

Federal Court of Appeal



Cour d'appel fédérale

Date: 20160408

Docket: A-122-15

Citation: 2016 FCA 109

**CORAM: PELLETIER J.A.
GAUTHIER J.A.
SCOTT J.A.**

BETWEEN:

THE ONE GROUP LLC

Appellant

And

GOUVERNEUR INC.

Respondent

Heard in Montréal, Quebec, March 8, 2016.

Judgment rendered in Ottawa, Ontario, April 8, 2016.

REASONS FOR JUDGMENT BY:

SCOTT J.A.

CONCURRED IN BY:

**PELLETIER J.A.
GAUTHIER J.A.**

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REASONS FOR JUDGMENT

SCOTT J.A.

[1] I am of the opinion that this appeal should be allowed.

[2] The decision that gave rise to this appeal was made by a Hearing Officer of the Trade-marks Opposition Board of the Canadian Intellectual Property Office (the Registrar) who refused to expunge the appellant's trade-mark registration of STK for non-use in the three years

preceding the request for evidence of use filed under section 45 of the *Trade-marks Act*, R.S.C. (1985), c. T-13 (the Act).

[3] The One Group LLC (the appellant) is a company that operates many high-end restaurants under the name STK. On September 4, it registered the trade-mark STK in association with “bar services; restaurants” in preparation for a restaurant opening in Toronto.

[4] During the three years following the registration of its trade-mark, the appellant successively held discussions with first one hotel chain and then another, for the purpose of entering into an agreement to secure a location for its restaurant in hotels that were to be built. In both cases, one after the other, the developers aborted their plans to build hotels. The appellant therefore had to resume the process during the remainder of the required period and it entered into discussions with real estate developers and other hotel chains to find a location for its restaurant. On October 3, 2011, when the notice was filed pursuant to section 45 of the Act, the appellant stated that it was close to coming to an agreement with a luxury hotel chain to open its restaurant in Toronto.

[5] In light of those facts, the Registrar concluded that the appellant’s trade-mark should not be expunged because there were special circumstances that excused the non-use of the trade-mark STK.

[6] In reaching this conclusion, the Registrar referred to this Court’s decision in *Canada (Registrar of Trade Marks) v. Harris Knitting Mills Ltd.*, [1985] F.C.J. No 226, 60 N.R. 380

(F.C.A.) (QL). He identified the following three criteria that apply when determining whether special circumstances exist to justify not expunging the trade-mark:

- 1) the length of time during which the trade-mark has not been used;
- 2) whether the reasons for non-use were beyond the registered owner's control; and
- 3) whether the registered owner has a serious intention to shortly resume use of the trade-mark.

[7] Moreover, the Registrar noted that this Court's decision in *Scott Paper Limited v. Smart & Biggar*, 2008 FCA 129, 291 D.L.R. (4th) 660 (QL) [*Scott Paper*] clarified the scope of the analysis with regard to the three criteria identified above. In this case, he felt that the second criterion was decisive. The other two could not by themselves justify a finding of special circumstances. The Registrar considered the principles from *Scott Paper* and concluded the following:

[TRANSLATION]

[21] As a result, in my view, because of their cumulative nature, the circumstances of the present case are "unusual, uncommon and exceptional" and constitute "circumstances not found in most cases of absence of use of the mark." (See *Scott Paper, supra*).

[8] On appeal, the Federal Court judge described the context and summarized the reasons for the Registrar's decision. Then, she stated that the reasonableness standard of review applied to the Registrar's decision.

[9] Since it was alleged that the Registrar erred in law, the judge referred to the principles stated in the case law and found that even if the Registrar had erroneously described the test, he still applied the correct principles of law.

[10] The judge then acknowledged that her role was not to reassess the evidence and substitute her own appreciation for that of the Registrar and that the burden was not very heavy. She still found that the evidence did not support the Registrar's decision.

[11] The judge thus allowed the appeal and ordered the registrar to expunge the trade-mark STK bearing registration number TMA 722,923 from the trade-marks register (2015 FC 128).

[12] Since the judge identified the correct standard of review in this matter, this Court must review the Registrar's decision to determine whether the judge correctly applied the standard of reasonableness (*Monster Cable Products, Inc. v. Monster Daddy, LLC*, 2013 FCA 137 at paragraph 4; *Agraira v. Canada (Public Safety and Emergency Preparedness)*, 2013 SCC 36, [2013] 2 S.C.R. 559 at paragraphs 45 to 47).

[13] Like the Federal Court judge, I am not convinced that the Registrar erred in law in his application of the legal tests. Although his statement of the applicable principles is somewhat lacking in clarity, it seems clear to me that he considered the applicable case law and that he focused on the true issue, that is, whether there were special circumstances that excused the non-use of the Mark.

[14] Even though the criteria to be assessed is set out in the case law, it should be recalled that the Registrar is applying his home statute and that he must be considered as having expertise with respect to trade-marks. Thus, deference must be shown towards the findings of fact he draws from that evidence before him. This is especially true, given that the wording of

subsection 45(3) of the Act that does not define the term “special circumstances”, thus giving broad discretion to the Registrar to consider that evidence specific to each situation:

***Trade-marks Act, R.S.C.,
1985, c. T-13***

45. ...

(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 goods or services specified in the registration or with respect to any of those goods 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.

[My emphasis]

***Loi sur les marques de
commerce, L.R.C. (1985), ch.
T-13***

45. [...]

(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 produits ou services spécifiés dans l’enregistrement, soit à l’égard de l’un de ces produits 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.

[Mes soulignements]

[15] Despite the respondent’s numerous arguments against the Registrar’s decision, when applying the standard of reasonableness, I am not satisfied that the Registrar committed an error in his appreciation of the evidence on the record that justified the judge’s intervention.

[16] The evidence could support the Registrar’s finding that the appellant met its burden of proving that there were special circumstances that prevented it from using its trade-mark at any time during the three year period immediately preceding October 3, 2011. The Registrar acknowledged that the period of non-use was minimal. He also considered an imminent

agreement with a hotel chain. Last, he determined that the circumstances in this case complied with the further clarifications set out in *Scott Paper*, the special circumstances explained the absence of use and were the reason for it. Moreover, the non-use was beyond the control of the holder of the Mark alone. Given that his analysis considers every factor set out in the case law and that it is based on the whole of the evidence submitted to him, I find that the Registrar's conclusion falls within the range of possible outcomes.

[17] For these reasons, I am of the opinion that I should allow the appeal and render the decision that the judge should have rendered, namely to confirm the Registrar's decision to maintain the trade-mark STK bearing registration number TMA 722,923 on the register, with costs.

“A.F. Scott”

J.A.

“I agree.

J.D. Denis Pelletier, J.A.”

“I agree.

Johanne Gauthier, J.A.”

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: A-122-15

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GOUVERNEUR INC.

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CONCURRED IN BY: PELLETIER J.A.
GAUTHIER J.A.

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