Date: 20080207

Docket: A-182-07

Citation: 2008 FCA 50

CORAM: **DÉCARY J.A.**
SHARLOW J.A.
TRUDEL J.A.

BETWEEN:

CHEAPTICKETS AND TRAVEL INC.

Appellant

and

EMALL.CA INC. and EMALL.INC.,
carrying on business as CHEAPTICKETS.CA

Respondents

Heard at Vancouver, British Columbia, on February 5, 2008.

Judgment delivered at Vancouver, British Columbia, on February 07, 2008.

REASONS FOR JUDGMENT BY: SHARLOW J.A.

CONCURRED IN BY: DÉCARY J.A.
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REASONS FOR JUDGMENT

SHARLOW J.A.

[1] This is an appeal of the judgment of Justice Strayer dated March 2, 2007 (2007 FC 243) in which he granted the application of the Respondents Emall.ca Inc. and Emall Inc. (collectively, "Emall") for the expungement of two registered trade-marks owned by the Appellant Cheaptickets and Travel Inc. ("Cheaptickets"). The registered trade-marks in issue are CHEAP TICKETS, No. 564,905, and CHEAP TICKETS AND TRAVEL & DESIGN, No. 564,432.

Preliminary point on jurisdiction

[2] The Registrar of Trade-Marks gave effect to the expungement order approximately 17 days after the order was made, before the expiry of the appeal period for the order. Cheaptickets had not asked Justice Strayer or this Court for a stay of the order. It appears that, contrary to the

understanding of Cheaptickets, the Registrar has no policy of deferring the execution of an expungement order until all rights of appeal are exhausted.

[3] Emall argues that, although section 57 of the *Trade-Marks Act*, R.S.C. 1985, c. T-13, gives the Federal Court the exclusive original jurisdiction to order the expungement of a registered trade-mark, there is nothing in the *Trade-Marks Act* or the *Federal Courts Act*, R.S.C. 1985, c. 1985, c. F-7, that specifically gives this Court the authority to order the reinstatement of a trade-mark that has been expunged as the result of an order of the Federal Court. If that argument is correct, this appeal is moot.

[4] I do not accept Emall's argument. In my view, this Court has the jurisdiction to grant the remedy sought by Cheaptickets in this appeal. I reach that conclusion for the following reasons.

[5] Subsection 57(1) of the *Trade-Marks Act* reads as follows:

57. (1) The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.	57. (1) La Cour fédérale a une compétence initiale exclusive, sur demande du registraire ou de toute personne intéressée, pour ordonner qu'une inscription dans le registre soit biffée ou modifiée, parce que, à la date de cette demande, l'inscription figurant au registre n'exprime ou ne définit pas exactement les droits existants de la personne paraissant être le propriétaire inscrit de la marque.

[6] The expungement of a registered trade-mark is, in the language of section 57, the striking out of an entry on the register of trade-marks.

[7] An order to expunge a registered trade-mark is a final judgment of the Federal Court. The respondent in the expungement proceedings has the right to appeal the expungement order to this Court pursuant to paragraph 27(1)(*a*) of the *Federal Courts Act*.

[8] Section 52 of the *Federal Courts Act* states the powers of this Court in appeals. In the case of an appeal from the Federal Court, subparagraph 52(*b*)(i) provides that this Court may:

(i) dismiss the appeal or give the judgment and award the process or other proceedings that the Federal Court should have given or awarded […].	(i) soit rejeter l'appel ou rendre le jugement que la Cour fédérale aurait dû rendre et prendre toutes mesures d'exécution ou autres que celle-ci aurait dû prendre […].

[9] As I read subparagraph 52(*b*)(i), where the order under appeal is an expungement order, this Court may either dismiss the appeal (in which case the expungement order would stand), or allow the appeal. If the appeal is allowed, this Court may go further and, making the order the Federal Court should have made, dismiss the application for expungement. If that order is made after the expungement has occurred, the Registrar of Trade-Marks would be required, upon receiving notice of the order, to reverse the expungement and, in effect, re-instate the registration of the trade-mark.

The presumption of the validity of the registration of a trade-mark

[10] The argument of Cheaptickets invoked, in several different contexts, the proposition that the registration of a trade-mark is presumed to be valid. Emall does not disagree that there is such a presumption, and I have no doubt that Justice Strayer was aware of it. However, it seems to me that Cheaptickets is attempting to place more weight on this presumption than it can reasonably bear.

[11] The existence of the presumption of validity is confirmed in *General Motors of Canada v. Décarie Motors Inc. (C.A.)*, [2001] 1 F.C. 665 (at paragraph 31). The cited authority for the existence of the presumption is *Hughes on Trade Marks* (Markham Ont.: Butterworths, 1984, at page 556). In the current looseleaf version of that publication, *Hughes on Trade Marks* (Second Edition, Markham Ont.: LexisNexis Canada Inc.), the discussion about the presumption of validity appears at §56 (page 817). From the cited cases, in particular *Unitel Communications Inc. v. Bell Canada*, 61 C.P.R. (3d) 12 (F.C.T.D.), at page 27, it appears that the source of the presumption is the statutory predecessor to paragraph 19 of the *Trade-Marks Act*. Section 19 reads as follows:

19. Subject to sections 21, 32 and 67, the registration of a trade-mark in respect of any wares or services, unless shown to be invalid, gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark in respect of those wares or services.	19. Sous réserve des articles 21, 32 et 67, l'enregistrement d'une marque de commerce à l'égard de marchandises ou services, sauf si son invalidité est démontrée, donne au propriétaire le droit exclusif à l'emploi de celle-ci, dans tout le Canada, en ce qui concerne ces marchandises ou services.

[12] The presumption of validity established by section 19 of the *Trade-Mark Act* is analogous to the presumption of validity of a patent in section 45 of the *Patent Act*, R.S.C. 1985, c. P-4. In *Apotex Inc v. Wellcome Foundation Ltd.*, [2002] 4 S.C.R. 153, Justice Binnie characterized that presumption as weakly worded, and he explained (at paragraph 43) that the presumption adds little to the onus already resting, in the usual way, on the attacking party. What that means, in my view, is that an application for expungement will succeed only if an examination of all of the evidence presented to the Federal Court establishes that the trade-mark was not registrable at the relevant time. There is nothing more to be made of the presumption of validity.

Whether the trade-marks were clearly descriptive at the relevant time

[13] The application for expungement was based on subsection 18(1) of the *Trade-Marks Act*, which reads in relevant part as follows (my emphasis):

18. (1) The registration of a trade-mark is invalid if	18. (1) L'enregistrement d'une marque de commerce est invalide dans les cas suivants :
(*a*) the trade-mark was not registrable at the date of registration,	*a*) la marque de commerce n'était pas enregistrable à la date de l'enregistrement;
(*b*) the trade-mark is not distinctive at the time proceedings bringing the validity of the registration into question are commenced, or	*b*) la marque de commerce n'est pas distinctive à l'époque où sont entamées les procédures contestant la validité de l'enregistrement;
(*c*) […].	*c*) […].

[14] An application for expungement on the basis of paragraph 18(1)(*a*) necessarily invokes subsection 12(1), which reads in relevant part as follows:

12. (1) Subject to section 13, a trade-mark is registrable if it is not	12. (1) Sous réserve de l'article 13, une marque de commerce est enregistrable sauf dans l'un ou l'autre des cas suivants :
[…]	[…]
(*b*) whether depicted, written or sounded, either clearly descriptive or deceptively misdescriptive in the English or French language of the character or quality of the wares or services in association with which it is used or proposed to be used or of the conditions of or the persons employed in their production or of their place of origin […]	*b*) qu'elle soit sous forme graphique, écrite ou sonore, elle donne une description claire ou donne une description fausse et trompeuse, en langue française ou anglaise, de la nature ou de la qualité des marchandises ou services en liaison avec lesquels elle est employée, ou à l'égard desquels on projette de l'employer, ou des conditions de leur production, ou des personnes qui les produisent, ou du lieu d'origine de ces marchandises ou services […]

[15] Justice Strayer found that the trade-marks were clearly descriptive of the character or quality of the services or wares in association with which they were used by Cheaptickets, a travel agency. On that basis, he concluded that by virtue of the combined operation of paragraph 18(1)(*a*) and paragraph 12(1)(*b*), the registration was invalid.

[16] Cheaptickets argues that Justice Strayer erred in determining that the trade-marks were "clearly descriptive" within the meaning of paragraph 12(1)(*b*), because they are at most merely suggestive of the character or quality of the services offered by Cheaptickets. This is a question of mixed fact and law that will not be disturbed on appeal in the absence of palpable and overriding error, or a readily extricable error of law. My review of the record and the submissions of counsel reveal no legal error on the part of Justice Strayer, and no palpable and overriding error of fact.

The saving provision in subsection 12(2)

[17] Cheaptickets argues that Justice Strayer failed to consider the application of subsection 12(2) of the *Trade-Marks Act*. Subsection 12(2) reads as follows (my emphasis):

12. (2) A trade-mark that is not registrable by reason of paragraph (1)(*a*) or (*b*) is registrable if it has been so used in Canada by the applicant or his predecessor in title as to have become distinctive at the date of filing an application for its registration.	12. (2) Une marque de commerce qui n'est pas enregistrable en raison de l'alinéa (1)*a*) ou *b*) peut être enregistrée si elle a été employée au Canada par le requérant ou son prédécesseur en titre de façon à être devenue distinctive à la date de la production d'une demande d'enregistrement la concernant.

[18] Emall argues that subsection 12(2) may be invoked during the process of trade-mark registration, but not during expungement proceedings. Emall submits that in expungement proceedings the relevant provision is subsection 18(2), which reads as follows (my emphasis):

18. (2) No registration of a trade-mark that had been so used in Canada by the registrant or his predecessor in title as to have become distinctive at the date of registration shall be held invalid merely on the ground that evidence of the distinctiveness was not submitted to the competent authority or tribunal before the grant of the registration.	18. (2) Nul enregistrement d'une marque de commerce qui était employée au Canada par l'inscrivant ou son prédécesseur en titre, au point d'être devenue distinctive à la date d'enregistrement, ne peut être considéré comme invalide pour la seule raison que la preuve de ce caractère distinctif n'a pas été soumise à l'autorité ou au tribunal compétent avant l'octroi de cet enregistrement.

[19] Subsection 18(2) makes available to the holder of a registered trade-mark a specific defence in expungement proceedings which may come into play if the trade-mark has acquired distinctiveness by the time the registration process was complete, even if the Registrar of Trade-Marks was not given evidence of that fact.

[20] The consequence of Emall's argument is that if Cheaptickets is unable to establish distinctiveness as of the completion of the registration process as contemplated by subsection 18(2), Cheaptickets would be barred from even attempting to establish distinctiveness as of the commencement of that process. Emall referred to no authority that would compel subsection 12(2) to be construed in such a limited fashion, and I see no reason to accept that interpretation. In my view, the existence of subsection 18(2) does not preclude Cheaptickets from invoking subsection 12(2) during expungement proceedings.

[21] Cheaptickets is correct to say that Justice Strayer does not mention subsection 12(2). That may have been an error or oversight on his part, or it may indicate that he found subsection 12(2) not to be worthy of mention. In either case, the omission is inconsequential. The record discloses no evidence that is reasonably capable of supporting Cheaptickets' submission that the trade-marks had acquired distinctiveness as of the date on which the applications for registration were filed.

[22] Cheaptickets points to paragraph 16 of Justice Strayer's reasons as an indication that he had in fact concluded that the trade marks were distinctive at the date of the filing of the application for registration, because he refers to the absence of evidence that they had ceased to be distinctive after that time. I am unable to accept Cheaptickets' interpretation of paragraph 16. As I read paragraph 16, it is intended to explain that, because Justice Strayer had concluded that Emall's expungement application had succeeded on the basis of paragraph 18(1)(*a*), it was not necessary to deal with the part of Emall's expungement application that relied on paragraph 18(1)(*b*). Justice Strayer then stated by way of *obiter dicta* that the application based on paragraph 18(1)(*b*) would have failed in any event for lack of evidence.

Separate consideration of the design mark

[23] Cheaptickets argues that Justice Strayer failed to consider the unique and distinctive aspects of the CHEAP TICKETS AND TRAVEL & DESIGN mark separate and apart from the CHEAP TICKETS mark. In my view there is no merit to this submission. The challenge to the registrability of the trade-marks was based on the use of the words "CHEAP TICKETS" as an integral part of Cheaptickets' registered trade-marks. There is no evidence that Cheaptickets has ever disclaimed, or

indicated a willingness to disclaim, the words CHEAP TICKETS as used in the CHEAP TICKETS AND TRAVEL & DESIGN mark.

Conclusion

[24] I would dismiss this appeal with costs.

"K. Sharlow"

J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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