

Federal Court



Cour fédérale

Date: 20110111

Docket: T-869-10

Citation: 2011 FC 18

Ottawa, Ontario, January 11, 2011

PRESENT: THE CHIEF JUSTICE

BETWEEN:

1459243 ONTARIO INC.

Applicant

and

EVA GABOR INTERNATIONAL, LTD.

and

THE REGISTRAR OF TRADE-MARKS

Respondents

REASONS FOR ORDER AND ORDER

[1] Under s. 45 of the *Trade-marks Act*, RSC 1985, c T-13 (the Act), the registration of a trade-mark may be expunged if its use in Canada has not been established during the relevant three-year period.

[2] The parties agree that the Registrar's decision concerning a request to expunge under s.45 is usually reviewed on the standard of reasonableness. The parties also agree that where new evidence that would have materially affected the decision of the Registrar is filed on an appeal in the Federal Court, the standard of review is correctness.

[3] The basic principles concerning s. 45 have been established in the case law over the past quarter-century and are not in dispute.

[4] The purpose of s. 45 is to provide a simple and expeditious method of expunging marks which have fallen into disuse. The provision has a public interest purpose; a person seeking an expungement under s. 45 need not have an interest in the matter. Section 45 does not finally determine rights between parties. It is not intended to create an adversarial process to determine complex issues of fact and law. Such a process is provided for in s. 57 of the Act.

[5] The burden of proof is on the applicant to establish use during the relevant time. The threshold to establish use is relatively low. The applicant need only provide some evidence beyond a mere assertion that would allow the Registrar or the Court to conclude that the trade-mark was in use in the normal course of trade. There is no need or justification for "evidentiary overkill". Depending on the circumstances, evidence of a single sale may be sufficient to establish use of the trade-mark in the normal course of trade. In other words, the owner need only establish a *prima facie* case of use.

[6] There are three issues in this appeal: (a) is the applicant's new evidence admissible? (b) would the new evidence have materially affected the decision of the Registrar? and (c) is the new evidence sufficient to establish use for the purpose of s. 45?

Is the new evidence presented by the applicant on appeal to this Court admissible?

[7] The new evidence regarding the use of the trade-mark is found in the affidavit of Leslie Martin, the applicant's original and sole president since its incorporation in 2001.

[8] Mr. Martin deposed that promotional flyers bearing the trade-mark were both included with customer orders at the time of shipping, and used by customers to place subsequent orders for men's hairpieces during the relevant three year period.

[9] On cross-examination, Mr. Martin acknowledged that he was not personally involved with the packaging or shipping of men's hairpieces and that he had been informed by his employees that promotional flyers were included with customer orders at the time of shipping during the relevant period.

[10] The respondent argues that the evidence provided by Mr. Martin is hearsay, and does not meet the criteria of reliability and necessity to justify its admission: *R v Smith*, [1992] 2 SCR 915 (*Smith*).

[11] The respondent's examination of Mr. Martin established the hearsay nature of his testimony. Neither party, however, further questioned the deponent concerning the reliability and necessity of his hearsay evidence.

[12] Some portions of Mr. Martin's affidavit are hearsay. Nevertheless, in the particular circumstances of this s. 45 proceeding, I would admit his evidence as reliable and necessary hearsay. A stricter approach to hearsay evidence may be appropriate under s. 57, where adversarial proceedings are intended to determine the rights of parties.

[13] This Court has in the past accepted the reliability of evidence given from individuals who operate businesses: *Salomon SA v Tricot Exclusive Inc*, 2001 FCT 842 at paras. 21 and 23; and *Phillip Morris Inc v Imperial Tobacco Ltd*, 13 CPR (3d) 289, 1987 FCJ No 26 (TD) (QL). These individuals are presumed to have personal knowledge about the workings of their businesses, in view of their experience and position.

[14] Mr. Martin stated under oath that he informed himself of the workings of his company from his employees. He attached copies of the relevant promotional flyers to his affidavit. On my assessment of the record, I find that Mr. Martin's evidence meets the criterion of reliability.

[15] Again, I also accept the applicant's submission that Mr. Martin's hearsay evidence meets the necessity test for the purpose of a s. 45 proceeding.

[16] In *Smith*, above, the Supreme Court held that the criterion of necessity must be flexibly interpreted, to encompass diverse situations where the relevant direct evidence "is not, for a variety of reasons, available" (at paragraph 36), relying on *Wigmore* to support the notion of a flexible definition of necessity:

(2) The assertion may be such that we cannot expect, again or at this time, to get evidence of the same value from the same or other sources ... The necessity is not so great; perhaps hardly a necessity, only an expediency or convenience, can be predicated. But the principle is the same.

[17] To repeat, s. 45 proceedings are intended to be expeditious and straightforward. Requiring registrants to submit affidavits from several employees involved in the use of the trade-mark, in addition to that of the owner, would not be in keeping with the public interest purpose of s. 45, or consistent with the low threshold to establish use. Admitting Mr. Martin's evidence in this case, without requiring evidence from several employees, is consistent with the summary procedure that s. 45 is intended to create and with its public interest purpose.

[18] In summary, I find that Mr. Martin's affidavit meets the criteria of reliability and necessity for this proceeding. Any concerns with respect to the hearsay nature of his evidence can go to weight, rather than admissibility.

Would the new evidence have materially affected the decision of the Registrar?

[19] The Registrar's decision hinged on the applicant's use of the present tense in his affidavit evidence. The Registrar found that the promotional flyers could arguably be considered use of the trade-mark, when packaged with customer orders at the time of shipping. However, because the affidavit evidence was drafted in the present tense, the Registrar could only conclude that the practice of including promotional flyers with customer orders at the time of shipping was in place at the time the affidavit was sworn, and not during the relevant period.

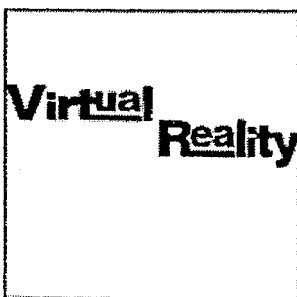
[20] In his affidavit in this Court, Mr. Martin addresses directly the determinative issue in the Registrar's decision. His evidence confirms that the promotional flyers were included with customer orders at the time of shipping during the relevant period. The new evidence would have materially affected the decision of the Registrar. Accordingly, the standard of review is correctness, and the Court must decide if the evidence in this proceeding is sufficient to establish use of the trade-mark during the relevant period: see *Prince v. Orange Cove-Sanger Citrus Assn*, 2007 FC 1229 at para. 9.

Is the new evidence sufficient to establish use for the purpose of s. 45?

[21] Promotional material provided to customers at the time of transfer of the wares can constitute evidence of use of the mark for wares: *BMW Canada Inc v Nissan Canada Inc*, 2007 FCA 255 at paragraph 25.

[22] The applicant's trade-mark as registered and as displayed on its promotional flyer entitled "Fall 2006 Spring 2007 Special" is set out below:

Mark as registered



Mark as used on promotional flyer



[23] Keeping in mind the purpose of s. 45 and the low threshold to establish use in a s. 45 proceeding, I find the applicant's evidence that its promotional flyer was packaged with customer

orders at the time of shipping during the relevant period is sufficient to establish use of the trade-mark.

[24] In my view, the trade-mark as displayed on the promotional flyer is used in the form in which it was registered. The unique font is the same. The positioning and layout of the words are preserved. A principal difference from the mark as registered is the absence of the surrounding square. Another is the addition of the letters “XTS” to connote a product model identifier. I find that the absence of the square and the addition of the letters are only “cautious variations”: *Promafil Canada Ltée v Munsingwear, Inc*, 44 CPR (3d) 59, [1992] FCJ No 611 (CA) (QL). An unaware purchaser would be likely to infer that both versions of the trade-mark identify the goods as having the same origin: *Canada (Registrar of Trade-marks) v CIE INT Pour l’Informatique CII Honeywell Bull SA*, [1985] 1 FC 406 (CA). This particular promotional flyer associates the wares with the trade-mark. Finally, this specific use of the trade-mark in this context benefits the applicant.

[25] The applicant’s evidence, including the cross-examination, is sufficient to establish that the trade-mark was used in at least one sale in the normal course of business, in relation to men’s wigs and hairpieces: *Guido Berlucchi & C Srl v Brouillette Kosie Prince*, 2007 FC 245 at paragraph 17.

[26] Because only one use of the trade-mark is determinative of this issue, I need not consider the applicant’s other examples of use.

[27] At the hearing, the applicant conceded that there was no evidence of use of the trade-mark with respect to women’s hairpieces and wigs, and the hair grafting and hair transplanting services.

The parties agree that the applicant must show use with respect to all of the wares or services specified in the registration: *John Labatt Ltd v Rainier Brewing Co*, 80 CPR (2d) 228, [1984] FCJ No 302 (CA) (QL).

[28] For the reasons set out above, all of the services and wares listed in the registration should be deleted, other than the men's hairpieces and wigs.

[29] Accordingly, an order will issue, in substitution of the Registrar's decision, to maintain the registration of the trade-mark but limited to the wares described as men's hairpieces and wigs. Costs will be awarded to the applicant as agreed upon at the hearing in the event of its success.

ORDER

THIS COURT ORDERS that the appeal is allowed and:

1. The Registrar's decision that registration TMA495,058 be expunged from the Register is set aside;
2. Registration TMA495,058 be maintained in the Register, but with amendments to delete all wares and services other than the "men's hairpieces and wigs" wares;
3. The respondent, Eva Gabor International, Ltd., shall pay costs to the applicant in the amount of \$4,000.

"Allan Lutfy"
Chief Justice

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-869-10

STYLE OF CAUSE: 1459243 ONTARIO INC. v.
EVA GABOR INTERNATIONAL, LTD. ET AL

PLACE OF HEARING: Ottawa, Ontario

DATE OF HEARING: November 22, 2010

**REASONS FOR ORDER
AND ORDER:** LUTFY, C.J.

DATED: January 11, 2011

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