated that this issue was not raised in the pleadings; therefore it would not be entertained.

[18] Fifth, the Registrar dismissed HBL's objection to the design mark on the basis that it infringed HBL's copyright. HBL did not bring any evidence that it owned a copyright for its logo. HBL has not disputed this finding in its appeal.

Issues

[19] There are four issues for this appeal:

- (1) The standard of review;
- (2) Whether the Registrar erred in determining that HBL had not met the initial evidentiary burden for its opposition based on confusion with a trade-mark previously made known in Canada;
- (3) Whether the Registrar erred in determining that HBL had not met the initial evidentiary burden for its opposition based on distinctiveness; and
- (4) Whether the Registrar erred in declining to consider whether the trade-marks are not distinctive by reason of unlicensed use by a third party.

Analysis

Standard of Review

[20] When there is no additional evidence adduced on appeal, as in this case, decisions of the Registrar within her area of expertise are reviewed on the standard of reasonableness. This is the case for questions of both fact and law: *Molson Breweries v John Labatt Ltd.*, [2000] FCJ No 159 (FCA) at para 51.

[21] HBL has argued that the standard of review should be correctness because there is a question of law outside of the Registrar's expertise and because the Registrar provided inadequate reasons, a matter of procedural fairness.

[22] HBL submits that the proper application of an evidentiary burden is a question of law which falls outside of the Registrar's expertise. I do not agree. First, applying a legal standard to evidence is necessarily a question of mixed fact and law. It is only where a discrete legal question can be extracted from the legal and factual matrix that a question of law arises. Second, the Registrar has expertise in determining whether there is evidence from which it could reasonably be concluded that a ground of opposition is made out. I will defer to the Registrar's expertise as to what evidence satisfies that initial burden, as long as the determination is reasonable.

[23] Additionally, the Supreme Court of Canada recently explained that adequacy of reasons is not an independent, free-standing ground of judicial review. Instead, "the reasons must be read together with the outcome and serve the purpose of showing whether the result falls within a range of possible outcomes": *Newfoundland and Labrador Nurses' Union v Newfoundland and Labrador (Treasury Board)*, 2011 SCC 62 at paras 14, 20-21.

[24] In sum, as neither party has adduced new evidence on appeal, and the evidentiary issue is one of mixed fact and law, the standard of review is reasonableness.

Confusion with a Trade-Mark Previously Made Known in Canada

[25] The Registrar found that HBL did not meet its evidentiary burden for its opposition under paragraph 16(1)(a) of the *Act*. Under this paragraph, HBZ is not entitled to register a trade-mark if, at the date on which it first used or made known the trade-mark, it was confusing with a trade-mark that had been previously used and made known in Canada by HBL.

[26] The Registrar noted that in order to meet its evidentiary burden, HBL was required to bring evidence that prior to March 22, 2001, (1) one of its marks had been used in a country in the Union; (2) its banking services were advertised in association with such mark in Canada; and (3) such mark had become well known in Canada by reason of such advertising. These requirements are set out in section 5 of the *Act*.

[27] It is uncontested that HBL satisfies part one of this test. HBL provides financial services in Pakistan, a member of the World Trade Organization and therefore a country of the Union. However, the Registrar determined that HBL did not provide sufficient evidence from which it could reasonably be concluded that its trade-mark had become well known in Canada by reason of HBL's advertising.

[28] HBL only provided one concrete example of advertising in Canada, an advertisement in the *Daily Dawn* on July 22, 1990. It did not provide any evidence of the circulation of that publication.

[29] The applicant has submitted that the Registrar should have given weight to Mr. Dar's statement that the opening was "widely advertised in many newspapers." I do not agree. Mr. Dar's assertion is vague; it does not even list the names of these newspapers. While "many" is by definition more than one, it remains, even if accepted at face value, an inherently subjective term and consequently, weak evidence upon which to found a claim. Furthermore, his assertion does not demonstrate that such advertisements included the use of the trade-mark.

[30] Additionally, it was reasonable for the Registrar to have required evidence of circulation. HBL cannot demonstrate that its trade-mark had become “well known” in Canada without providing any evidence that the trade-mark was circulated at least somewhat widely.

[31] HBL faults the Registrar for not citing the legal test for confusion and for not considering all of the surrounding circumstances set out in subsection 6(5) of the *Act*. However, because HBL’s trade-mark has not been made known in Canada, the objection under paragraph 16(1)(a) could not succeed regardless of whether there is confusion. Having dismissed the opposition on the threshold evidentiary issue the Registrar was not required to consider confusion.

[32] HBL submits that there is evidence of actual confusion because one of HCB’s customers stated that he decided to bank with HCB because of his father’s positive experience in India.

[33] The Registrar reasonably noted that this evidence was unconfirmed, anecdotal and unreliable. While there is no prohibition on personal accounts, this evidence was second hand and neither party can speak to its accuracy. Importantly, HBL and HBZ were still related entities at the relevant time. The customer stated that his father had banked with “them”. This could refer to the Habib family, rather than a specific bank, who controlled both HBL and HBZ at that time. The Habib family still controls HBZ. The *Toronto Star* article does not demonstrate confusion such that the Registrar’s decision on this issue is unreasonable.

Distinctiveness

[34] HBL submits that the trade-marks are not distinctive in that they do not actually distinguish, and are not adapted to distinguish, the services of HBZ from the services of HBL, as of March 10,

2006, the filing date for the opposition. Again, the Registrar determined that HBL did not meet the initial evidentiary burden for this ground of opposition.

[35] In *Bojangles' International, LLC v Bojangles Café Ltd*, 2006 FC 657, para 33, Justice Simon Noël provided a useful summary of the law on this issue:

- (1) The evidential burden lies on the party claiming that the reputation of its mark prevents the other party's mark from being distinctive.
- (2) However, a burden remains on the applicant for the registration of the trade-mark to prove that its mark is distinctive.
- (3) A mark should be known in Canada to some extent at least to negate another mark's distinctiveness.
- (4) Alternatively, a mark could negate another mark's distinctiveness if it is well known in a specific area of Canada.
- (5) A foreign trade-mark owner cannot simply assert that its trade-mark is known in Canada, rather, it should present clear evidence to that effect.
- (6) The reputation of the mark can be proven by any means, and is not restricted to the specific means listed in section 5 of the *Act*, and it is for the decision-maker to weigh the evidence on a case-by-case basis.

[36] Additionally, Justice Noël explained that known “to some extent at least” means sufficiently, substantially or significantly known. The mark need not be “widely known.” The question for distinctiveness is whether the opponent’s trade-mark is known in a “specific area of Canada”. HBL submits that a specific population in Canada, namely South Asians, should also satisfy the test. In the alternative, HBL asks this Court to take judicial notice of the fact that there is

a substantial South Asian population in the Greater Toronto Area (GTA). Because I have concluded that the Registrar reasonably found that HBL did not meet the initial evidentiary burden, I do not need to decide this issue.

[37] The Registrar considered the evidence that related to whether the mark was known in Canada. HBL had operated a representative office in Mississauga, Ontario between July 1990 and June 1991. Additionally, there were five transactions in 2004 involving a third party Canadian bank. For both examples, there was no evidence to show that HBL's trade-mark was displayed except the previously noted advertisement in the *Daily Dawn*.

[38] In my view, it was reasonable for the Registrar to conclude that these examples did not meet the initial evidentiary burden. The Registrar explained that the evidence was minimal and too remote in time from the material date. The representative office closed 14 years prior to March 10, 2006.

[39] HBL also refers to evidence that its website receives substantial traffic from persons located in Canada. However, its evidence on this issue dates from November 2006 to February 2008, after the material date of March 10, 2006. HBL also refers to evidence that 460 HBL account holders reside in Canada. Again, this evidence is dated March 23, 2007, after the material date.

[40] HBL asserts that HBL has a strong reputation in Canada's South Asian community, relying on the cross-examination of Mr. Hassan as evidence for this submission. Mr. Hassan stated that "The Habib family was a very prominent family in Pakistan... if you lived in Pakistan, you could

not help but see the name Habib”. Mr. Hassan stated that South Asian Canadians “might have” previously banked with HBL.

[41] The Registrar did not consider this evidence to be capable of establishing that HBL’s trade-mark was sufficiently known in Canada. I accept the Registrar’s analysis as reasonable. Mr. Hassan’s evidence was that the Habib name is known among South Asian immigrants. This is not evidence that HBL’s trade-mark was also known. Mr. Hassan did not state that South Asian immigrants had previously banked with HBL, or, more importantly, that they had become familiar with HBL’s trade-mark.

[42] It was contended that the Registrar erred in holding HBL to establish that, according to the *Bojangles* criteria, its trade-mark was either “known” generally in Canada (*Bojangles* criteria 3) or “well known” in a specific area of Canada (*Bojangles* criteria 4). The applicant contends that proof of a discrete demographic market, directly targeted, could negate another mark’s distinctiveness, unbounded by a requirement of geography. In this case, South Asians, many of whom live in the GTA, would recognize HBL through their country of origin or family history.

[43] The Registrar did not reject this argument as being legally unavailable; rather she said that, while novel, it was unsupported by the evidence:

The Applicant submits that this is not a novel approach to the law but simply is wrong at law. I do not however need to make a ruling on that point as it is my view that the Opponent has not established through evidence that its marks/names have a sufficient reputation among a significant section of the Canadian population. There is no evidence as to the size of the South Asian community in Canada and no evidence from any members of that community concerning their familiarity with the Opponent’s foreign use of the Opponent’s

marks/names. As stated in paragraph 33 of *Bojangles'*, "A foreign trade-mark owner cannot simply assert that its trade-mark is known in Canada, rather, it should present clear evidence to that effect."

[44] These findings are well rooted in the evidence and will not be disturbed. I do not consider *Cheung Kong (Holdings) Ltd. v Living Realty Inc.*, [2000] 2 FC 501 to be of assistance as in that case the source of confusion, the use of Chinese characters in a mark, was limited to an average person likely to consume the wares or services in question, thus persons who could read Chinese.

[45] HBL relies on *Motel 6, Inc v No 6 Motel Limited and John Van Edmond Beachcroft Hawthorn*, [1982] 1 FC 638, a case where the opponent succeeded under a distinctiveness ground of opposition. HBL notes that:

The attack based on non-distinctiveness is not restricted to actual performance of services in Canada as in the case of a claim of prior use pursuant to section 4. It also may be founded on evidence of knowledge or reputation of the opposing mark spread by means of word of mouth and evidence of reputation and public acclaim and knowledge by means of newspaper or magazine articles as opposed to advertising. All relevant evidence may be considered which tends to establish non-distinctiveness.

[46] In that case, "it was precisely because of the existence of the plaintiff's name, mark and reputation that the defendant adopted the name 'Motel 6'".

[47] In my view, HBL's reliance on *Motel 6* is misplaced. HBZ did not adopt the trade-marks because of the good will previously developed by HBL. Rather, HBZ has its own legitimate connection to the Habib name and reputation. This is confirmed by the Agreement between HBL and HBZ.

Unlicensed Use by a Third Party

[48] The Registrar refused to consider HBL's submission that HBZ's trade-marks were not distinctive because HCB's use of the mark as a licensee has not been shown to accrue to the benefit of the HBZ, pursuant to section 50 of the *Act*. The Registrar noted that this issue had not been specifically set out in HBL's pleadings.

[49] HBL contends that HBZ put the issue of licensed use in issue and that it was thus fair for HBL to raise the issue in argument. The pleadings do not support this argument. A mere statement identifying HCB as a licensed user, does not, in the absence of an amendment by HBL to the grounds of opposition, allow section 50 issues to be raised for the first time at the hearing:

McDonald's Corp. v Coffee Hut Stores Ltd. (FCTD) [1994] FCJ No 638, para 17; aff'd 68 CPR (3d) 168 (FCA).

JUDGMENT

THIS COURT'S JUDGMENT is that the appeal is dismissed with costs.

"Donald J. Rennie"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-4-12

STYLE OF CAUSE: **HABIB BANK LIMITED v HABIB BANK AG
ZURICH**

PLACE OF HEARING: Toronto, ON

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

DATED: January 21, 2013

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