

Federal Court



Cour fédérale

Date: 20140508

Docket: T-942-13

Citation: 2014 FC 442

Ottawa, Ontario, May 8, 2014

PRESENT: The Honourable Mr. Justice Peter Annis

BETWEEN:

RIDOUT & MAYBEE LLP

Applicant

and

HJ HEINZ COMPANY AUSTRALIA LTD.

Respondent

JUDGMENT AND REASONS

I. Introduction

[1] This application is an appeal pursuant to section 56 of the *Trade-marks Act*, RSC 1985, c T-13 [the *Act*] from a decision [“the Decision”] by the Registrar of Trade-marks, 2013 TMOB 49, maintaining the respondent’s trade-mark registration No TMA650,968 pursuant to section 45 of the *Act*.

[2] For the reasons which follow, the application is dismissed.

II. Facts

[3] On October 20, 2005, HJ Heinz Company Australia Ltd [Heinz] registered the trade-mark OX & PALM in Canada for use in association with wares of meat and processed meats, namely corned meat and tinned meat.

[4] Heinz then set to work to secure a Canadian distributor. It incorrectly believed that once it obtained Canadian Food Inspection Agency approval for its OX & PALM corned beef, it needed to deliver the product in Canada within six months. It therefore waited to apply for approval until February 2009 while it arranged distribution.

[5] From June 2009, its prospective distributor, Mangal's Market & Co, LLC [Mangal's], pursued negotiations with T&T Supermarkets to purchase the product, but negotiations were unexpectedly derailed when Loblaws acquired T&T.

[6] In April 2010, Mangal's opened negotiations with a different customer, Centennial Foodservice – Worldsource [Centennial], a Calgary company. These were successful and Centennial agreed to buy 1,660 cartons of OX & PALM corned beef.

[7] In June 2010, the offer to Centennial to purchase was made by Mangal's on behalf of Heinz.

[8] On June 7, 2010, the offer was accepted by Centennial with the issuance of a purchase order.

[9] In June, July, and August, several receipts and commercial invoices were issued, all confirming Centennial's purchase of OX & PALM corned beef.

[10] On July 30, 2010, the shipment of OX & PALM corned beef left Australia for delivery to Centennial, as evidenced by the Bill of Lading and Canada Customs Invoice.

[11] On August 16, 2010, the applicant requested that the Registrar issue a notice to the respondent pursuant to section 45 of the *Act* in respect of the OX & PALM registration.

[12] On August 19, 2010, Mangal's received payment, by way of bank wire transfer, in an amount exceeding \$70,000 US, from Centennial, in respect of the OX & PALM corned beef.

[13] On August 25, 2010, the Registrar issued the notice requested by the applicant. The notice required the respondent to submit evidence showing that it had used the trade-mark OX & PALM in Canada in connection with the OX & PALM Wares during the three-year period beginning on August 25, 2007, and ending on August 25, 2010 [the "Relevant Period"]. Alternatively, if the trade-mark OX & PALM had not been used, the respondent was required to submit evidence demonstrating the date on which the trade-mark was last used in Canada and exceptional circumstances justifying non-use of the mark.

[14] On August 28, 2010, the OX & PALM corned beef arrived in the port of Vancouver. Centennial received the wares and sold them to retailers in the greater Vancouver area.

[15] On October 20, 2010, McCallum Industries Limited [“McCallum”] commenced a concurrent and corresponding Federal Court application to expunge Heinz’s OX & PALM registration under section 57 of the *Act*. McCallum was represented by the law firm of Ridout & Maybee in that proceeding as well.

[16] On October 26, 2011, in *McCallum Industries Ltd v HJ Heinz Company Australia Ltd*, 2011 FC 1216, Justice Pinard of the Federal Court rejected the application by McCallum to expunge the trade-mark.

[17] On January 9, 2011, Justice Pinard’s decision was upheld by the Federal Court of Appeal in *McCallum Industries Ltd v HJ Heinz Company Australia Ltd*, 2013 FCA 5.

[18] Tinned meat products bearing the trade-mark OX & PALM were sold by retailers in the Vancouver area in January 2011.

[19] On March 21, 2013, further to the notice requiring evidence of use, and having received written and oral submissions from both the applicant and the respondent, the Registrar issued a decision with regard to use of the trade-mark OX & PALM in Canada pursuant to section 45 of the *Act*.

[20] The Registrar found, on the basis of the evidence submitted by the respondent, that the trade-mark OX & PALM had been used in Canada by the respondent during the Relevant Period.

III. Contested decision

[21] The Registrar noted the applicant's argument that in order for use of a trade-mark to have occurred as of a certain date, among other things there must have been a transfer of actual possession of the wares, which the applicant submitted followed from the decision in *Manhattan Industries Inc v Princeton Manufacturing Ltd* (1971), 4 CPR (2d) 6, [1971] FCJ No 1012 (QL) (TD) [*Manhattan Industries*]. Accordingly, the applicant argued that because the respondent did not take actual possession of the wares in Canada during the Relevant Period, use of the wares did not occur in accordance with section 4 of the *Act*. The Registrar nonetheless agreed with the respondent, relying on the decision of *Fetherstonhaugh & Co v ConAgra Foods Inc*, 2002 FCT 1257, 23 CPR (4th) 49 [*ConAgra*], that the use of a trade-mark pursuant to section 4 of the *Act* occurred when an order for a substantial amount of trade-marked goods was placed and accepted prior to the expiry of the Relevant Period, when delivery of the goods and fulfillment of the purchase occurred soon thereafter.

[22] The Registrar distinguished *Manhattan Industries* and related jurisprudence cited by the applicant on the basis that establishing the date of first use in those cases was for entitlement purposes or with respect to a ground of opposition based on section 30(b) of the *Act*. She noted that section 45 proceedings were intended to be simple, summary and expeditious for the purpose of removing "deadwood" from the register. On this basis she concluded that it was not appropriate to necessarily adopt the same stringent and technical approach with respect to the timing of use of a mark when contemplating expungement under section 45 of the *Act*. The Registrar also noted that *ConAgra* had been relied upon in this fashion in various other decisions of the Board.

[23] The Registrar, in what appears to be a reference concerning the issue of special circumstances to excuse the absence of use under section 45(3), noted that shipping from Australia required almost one month. She offered that had the wares originated in closer proximity, the issue of use of the trade-mark during the Relevant Period would not likely have arisen.

IV. Statutory Provisions

[24] The statutory provisions of the *Trade-marks Act* are:

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

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,

wares are exported from Canada, deemed to be used in Canada in association with those wares.

quand ces marchandises sont exportées du Canada, être employée dans ce pays en liaison avec ces marchandises

[...]

[...]

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

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

[. . .]

[. . .]

(b) in the case of a trade-mark that has been used in Canada, the date from which the applicant or his named predecessors in title, if any, have so used the trade-mark in association with each of the general classes of wares or services described in the application;

b) dans le cas d'une marque de commerce qui a été employée au Canada, la date à compter de laquelle le requérant ou ses prédécesseurs en titre désignés, le cas échéant, ont ainsi employé la marque de commerce en liaison avec chacune des catégories générales de marchandises ou services décrites dans la demande;

[...]

[...]

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

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

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.

[...]

(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.

[Emphasis added]

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.

[...]

(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.

[Je souligne]

[25] Ridout & Maybee appealed the Registrar's decision.

V. Issues

[26] The issues are:

- a. What is the appropriate standard of review?
- b. Was the Registrar's interpretation reasonable in finding that the respondent had used the trade-mark within Canada during the Relevant Period?
- c. If use in Canada did not occur within the Relevant Period, could the Registrar have found that this was due to special circumstances that excused the absence of use?

VI. Analysis

A. *Standard of review*

[27] The parties agree that the standard of review for an appeal of a Registrar's decision pursuant to section 45 in which no new evidence is filed before the Court is reasonableness (*Brouillette Kosie Prince v Great Harvest Franchising, Inc*, 2009 FC 48 at para 23). In the present case the only evidence filed is an affidavit introducing a certified copy of the Registrar's file, which the parties do not consider to be new evidence.

[28] Under the standard of review of reasonableness, the Registrar's interpretation of the *Trade-marks Act* is entitled to considerable deference. In order for the Court to intervene, it must conclude that no reasonable interpretation can lead to that of the decision-maker either because

the reasoning process was deeply flawed or because the decision-maker relied on a construction of the statute that fell outside the range of admissible statutory interpretations (*Dunsmuir v New Brunswick*, 2008 SCC 9).

B. *Was the Registrar's interpretation reasonable in finding that the respondent had used the trade-mark within Canada during the Relevant Period?*

(1) *The interpretation of the Act and decision were reasonable*

[29] I have no difficulty concluding that the Registrar's interpretations of the *Trade-marks Act* were reasonable as was her decision to maintain the registration of the respondent's trade-mark.

[30] The Registrar correctly identified the underlying policy governing section 45 of the *Act*, being that of presenting an efficacious process for removing "deadwood" from the register while protecting registered owners against any unwarranted attempt to have their mark expunged.

Justice Stone confirmed this objective in *John Labatt Ltd v Rainier Brewing Co* (1984), 80 CPR

(2d) 228, citing Justice Thorson in a 1964 decision as follows:

On this latter point I would accept, with respect, the views expressed by Thorson P. in *Re Wolfville Holland Bakery Limited* [(1965), 45 C.P.R. 88.] (at p. 91):

"It is clear that the purpose of s. 44 of the *Act* is to provide a procedure for trimming the register of trade marks, so to speak, by getting rid of 'dead wood' in the sense of trade marks that are no longer in use but, at the same time, the *Act* provides safeguard for the protection of the registered owner of a trade mark against any unwarranted attempt to have it expunged."

The decision in that case and in others on this point were regarded by Thurlow C.J. in the *Plough (Canada)* case (at p. 65) as "clearly and adequately expounding the law". I would respectfully agree.

[31] Accordingly, an interpretation of section 45 expunging the trade-mark of the respondent that clearly was not the type of “deadwood” envisaged by the provision, on the ground that the respondent had failed to use the mark in Canada two days before the first shipment arrived in Canada, would be absurd in that it could not possibly serve the objectives intended by the statute.

[32] The Registrar also correctly distinguished the *Manhattan Industries* case in order to apply the reasoning in the *ConAgra* decision. She pointed out that *Manhattan Industries* concerned the date of the first use of a trade-mark, being that of establishing entitlement to registration based on section 30(b) of the *Act*.

[33] It is clear from the decision of Justice McKay in *ConAgra*, which had very similar facts to those in this matter, that he implicitly adopted a purposive interpretation of section 45 to distinguish trade-mark “use in Canada” described in other decisions such as *Manhattan Industries*. He concluded at paragraph 16 of *ConAgra* as follows:

16 In my opinion, acceptance of that order before the date of the s. 45 notice constitutes use of the KID CUISINE trade-mark product associated with the wares within the purposes of s. 45.

[Emphasis added]

[34] The Registrar cannot be criticized therefore for relying on *ConAgra* or for concluding that the purpose of section 45 would not necessarily be served by adopting “the same stringent and technical approach with respect to the timing of use of the mark when contemplating expungement under section 45 of the *Act*” as when considering first use for entitlement or grounds of opposition.

[35] It further follows from this reasoning that the court in *ConAgra* cannot be criticized as rendering a “manifestly wrong *per incuriam* decision which ought not to be followed” as argued by the applicant. I am satisfied that a fair reading of *ConAgra*, despite its brevity on the issue, describes the intention of the Court not to follow the strict interpretation of “use in Canada” found in cases such as *Manhattan Industries* because they were distinguishable as not describing an interpretation that met the purposes of expungement under section 45 of the *Act*.

[36] As a further point, the applicant also argued that Parliament intended a strict interpretation of section 45(1), whereby flexibility in its application was recognized for exceptions by section 45(3) “due to special circumstances that excuse the absence of use” [my emphasis]. Accordingly, if the drafters of the *Act* wanted flexibility with respect to the provisions deeming use of a trade-mark or the Relevant Period, the statute could have addressed these concerns specifically in a manner similar to that in section 45(3). Instead, the applicant argues, Parliament chose to apply a standardized meaning of “use in Canada” with flexibility being provided via section 45(3) to allow special circumstances to “excuse the absence of use”.

[37] While “special circumstances” may provide an exception for those registrants who can rely on them to explain their failure to use the mark in Canada during the Relevant Period, they do not assist in those cases where the mark is clearly not “deadwood” and no extenuating circumstances exist. It remains the objective of the *Act* that viable marks of value are not to be expunged because there exists some difficulty, such as may be a legitimate business reason, but not an exceptional circumstance. A purposive interpretation of the provision ensures that in these latter situations the marks are not struck for reasons that are in conflict with the purposes of the *Act*. Special circumstances may help out in other situations.

- (2) *Does the Interpretation Act require that the meaning of “use in Canada” be the same throughout the Act?*

[38] The applicant argued that the Registrar’s finding that it is not appropriate to adopt the same meaning of the word “use” for all cases in respect of the *Act* is not consistent with the legislative scheme established by the *Act*. The *Act* clearly defines at section 4 when a trade-mark is deemed to be used; accordingly the respondent argued that the definition must apply to the *Act* as a whole, and not only to certain sections thereof.

[39] In further submissions and argument before the Court, the applicant bolstered this submission by reference to section 15(1) of the *Interpretation Act*, RSC 1985, c I-21, that requires statutorily defined terms to apply to all provisions of a given enactment:

15. (1) Definitions or rules of interpretation in an enactment apply to all the provisions of the enactment, including the provisions that contain those definitions or rules of interpretation.

15. (1) Les définitions ou les règles d’interprétation d’un texte s’appliquent tant aux dispositions où elles figurent qu’au reste du texte.

(2) Where an enactment contains an interpretation section or provision, it shall be read and construed

(2) Les dispositions définitoires ou interprétatives d’un texte :

(a) as being applicable only if a contrary intention does not appear; and

a) n’ont d’application qu’à défaut d’indication contraire;

(b) as being applicable to all other enactments relating to the same subject-matter unless a contrary intention appears.

b) s’appliquent, sauf indication contraire, aux autres textes portant sur un domaine identique.

[40] In addition, the applicant argued that defined terms in legislation can be displaced, but only if there are express words or a necessarily implied context showing that Parliament did not intend the definition to apply to a particular use of the defined term. See *MiningWatch Canada v Canada (Fisheries and Oceans)*, 2010 SCC 2 at para 29.

[41] In reply to these arguments, the respondent submitted that the requirements of the definition of deemed use in section 4(1) are consistently applied to all provisions of the *Act*, thereby complying with the *Interpretation Act*. The statutory deeming applied only to define the “use” of the mark, not the application of the use, i.e. whether the use is made in Canada, or for that matter whether use occurs during the Relevant Period. These requirements are set by section 45, not section 4(1). I am in agreement with this argument, but it requires some explanation.

[42] The Federal Court of Appeal in *Syntex Inc v Apotex Inc* (1984), 1 CPR (3d) 145, [1984] FCJ No 191 (QL) (FCA) at 151 held that the “critical point in time” for the analysis of trade-mark use is the time at which a transfer occurs, either of property or of possession; the required elements of use must all be present at this time.

[43] *Manhattan Industries* primarily concerned the issue of transfer of possession, as the applicant submitted that possession in section 4(1) should be accepted to mean “constructive”, as opposed to “actual” possession, which argument was rejected. However, the Court also considered the issue of transfer of property. It found that the transfer of property occurred when the wares were placed with Canada Post for delivery to the registrant. The applicant in the present case therefore accepts that the transfer in property associated with the wares occurred when they were placed in the custody of the shippers for transportation to Canada. Transfer of

actual possession of the wares could only occur upon delivery of the wares into the hands of the recipient, i.e. in Canada.

[44] The applicant also acknowledges that the mark was used in the normal course of trade and applied to packages associated with the wares. Thus, all the requirements of deemed use pursuant to section 4(1) were fulfilled by the respondent at the time of transfer of the property when the wares were delivered to the shipper. As a result, the *Interpretation Act* would play no role in this matter because the literal interpretation of deemed use in section 4(1) continues to have application throughout the enactment. Use is not the issue.

[45] The issue concerns the interpretation of “in Canada” in section 45, and similarly in section 30(b). Where the confusion in this field appears to have occurred is around the term “use(d) in Canada” found in section 45, but not section 4(1). In particular, in *Manhattan Industries* the Court extended the definition of “use” beyond its parameters by stating that the transfer of possession was “use in Canada within the meaning of s. 4.” Any reference to “in Canada” in that decision was not a requirement of section 4, but of section 30(b) (“in the case of a trade-mark that has been used in Canada [...]” [my emphasis]).

[46] Similarly, the reference to “used in Canada” in both *ConAgra* and the Registrar’s decision, in fact relates on the one hand to the “use” requirement as deemed by section 4(1) and on the other, to the “in Canada” requirement of section 45. The “Relevant Period” is similarly a requirement established by section 45.

[47] However, by placing emphasis on where the transfer of the property takes place, the purposive construction of the provision must focus on construing the transfer to have occurred in Canada. Property in wares, unlike their actual possession, is a legal construct. I would argue that this makes it more readily subject to different constructions for the purpose of interpretation than actual possession. In terms of the wording of section 45 therefore, the transfer of property in the wares can be construed to have occurred “in Canada” when the custody of the goods was passed to the shipping entity.

[48] The delivery of the wares to the shipper was an element of the completion of the transfer of the property that occurred in Canada. In this sense, the transfer of the property can be interpreted to have occurred in Canada at the time the custody of the goods was delivered to the transporters in Australia so long as the delivery was completed. With the place of the transfer occurring in Canada within the Relevant Period, the requirements of section 45 of the *Act* are met as constituting “use in Canada”.

[49] In this manner, the definition of “use” is consistent through the *Act*, the definition of “possession” in *Manhattan Industries* is unaffected, while transfer of property in Canada in section 45 is construed purposively to meet the objectives of the *Act*.

[50] In conclusion, my decision rejecting the application is based upon the reasonableness of the interpretation of section 45 by the Registrar and the deference owed to her conclusions on the appropriate interpretation of the *Trade-marks Act*.

[51] Her decision reflects a purposive interpretation of the *Act* that is consonant with its objectives and avoids a consequence which otherwise would undermine the intent of Parliament were the applicant's submissions to have been accepted.

C. *If use in Canada did not occur within the Relevant Period, could the Registrar have found that this was due to special circumstances that excused the absence of use?*

[52] As I find the Registrar's conclusions on the construction of section 45 of the *Act* to be reasonable and the decision within the range of reasonable acceptable outcomes, I do not find it necessary to decide the respondent's alternative argument concerning special circumstances pursuant to section 45(3) of the *Act*.

[53] Accordingly, the application is dismissed with costs awarded to the respondent. If the parties are not able to agree on costs, the respondent may file submissions not to exceed three pages, in addition to its bill of costs, within 14 days of this decision. The applicant may respond in kind within 14 days thereafter.

JUDGMENT

THIS COURT'S JUDGMENT is that the application is dismissed with costs to the respondent.

“Peter Annis”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-942-13

STYLE OF CAUSE: RIDOUT & MAYBEE LLP v
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