

Federal Court of Appeal



Cour d'appel fédérale

Date: 20190117

Docket: A-65-18

Citation: 2019 FCA 10

**CORAM: STRATAS J.A.
RENNIE J.A.
WOODS J.A.**

BETWEEN:

SADHU SINGH HAMDARD TRUST

Appellant

and

NAVSUN HOLDINGS LTD.

Respondent

Heard at Toronto, Ontario, on October 23, 2018.

Judgment delivered at Ottawa, Ontario, on January 17, 2019.

REASONS FOR JUDGMENT BY:

RENNIE J.A.

CONCURRED IN BY:

**STRATAS J.A.
WOODS J.A.**

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REASONS FOR JUDGMENT

RENNIE J.A.

[1] Sadhu Singh Hamdard Trust appeals from a decision of the Federal Court dated January 17, 2018 (2018 FC 42 *per* Southcott J.) dismissing its appeal of a decision by the Trade-marks Opposition Board (the Board) (2015 TMOB 214). In that decision, the Board allowed the respondent's opposition of the appellant's proposed word mark "AJIT" in association with printed publications and newspapers on the basis that it lacked distinctiveness.

[2] The parties each publish a Punjabi language newspaper under the name “AJIT”.

[3] The appellant’s newspaper is a daily publication based in India. It has been distributed in Canada since 1968. During the period from 1970 to 2010, the appellant had its highest distribution in Canada from 1990 and 1993, when it averaged 29 annual subscriptions. The respondent’s newspaper, on the other hand, has been published weekly since about 1993 and is distributed in Vancouver and the Greater Toronto Area. As of the date of filing its opposition, circulation of the respondent’s newspaper was roughly 11,000 newspapers per week in Vancouver and another 13,000 per week in Toronto.

[4] In assessing the distinctiveness of the AJIT mark, the Board relied on the Federal Court’s decision in *Bojangles’ International LLC v. Bojangles Café Ltd.*, 2006 FC 657, 48 C.P.R. (4th) 427 (*Bojangles’*), in which Noël J. articulated the standard to prove that a trademark is sufficiently well-known so as to negate another mark’s distinctiveness. Under that test, a mark “must be known to some extent at least to negate the established distinctiveness of another mark, and its reputation in Canada should be substantial, significant or sufficient” (*Bojangles’* at para. 34). After a review of the evidence, the Board was satisfied that the respondent’s mark was known sufficiently to negate the distinctiveness of the mark applied for by the appellant.

[5] On appeal, the Federal Court concluded that the Board applied the correct law, namely the test as expressed in *Bojangles’*. It rejected the argument that the decision of this Court in *Miranda Aluminum Inc. v. Miranda Windows & Doors Inc.*, 2010 FCA 104, 318 D.L.R. (4th) 59 (*Miranda*), and in particular paragraph 29 thereof, altered the classic test of distinctiveness as

articulated in *Bojangles*'. The judge observed that *Miranda* did not change the test into whether use of one mark has "destroyed" the distinctiveness of the mark of another. The question remains whether the distinctiveness of the mark has been negated.

[6] The judge noted that in 2010 the appellant amended its registration of the mark to "cover printed publications and newspapers", specifically removing registration in respect of "printed and electronic publications". The judge also noted that whether online readership was within the scope of the registration was a new issue, raised for the first time at the hearing of the appeal. The judge concluded that the new evidence advanced by the parties, including evidence of online readership and newspaper subscriptions in India, would not have materially affected the Board's determination.

[7] The standard of review applicable to an appeal of a Federal Court decision in respect of a Board decision is to determine whether the Federal Court identified the appropriate standard of review, and, if so, whether it applied the standard correctly. It is, in essence, a *de novo* consideration of the issues (*Agraira v. Canada (Public Safety and Emergency Preparedness)*, 2013 SCC 36, [2013] 2 S.C.R. 559). Review of questions of fact or mixed fact and law answered at first instance by the Federal Court is governed by the standard set out in *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235 (see also *Canada v. Long Plain First Nation*, 2015 FCA 177 at para. 88, 388 D.L.R. (4th) 209). The Federal Court's conclusions on the materiality of new evidence of distinctiveness thus attract review for palpable and overriding error (*U-haul International Inc. v. U Box It Inc.*, 2017 FCA 170 at para. 25, 150 C.P.R. (4th); *Saint Honore*

Cake Shop Limited v. Cheung's Bakery Products Ltd., 2015 FCA 12 at para. 20, 132 C.P.R. (4th) 258).

[8] I will deal first with the appellant's argument that the judge erred in excluding the new evidence.

[9] The judge observed that the focus of the new evidence was on the notoriety of the mark arising from online readership and familiarity with the mark among people who have immigrated to Canada from India. As the question, properly framed, was whether the mark was distinctive in association with the use of printed materials, online use could not be "use" in association with printed materials. The judge also concluded that evidence of readership in India among members of the Punjabi community that have since immigrated to Canada could not qualify as use in Canada for the purposes of distinctiveness (*Boston Pizza International Inc. v. Boston Chicken Inc.*, 2003 FCA 120 at para. 13, 224 D.L.R. (4th) 475; *Consorzio Del Prosciutto Di Parma v. Maple Leaf Meats Inc.*, [2001] 2 FC 536 at para. 28, aff'd 2002 FCA 169). As noted long ago by Tomlin J. in *Impex Electrical Ltd. v. Weinbaum* (1927), 44 R.P.C. 405 at p. 410:

For the purposes of seeing whether the mark is distinctive, it is to the market of this country alone that one has to have regard. For that purpose foreign markets are wholly irrelevant, unless it be shown by evidence that in fact goods have been sold in this country with a foreign mark on them, and that the mark so used has thereby become identified with the manufacturer of the goods.

[10] Based on the foregoing, the judge concluded that the new evidence was irrelevant and not material. The evidence as to online readership was not use in association with the mark as sought

to be registered, and any notoriety within the Punjabi immigrant community derived from readership in India was not use in Canada, as required by law. I see no error in this reasoning.

[11] The Federal Court thus reviewed the balance of the Board's decision on a standard of reasonableness. The judge considered that the question of distinctiveness was one of fact. Findings of fact that are unaffected by new evidence remain to be considered on a reasonableness basis (*Eclectic Edge Inc. v. Gildan Apparel (Canada) LP*, 2015 FC 1332 at paras. 43-48, 138 C.P.R. (4th) 289; *Molson Breweries v John Labatt Ltd*, [2000] 3 F.C. 145 (C.A.) at para. 51, 5 C.P.R. (4th) 180 (*Molson*)).

[12] Insofar as the Federal Court addressed the proper legal test for distinctiveness, it is unnecessary to decide whether the judge selected the appropriate standard of review. Whether the standard of review of the legal test of distinctiveness applied by the Board should be reasonableness, as a decision of law within the Registrar's area of expertise (*Molson* at para. 51) or correctness, is of no consequence. There cannot be a range of possible tests of distinctiveness, which is the hallmark of reasonableness and the deference it reflects. Additionally, if the standard is reasonableness, there can be only one reasonable outcome, and that is the test as expressed in *Bojangles'*: see *McLean v. British Columbia (Securities Commission)*, 2013 SCC 67, [2013] 3 S.C.R. 895 at para. 38; *Walchuk v. Canada (Minister of Justice)*, 2015 FCA 85 at para. 32; see also *Abraham v. Canada (Attorney General)*, 2012 FCA 266, 440 N.R. 201 at paras. 42-49). Reasonableness and correctness review in this case lead to the same result: *Sturgeon Lake Cree Nation v. Hamelin*, 2018 FCA 131 at para. 45.

[13] Under paragraph 38(2)(d) of the *Trade-marks Act*, R.S.C., 1985, c. T-13 (Act), an application for the registration of a trademark may be opposed on the basis that the mark is not distinctive. The Act defines “distinctive” as referring to any mark “that actually distinguishes the goods or services in association with which it is used by its owner from the goods or services of others or is adapted so to distinguish them”. This accords with the organizing principle of trademark law that a mark is first and foremost an indicator of source (*Philip Morris Inc. v. Imperial Tobacco Ltd.* (1985), 7 C.P.R. (3d) 254 (FCTD) at p. 270; *Kirkbi AG v. Ritvik Holdings Inc.*, 2005 SCC 65 at para. 39, [2005] 3 S.C.R. 302).

[14] The Board’s assessment of distinctiveness is properly seized with determining whether a mark is capable in fact of distinguishing the particular goods and services of a trader having regard to the relevant purchasing or consuming public (*Suzanne's Inc. v. Auld Phillips Ltd.*, 2005 FCA 429 at para. 5, 46 C.P.R. (4th) 81 (*Suzanne's*)). If a mark is not so capable, the underlying cause is irrelevant. This question of distinctiveness is primarily one of fact.

[15] Whether or not the appellant was the first to use the mark in Canada and whether or not the respondent’s subsequent use was infringing are of no consequence where, as here, the parties have used the mark concurrently for over a decade, and, in that time, the respondent has successfully acquired notoriety in the mark in Canada sufficient to negate the distinctiveness of the appellant’s mark. As noted by this Court in *Farside Clothing Ltd. v. Caricline Ventures Ltd.*, 2002 FCA 446 at paragraph 9, 22 C.P.R. (4th) 321 (*Farside Clothing*), infringing prior use may cause a mark to lose its distinctiveness, although the extent or degree to which distinctiveness is eroded by infringing use remains a question of fact to be considered in each case. The allegation

of passing off does not preclude a party from relying on the alleged infringing use to challenge distinctiveness.

[16] It is incumbent upon a trader to protect the distinctiveness of its mark, even in the face of infringing use (see *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22 at para. 26, [2006] 1 S.C.R. 772; *Suzanne's* at paras. 6-7; *Farside Clothing* at para. 9). The new evidence of readership in relation to the appellant's newspaper cannot change that fact. It was open to the appellant to take sufficient steps to protect its rights to the impugned mark, which it did not do.

[17] Before the Federal Court, and in this Court, the appellant argued that there is a legal principle which bars a party from relying on its own confusing use of a trademark to challenge another's right to the mark. The judge dismissed this argument, and was correct to do so. The test is not whether the respondent's mark was distinctive of its own publications; rather the question, as established in *Bojangles'*, is whether at the date of filing of the opposition, the respondent's use of its own mark had negated the distinctiveness of the appellant's mark. The Board found the respondent's mark was sufficiently known to negate the distinctiveness of the appellant's mark, and like the Federal Court judge, I find that this conclusion was reasonable.

[18] Accordingly, I would dismiss the appeal with costs.

“Donald J. Rennie”

J.A.

“I agree
David Stratas J.A.”

“I agree
Judith Woods J.A.”

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

**APPEAL FROM A JUDGMENT OF THE FEDERAL COURT DATED
JANUARY 17, 2018 NO. T-185-16 (2018 FC 42)**

DOCKET: A-65-18

STYLE OF CAUSE: SADHU SINGH HAMDARD
TRUST v. NAVSUN HOLDINGS
LTD.

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: OCTOBER 23, 2018

REASONS FOR JUDGMENT BY: RENNIE J.A.

CONCURRED IN BY: STRATAS J.A.
WOODS J.A.

DATED: JANUARY 17, 2019

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