

Federal Court



Cour fédérale

Date: 20220404

Docket: T-759-21

Citation: 2022 FC 327

Ottawa, Ontario, April 4, 2022

PRESENT: Madam Justice St-Louis

BETWEEN:

FASKEN MARTINEAU DUMOULIN LLP

Applicant

and

**GENTEC, A PARTNERSHIP CONSISTING
OF 901089 ONTARIO LIMITED AND
2494979 ONTARIO LIMITED**

Respondent

JUDGMENT AND REASONS

I. Introduction

[1] Under section 56 of the *Trademarks Act*, RSC 1985, c T-13 [the Act], Fasken Martineau DuMoulin LLP [Fasken] appeals from the Registrar of Trademarks [the Registrar]’s decision of March 29, 2021 (2021 TMOB 56) [the Decision]. Relevant to these proceedings, the Registrar then maintained Registration No. TMA780,998 [the Registration] for the trademark “IQ” [the

Mark] in relation to the goods “headphones” in the context of an expungement proceeding pursuant to section 45 of the Act. The registered owner of the Mark is GENTEC, a partnership consisting of 9011089 Ontario Limited and 2494979 Ontario Limited [Gentec].

[2] Sections 45 and 56 of the Act are reproduced in Annex to these reasons.

[3] In this appeal, Fasken seeks an Order setting aside the Decision and striking the goods “headphones” from the Registration.

[4] In brief, Fasken submits that the correctness standard applies as the Registrar erred in law (1) in interpreting the Federal Court of Appeal’s decision in *Miller Thomson LLP v Hilton Worldwide Holding LLP*, 2020 FCA 134 [*Hilton FCA*]; (2) by ignoring the legal principle that any ambiguity must be interpreted against the person who produces the evidence, i.e., the trademark owner in these proceedings pursuant to section 45 of the Act (*Aerosol Fillers Inc v Plough (Canada) Ltd*, [1980] 2 FC 338 [*Aerosol Fillers FC*], aff’d *Plough (Canada) Ltd v Aerosol Fillers Inc*, [1981] 1 FC 679 (FCA) [*Aerosol Fillers FCA*]); (3) by ignoring the legal principles stated by the Federal Court of Appeal in *The Clorox Company of Canada Ltd v Chloretec SEC*, 2020 FCA 76 [*Clorox*] decision, failing to require that the Mark be represented in such a way as to give notice of connection to consumers; and (4) in deviating from the average consumer’s first impression test in evaluating the mark “iQ Podz”.

[5] Alternatively, if the deferential standard of review is found to apply, Fasken submits that the Registrar committed palpable and overriding errors in applying the various tests and case law to the facts at hand.

[6] Gentec responds that only the deferential standard applies in light of the issues raised in these proceedings, and that the Registrar did not err. Gentec submits essentially, that the Registrar's analysis considers the factors set out in the relevant case law, that he applies the correct principles of law, and that the Registrar's conclusion is based on the whole of the evidence. Gentec submits the Registrar's decision should not be disturbed.

[7] For the reasons exposed below, I will dismiss Fasken's appeal. First, given the issues raised, I am satisfied that the palpable and overriding error standard of review is applicable, as no extricable questions of law have been identified. Second, in light of this highly deferential standard and of the nature of the procedure attached to section 45 proceedings, I have not been convinced that the intervention of the Court is justified.

II. Context

[8] On March 14, 2006, Gentec filed an application for the Mark, and on October 28, 2010, the Registration issued. The goods covered by the Registration include a range of electronic accessories, such as cases, headphones and cables, for five types of personal devices, hence for personal music players, MP3 players, satellite radios, cell-phones and portable music devices.

[9] On December 1, 2017, Fasken requested that the Registrar gave notice to Gentec pursuant to section 45 of the Act. On December 13, 2017, the Registrar issued the notice, requiring Gentec to furnish evidence to demonstrate use of the Mark in Canada at any time during the three-year period immediately preceding the date of the notice, hence from December 13, 2014, to December 13, 2017, [the Relevant Period] with respect to each of the goods specified in the Registration.

[10] On July 12, 2018, responding to the Registrar's notice, Gentec filed the affidavit of Ms. Dorothy Hayashi, Gentec's Director of Finance, sworn on July 11, 2018. Ms. Hayashi testifies in regards to "headphones" at paragraph 10 of her affidavit. She affirms that during the Relevant Period, Gentec sold and shipped to purchasers in Canada headphones bearing the Mark. Ms. Hayashi introduces Exhibit F, which she affirms are images of such headphones showing how the Mark appeared on the packaging, and Exhibit G, which are, collectively, copies of invoices.

[11] It was found that the only item sold during the Relevant Period was the one depicted in the first two images of Exhibit F, which correspond to the only two invoices introduced by Ms. Hayashi's Exhibit G that bear a date comprised within the Relevant Period. The permissible invoices refer strictly to "IQ TRUE WIRELESS PODZ W/ CHARGING CA". The corresponding images show the packaging of the "iQ Podz True Wireless Headphones". The product depicted on this package is not one showing a band or other means of securing the product around the head.

[12] The other invoices attached to Ms. Hayashi's affidavit bore dates outside the Relevant Period and were thus impermissible evidence to show use for the purpose of the section 45 proceedings. These other invoices are the ones that describe goods being sold as "earbuds", "headphones" and "earphones".

[13] Before the Registrar, Fasken and Gentec then each successively submitted written representations.

[14] Before the Registrar, Fasken argued that the Gentec evidence did not show that (i) the Mark was in use in the normal course of trade in Canada by Gentec or its authorized licensee(s); or (ii) there are special circumstances that excuse the non-use of the Mark during the Relevant Period.

[15] Before the Registrar, Fasken dedicated paragraphs 42 to 76 of its written representations to the "headphones" goods. Fasken particularly submitted that all goods labelled as, or related to, "headphones" should be struck from the Registration. Fasken identified the permissible evidence and submitted that (i) it is clear that the word "headphones" has a specific meaning that requires the existence of a band or other means of securing the product around the head of a consumer, and cited six definitions, published by dictionaries during the Relevant Period, to support their point; (ii) Gentec itself had made a distinction between headphones, earphones and earbuds when it applied to register the trademark "iQ Podz" on August 25, 2017; (iii) Gentec itself again make distinctions as between earphones, headphones and earbuds in its invoices filed in evidence; (iv) it is obvious from the images presented in Exhibit F that the iQ Podz product does not include a

band, that its qualification as headphone on the packaging is self-serving on the part of Gentec, and should be given no weight (*CIBC World Markets Inc v Stenner*, 2010 FC 397; *Aerosol Fillers FCA*); (v) if a registrant makes a distinction between certain goods, evidence of use is required for each of them and Gentec has submitted no evidence of the use of actual headphones within the Relevant Period; and (vi) any use within the Relevant Period would have been in association with the trademark “iQ Podz”, which does not constitute use of the mark “iQ” (*Canada (Registrar of Trade Marks) v Cie internationale pour l’informatique CII Honeywell Bull SA*, [1985] 1 FC 406 (FCA) [*CII Honeywell Bull*]). Fasken stressed that the registered mark needs to stand out from the composite mark. It added that as a matter of first impression, the registered trademark must be perceived, as the consumer’s first impression, as a separate trademark, and Fasken argued that it did not (*Trademark Tools Inc v Miller Thomson LLP*, 2016 FC 971; *Sim & McBurney v Harvey Woods Inc*, 108 FTR 269 [*Harvey Woods*]; *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22).

[16] Fasken provided the Registrar with the *Hilton FCA* decision.

[17] Before the Registrar, Gentec responded by outlining the applicable legal principles and case law. The arguments on the “headphones” are contained at paragraphs 25 to 30 of its written representations. Gentec submitted that the evidence shows a “pattern of sales” of headphones product, bearing the Mark extending into the Relevant Period. Gentec cited *Levi Strauss & Co v Canada (Registrar of Trade-Marks)*, 2006 FC 654 [*Levi Strauss*] for the proposition that a registration can evolve with current usage of the words in ordinary parlance and is in turn influenced by the developments in commerce. Gentec asserted as well that these circumstances

are different from the ones in *CII Honeywell Bull* as here the red colour and placement of the ® symbol result in an independent impression for the Mark.

[18] Prior to the hearing before the Registrar, the parties sent lists of authorities. Notably, Gentec sent two definitions of the term “headphones”, one from the 2021 online Merriam-Webster dictionary and the other from Wikipedia, also from 2021, which included earphones or earbugs in the definition of “headphones”.

[19] On March 29, 2021, the Registrar issued his Decision, and relevant to these proceedings, he maintained Gentec’s Mark in relation to the goods “headphones”.

[20] The parties have not adduced additional evidence before the Court; the record before the Registrar was included in the Applicant’s Record.

III. The Impugned Decision

[21] In his Decision, the Registrar notes that the relevant definition of *use* with respect to goods is set out in subsection 4(1) of the Act. The Registrar outlines the purpose and scope of section 45 of the Act, which is to provide a simple, summary and expeditious procedure for removing “deadwood” from the register (*Performance Apparel Corp v Uvex Toko Canada Ltd*, 2004 FC 448 at para 68). The Registrar also notes that although the threshold for establishing use is low, and evidentiary overkill is not required, mere assertions of use are not sufficient to demonstrate use (*Woods Canada Ltd v Lang Michener* (1996), 71 CPR (3d) 477 (FCTD); *Union electric Supply Co Ltd v Registrar of Trade Marks* (1982), 63 CPR (2d) 56 (FCTD); *Aerosol*

Fillers FCA). The Registrar indicates that sufficient facts must be provided to permit the Registrar to arrive at a conclusion of use of the trademark in association with each of the goods, and he details the evidence adduced by Gentec.

[22] From the onset, the Registrar identifies Fasken’s main submissions in regards to “headphones”, are that (i) of the headphones depicted in Exhibit F, not all are evidenced to have been sold in Canada during the Relevant Period; (ii) the evidence specifically with respect to the product “iQ Podz True Wireless Headphones” does not show use in association with the registered goods “headphones”; and (iii) the trademark used in association with the depicted “headphones” products does not constitute use of the Mark as registered.

[23] The Registrar then particularly addresses the goods “headphones” at paragraphs 20 to 26 of his Decision. The Registrar notes that Gentec concedes that, of the products shown in Exhibit F, only “iQ Podz True Wireless Headphones” are evidenced to have been sold in Canada during the Relevant Period.

[24] The Registrar summarizes Fasken’s submissions that the product sold in Canada during the Relevant Period does not constitute “headphones” because it does not include any band or other means of joining over the head. The Registrar notes that Fasken had cited *Hilton Worldwide Holding LLP v Miller Thomson*, 2018 FC 895 [*Hilton FC*] for the proposition that one has to ask what the shared understanding of the trademark owner and the consumer would be. The Registrar also notes Fasken’s argument that although the word “headphones” is

displayed on the packaging, he, the Registrar, must look at the actual nature of the goods instead of going by the label and the Owner's submissions.

[25] The Registrar notes that Gentec submits that its "iQ Podz True Wireless Headphones" sold during the Relevant Period are indeed headphones as the package itself uses the descriptive word "headphones" and the shared understanding can be inferred from the description employed on the product packaging. He also notes Gentec's submissions that the meaning of the terms in a registration can be influenced by developments in commerce, citing *Hilton FC* and *Levi Strauss*, such that a restrictive definition of "headphones" is no longer appropriate, and that, in this regard, Gentec directs attention to Merriam-Webster.com, where the definition for "headphone" includes the following entry: "also: a small earphone inserted into the ear".

[26] First, the Registrar confirms that he agrees with Gentec's submissions and accepts that "iQ Podz True Wireless Headphones" fall within the scope of the registered goods "headphones". The Registrar determines that this is not a case where the correlation with the registered goods is merely self-serving representations after the fact, and explicitly disagrees with Fasken that there is any inconsistency in the evidence in this respect. The Registrar concludes that it is no stretch to consider the "iQ Podz True Wireless Headphones" to fall within the ambit of the Registration.

[27] Second, the Registrar summarizes Fasken's submissions to the effect that (1) the products identified as "iQ Podz True Wireless Headphones" do not show use of the Mark as registered since the consumer's first impression would not be "iQ" alone but the composite trademark "iQ

Podz” as one expression; (2) the fact that “iQ” is depicted in red and “Podz” in grey colour is “insufficient to generate an independent impression”; and (3) the ® symbol to the right of the letters “iQ” on the packaging as “so small” that it should be disregarded.

[28] The Registrar considers these submissions moot, noting that the exhibited packaging also depicts the storage case for the headphones, which storage case is engraved with the Mark without any additional wording.

[29] The Registrar adds that *in any event*, he considers that the public, when viewing the product name as displayed on the exhibited packaging, would perceive the Mark *per se* as being displayed. His conclusion is grounded in his findings that (1) the Mark *per se* clearly stands out from the additional material by the use of different colouring, lettering and size; (2) the letters “iQ” are followed by the symbol ® - both in red colour - and the word “Podz” is followed by the symbol - both in silver-grey colour. He adds that there is nothing in the Act that precludes a trademark owner from using more than one trademark at the same time in association with the same goods.

[30] Ultimately, the Registrar confirms that he is satisfied that Gentec has demonstrated use of the Mark in association with “headphones” within the meaning of sections 4 and 45 of the Act.

IV. Issues before the Court

[31] Again, the only goods at issue in this appeal are the “headphones”. Fasken does not appeal the Registrar’s decision with respect to the other goods.

[32] The Court must determine if the Registrar erred, as Fasken suggests:

- a. In his interpretation of the decision of the Federal Court of Appeal *Hilton FCA* on the interpretation of product descriptions over time;
- b. By ignoring the legal principle that any ambiguity must be interpreted against the person who produces the evidence, i.e., the trademark owner in these proceedings pursuant to section 45 of the Act;
- c. By ignoring the legal principles stated by the Federal Court of Appeal in *Clorox*, by not requiring that the Mark be represented in such a way as to give notice of connection to consumers; and
- d. In deviating from the average consumer's first impression test in evaluating the mark "iQ Podz". Alternatively, if the Registrar committed a palpable and overriding error when applying the test in regards to the fact in front of him and the submitted jurisprudence.

V. Analysis

A. *Standard of review*

[33] I agree with the parties that the appellate standard must apply in view of the teachings of the Supreme Court of Canada in *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [*Vavilov*], and given that the present application is made under the statutory appeal provision of section 56 of the Act.

[34] I also agree with the parties that the applicable standard is correctness for extricable questions of law, and “palpable and overriding error” for questions of facts and mixed fact and law (*Clorox* at para 23; *Tokai of Canada Ltd v Kingsford Products Company, LLC*, 2021 FC 782 at para 22). The parties disagree as to whether the issues raised in these proceedings are, or are not, extricable questions of law so to attract the correctness standard.

[35] I agree with Gentec that there is no new evidence on the appeal and that there are no extricable questions of law that would warrant the application of the correctness standard. The issues raised by Fasken, although qualified by Fasken as questions of law, are not so. Through its representations, Fasken clearly challenges the Registrar’s application of the law to the facts. The legal and factual issues are intertwined, and cannot be readily separated, thus warranting the application of the palpable and overriding error standard. The exercise of discretion involves applying legal standards to the facts found, and exercises of discretion are questions of mixed fact and law (*Mahjoub v Canada (Citizenship and Immigration)*, 2017 FCA 157 at para 72 [*Mahjoub*]).

[36] As the Federal Court of Appeal indicated, palpable and overriding error is a difficult standard to meet (*Millennium Pharmaceuticals Inc v Teva Canada Limited*, 2019 FCA 273 at para 6).

[37] At paragraphs 38 and 39 of *Benhaim v St-Germain*, 2016 SCC 48 [*Benhaim*], the Supreme Court of Canada quoted two appellate decisions to explain what “palpable and overriding error” actually means. The Supreme Court of Canada cited Justice Stratas in *Canada v South Yukon Forest Corporation*, 2012 FCA 165 at paragraph 46:

Palpable and overriding error is a highly deferential standard of review “Palpable” means an error that is obvious. “Overriding” means an error that goes to the very core of the outcome of the case. When arguing palpable and overriding error, it is not enough to pull at leaves and branches and leave the tree standing. The entire tree must fall. [Emphasis added.]

[38] The Supreme Court of Canada in *Benhaim* also cites Morissette J.A. in *JG v Nadeau*, 2016 QCCA 167 at paragraph 77 explaining that, [TRANSLATION] “a palpable and overriding error is in the nature not of a needle in a haystack, but of a beam in the eye. And it is impossible to confuse these last two notions.”

[39] It is important to note as well that “[t]he role of an appellate court, however, is not to consider whether other inferences reasonably may have been drawn from the evidence but rather, whether the decision maker made any palpable and overriding errors in drawing the inferences that were drawn from the evidence” (*Sim & McBurney v en Vogue Sculptured Nail Systems Inc*, 2021 FC 172 at para 16).

B. *Did the Registrar err in his interpretation of the decision of the Federal Court of Appeal Hilton FCA on the interpretation of product descriptions over time?*

(1) The parties' positions

[40] Fasken submits that the Registrar erred by relying on the *Hilton FC* decision, confirmed in *Hilton FCA*, in order to consider a definition of "headphones" that postdates the Relevant Period. Fasken asserts that this error then leads the Registrar to conclude that the term headphones does not require the existence of a band or other means of securing the product around the head of a consumer, and thus to accept earphones, the product sold by Gentec, as "headphones".

[41] Fasken submits that the decision *Hilton FC* cannot have the scope given to it by the Registrar that would result in discarding the Relevant Period provided specifically in section 45 of the Act. Fasken thus asserts that the Registrar erred in law by failing to follow the teachings of the Federal Court and the Federal Court of Appeal, the Registrar had to examine the meaning of the term headphones during the Relevant Period.

[42] Fasken notes that the Federal Court of Appeal stated in *Hilton FCA* that "[...] the meaning of terms used in trademark registrations can evolve over time. This is especially so where, as here, there have been rapid developments in online commerce that can undoubtedly have an impact on the ordinary commercial understanding of a term by both the trademark owner and the customer" (*Hilton FCA* at para 103). Per Fasken submissions, this cannot mean that the meaning of terms many years after the Relevant Period can be considered.

[43] Fasken submits that the Registrar should have examined the definition of the term “headphones” as it was during the Relevant Period.

[44] It adds that if the Registrar had examined what the term “headphones” meant during the Relevant Period, he would have considered (1) the clear dictionary definitions whereby a band is required; (2) that Gentec itself made a distinction between “headphones” and other audio devices without a headband, such as “earphones” and “earbuds” in the invoices Ms. Hayashi introduced; and (3) the application filed by Gentec for the trademark “IQ PODZ” during the Relevant Period in association with the goods headphones, earphones and earbuds.

[45] Fasken cites the decision *John Labatt Ltd v Rainier Brewing Co*, [1984] FCJ No 302 (FCA) at paragraph 14, *Kvas Miller Everitt v Compute (Bridgend) Ltd*, 47 CPR (4th) 209 (TMOB) at paragraph 24 and *Stikeman Elliott LLP v Parmx Cheese Co*, 2015 TMOB 102 at paragraph 18 to state that when the owner of a trademark makes a distinction between types of products, each product is considered distinct from the others.

[46] Fasken argues that without this misinterpretation of *Hilton FCA* from the Registrar, the Registrar would have concluded that the term “headphones” designates, in the Relevant Period, a product with a headband. Fasken also submits that, if the Registrar had not concluded that the product is one with a headband, he would have at least concluded that there is an ambiguity as for the signification of the term.

[47] Gentec responds that the Registrar took note of the Federal Court's decision *Hilton FC*, and submits that the Federal Court of Appeal in *Hilton FCA* has confirmed the proposition that the meaning of terms in a trademark registration can evolve over time.

[48] Gentec submits that the Registrar's interpretation of "headphones" was not based solely on dictionary definitions, but also on (1) the descriptive word "headphones" used in the name of the "iQ Podz True Wireless Headphones" and on the packaging; and (2) the witness Ms. Hayashi who identifies the product as "headphones". Gentec adds that the Registrar can take judicial notice of dictionary definitions.

[49] Gentec further submits that Fasken questions the inferences the Registrar made from the descriptive use of the term on the product packaging, but that the role of an appellate court is not to consider whether other inferences reasonably may have been drawn from the evidence but rather to determine whether the decision-maker made a palpable and overriding error.

(2) Analysis and decision

[50] Fasken has not convinced me that the Registrar erred in his interpretation of the decision of the Federal Court of Appeal *Hilton FCA*. In fact, there is no clear indication that the Registrar interpreted or relied on the *Hilton FCA* decision in order to reach his conclusion.

[51] As the Registrar stated that he agreed with Gentec's submissions, we can infer that he accepted Gentec's position that the restrictive definition of "headphones" was no longer appropriate. However, the Registrar's decision certainly does not turn on any particular

definition of “headphones”. The Registrar’s conclusion to accept that Gentec’s “iQ Podz True Wireless Headphones” fall within the scope of the registered goods “headphones” was not based on a recent dictionary definition; it was based on the fact that the descriptive word “headphones” was actually used on the “iQ Podz True Wireless Headphones” packaging, which was in play months before Fasken challenged Gentec’s Mark.

[52] Per section 4 of the Act, to be “used” with goods, a trademark must, at the time of the transfer of the property in or possession of the goods, in the normal course of trade, be marked on the goods themselves or their packaging or otherwise be so associated with the goods that notice of the association is given to the person to whom the property or possession is transferred.

[53] Section 45 in turn provides a simple, summary and expeditious procedure to clear the Register of “deadwood”, i.e., marks that have fallen into disuse. The owner of the mark need only establish a prima facie case of use. The evidentiary threshold that said owner must meet is thus quite low, and reasonable inferences can be made (*Eclipse International Fashions Canada Inc v Cohen*, 2005 FCA 64 at paras 5 and 6; *Fraser Sea Food Corp v Fasken Martineau Dumoulin LLP*, 2011 FC 893 at paras 18 and 19).

[54] I can find no error in the Registrar’s conclusion that the designation on the packaging is not merely a self-serving representation after the fact, as, again, it was in play months before the Mark was challenged. It does name the product as “headphones”.

[55] Given the low burden imposed on the owner of the mark in a section 45 proceeding, the Registrar's conclusion that Gentec's evidence showed use of the trademark in relation to "headphones" through the sale of packages actually naming the goods "headphones" cannot be construed as a palpable and overriding error.

C. *Did the Registrar err by ignoring the legal principle that any ambiguity must be interpreted against the person who produces the evidence, i.e., the trademark owner in these proceedings pursuant to section 45 of the Act?*

(1) Parties' position

[56] Fasken underlines the vocabulary chosen by the Registrar at paragraph 22 of the Decision: "[...] I disagree with the Requesting Party that there is any inconsistency in the evidence". Fasken submits that the test is not on the incoherence of the evidence and that this test was invented by the Registrar in his decision, without jurisprudential support. Fasken adds that the Registrar does not assess the fact that the affidavit is self-serving evidence.

[57] Fasken submits that the Registrar should have applied the principle that any ambiguity must be construed against the person who produces the evidence, i.e., the owner of the mark in proceedings under section 45 of the Act. Fasken cites *Aerosol Fillers FC* at paragraphs 21 to 23 and *Smart & Biggar v Constellation Brands Quebec, Inc*, 2015 TMOB 82 at paragraph 40, and specifies that these authorities were before the Registrar. At the hearing, Fasken confirmed that the ambiguities they raise are found in the differences noted in the evidence between the words on the packaging and the words on the invoices.

[58] Gentec responds that the meaning of “headphones” is not ambiguous. Gentec submits that the ambiguity principle relates specifically to ambiguity in the evidence, not the ambiguity of the term. Gentec cites paragraph 22 of the Decision to state that the Registrar did not find the meaning of the word “headphones” ambiguous, nor has he find that the evidence was ambiguous. Gentec submits that the Registration should not be expunged on the basis of an ambiguous term. On the contrary, the statement of goods should be granted a generous interpretation.

(2) Analysis and decision

[59] As Gentec submitted, the applicable principle relates to ambiguity in the *evidence*, which only the owner can submit in a section 45 proceeding. Hence, if the evidence adduced by the owner of the mark provides more than one possible interpretation, the ambiguity must be resolve by retaining the interpretation that is contrary to the owner’s interest (*Aerosol Fillers FC* at paras 21-23). The Registrar does not ignore the principle, he rather does not identify any such ambiguity, or inconsistency, in the evidence. As Gentec submits, the case law does not relate to the possibility that terms used to describe goods covered by a trademark registration may be, or may have become, ambiguous, and the case law submitted by Fasken does not relate to any ambiguity sourced outside the registered owner’s evidence. When the Registrar is stating that there is no inconsistency in the evidence, he is not inventing a new test without jurisprudence; he is attesting that the evidence is clear in regards to the product being identified as “headphones”. This does not relate to the legal test, but to its application to the facts, and I sees no palpable and overriding error in the Registrar’s conclusion given the record.

[60] As I stated to the parties during the hearing, I am not convinced the Court can, on appeal of the Registrar's decision on "use", consider evidence that was impermissible to the Registrar, in this case, invoices that bore dates outside the Relevant Period. However, in any event, my decision stands either way. The Registrar did not ignore the legal principle: he found no inconsistency in the evidence adduced by the owner of the Mark.

D. *Did the Registrar err by ignoring the legal principles stated by the Federal Court of Appeal in Clorox, by not requiring that the Mark be represented in such a way as to give notice of connection to consumers?*

(1) The parties' position

[61] Fasken alleges that the use of the Mark "iQ" does not provide a notice of association with the products and that the Registrar could not have found otherwise unless he ignored the legal test.

[62] Fasken notes that the entire analysis of the Decision is contained at paragraphs 24 and 25. The Registrar adopts Gentec's position that mere presence of the letters "iQ" appearing black on black on a storage case represented on the packaging was sufficient to constitute use, without considering whether it was prominent enough to provide a notice of association with "headphones" in the normal course of trade, as required by section 4 of the Act.

[63] Fasken had submitted the decision *Clorox* to the Registrar and cited its paragraph 30 where it states that "[...] the mark must be used for the purpose of distinguishing wares, that is, it must be associated with the wares so that notice of the association is given [to the consumers]".

The Federal Court of Appeal concluded that the mark did not give such a binding notice because of the way it was presented. Fasken alleges that the Registrar did not mention this decision.

[64] Fasken adds that the decision *Clorox* is coherent with section 4 of the Act, which specifies that a trademark is deemed to be used if it is marked in the normal course of trade. Fasken alleges that the letter “iQ” located where the average consumer would not look at cannot constitute a notice of association.

[65] In its response, Gentec summarizes the Registrar’s position that the public, when viewing the product name as displayed on the packaging, i.e., “iQ® Podz™ True Wireless Headphones”, would perceive the trademark “iQ” *per se* as being displayed considering that (1) the “iQ” element clearly stands out from the additional material by the use of different colouring, lettering and size; and (2) the letters “iQ” are followed by the symbol ® —both in red colour—and the word “Podz” is followed by the symbol ™—both in silver-grey colour.

[66] Gentec underlines the fact that the *Clorox* decision was made in the context of an appeal in a trademark opposition proceeding, and not in the context of a proceeding under section 45 of the Act. Gentec notes that the issue is different and in a different context.

[67] Gentec submits that the Federal Court of Appeal emphasized the limited scope of the inquiry to be undertaken by the Registrar in proceedings under section 45 of the Act in *United Grain Growers Ltd v Lang Michener*, 2001 FCA 66 at paragraph 14. Gentec adds that the

Registrar also found that “iQ® Podz™ True Wireless Headphones” product name on the packaging presents “iQ” such that it would be perceived as a trademark.

(2) Analysis and decision

[68] First, the Registrar did not ignore the test as he referred to it at paragraph 23 of his Decision. This is rather, again, a question of assessing the Registrar’s application of the test to the facts. As noted by Fasken, paragraph 30 of *Clorox* specifies that “[t]he case law is clear that to establish use of a trademark with respect to wares, the mark must be used for the purpose of distinguishing wares, that is, it must be associated with the wares so that notice of the association is given, and the transfer of the property must occur in the normal course of trade”.

[69] Fasken suggested to the Court that the Registrar erred in regards to the principles of *Clorox* for deciding that the letters “iQ” appearing on the storage case represented on the packaging was sufficient to constitute use.

[70] First, this conclusion was not the sole basis for the Registrar’s Decision. It was contained in the first of two paragraphs through which the Registrar responded to Fasken’s argument as to the consumer’s first impression. The Registrar thus first noted that the Mark, i.e., “iQ” alone, not part of the composite, is displayed on the packaging.

[71] Whether or not the consumer, as a first impression, would see the Mark alone as displayed is a question of appreciation and the Court owes deference to the Registrar in this regard. I recognize that it is certainly not predominantly displayed. This being said, and

importantly, the Registrar did not stop there and, in the following paragraph, he indicated that, in any event, the public when viewing the product would perceive the Mark *per se* for other reasons. The Registrar considered that the Mark *per se*, i.e., the “iQ”, clearly stood out from the additional material by the use of different colouring, lettering and size. As Fasken acknowledged at the hearing, the Mark and the additional information do indeed bear different colouring, lettering and size. Also, the letters “iQ” were followed by the symbol ®, both in the same red color, while the word “Podz” is followed by the symbol ™, both in the same silver grey colour, and nothing in the Act precludes the use of more than one trademark.

[72] Again, even if I were to find that the Registrar erred in concluding that the average consumer would not note the letters “iQ” on the image of the storage case, this would take one branch down, but it would leave the tree standing. The Registrar’s other reasons, which contained no error, allow the Decision to stand.

E. *Has the Registrar erred in deviating from the average consumer’s first impression test in evaluating the mark “iQ Podz”? Alternatively, has the Registrar committed a palpable and overriding error when applying the test in regards to the fact in front of him and the submitted jurisprudence?*

(1) The Parties’ position

[73] Fasken argues that the Mark lost its identity in the composite mark “iQ Podz”. Fasken argues that its argument that the Mark *per se* is not truly use is declared moot by the Registrar, as he concluded that the letters “iQ” appearing on a storage case is a use of the Mark.

[74] Fasken argues that the inscription “iQ Podz” is the most visible mark on the product and is visible on the precise location where the average consumer would look to identify the mark of a product. Fasken alleges that it is “iQ Podz” that provides a notice of association and not “IQ”. Fasken submits that the Registrar has clearly not apply the test of the first impression of the average consumer, as if he had, he would have surely concluded that the consumer would see only the composite mark.

[75] Fasken submits that the Registrar assessed the argument under an *obiter* without supporting his comment with jurisprudence. The Registrar mentioned the presence of the symbols ® and ™, citing a decision of the Registrar which refused such argument based on the symbols (*88766 Canada Inc v National Cheese Company Limited*, 24 CPR (4th) 410 (TMOB) [*National Cheese*]). Fasken submits that these symbols are barely perceptible.

[76] Fasken adds that before relying on these symbols, the Registrar should have considered whether they were discernible to the average consumer.

[77] Fasken warns the Court against supposing that the Registrar had applied the test (*Vavilov*; *Alexion Pharmaceuticals Inc v Canada*, 2021 FCA 157 at paras 8-10 [*Alexion*]). Fasken submits that if the Court supposes that the test was applied, the Registrar would have made a palpable and overriding error. Fasken argues that it is the packaging of the product that should be examined by the Registrar, not the product itself.

[78] Fasken notes that the applicable test has been established by the Federal Court of Appeal in *CII Honeywell Bull* at paragraph 5. Citing *Labatt Brewing Co v Molson Breweries, A Partnership*, [1996] FCJ No 729 at paragraph 49 [*Labatt*], Fasken submits that, as a matter of first impression, the Mark “iQ” must be perceived as a separate trade mark than the composed mark (here “iQ Podz”).

[79] Fasken notes that the only major difference between the words “iQ” and “Podz” is the color. Fasken cites the following sentences of the decision *Harvey Woods* at paragraph 14: “[...] even though the word ‘harvey’ might be used in the color ‘gold’ and the word ‘woods’ might be used in the color ‘red’, I find that, in the present instance, such manner of use is insufficient to cause each element to generate an independent impression”.

[80] Fasken cites *Vavilov* and *Alexion* in order to submit that the Court must discern an internally coherent and rational chain of analysis and understand the decision-maker’s reasoning on a critical point. Fasken submits that these requirements are demanding for the appellate standard of review.

[81] Gentec first responds that whether a trademark would be perceived as a separate trademark is a question of fact (*Nightingale Interloc Ltd v Prodesign Ltd*, (1984), 2 CPR (3d) 535 at para 7 [*Nightingale*]; *Carters Professional Corporation v Ontario Lung Association*, 2021 TMOB 146 at para 15). Gentec adds that the Registrar did appreciate and consider the first impression of the consumer as he considered what the public would have perceived at paragraph 25 of his Decision.

[82] Gentec further submits that the Registrar did not find the symbols ® and ™ tiny or imperceptible and this finding on factual issues are entitled to deference.

(2) Analysis and decision

[83] Fasken relies on the argument that the Registrar has not examined the test of the average consumer. I will analyze its submitted jurisprudence on that matter.

[84] In *CII Honeywell Bull*, the issue on the appeal was “[...] whether CII used its trade mark ‘Bull’ when it used the composite mark ‘CII Honeywell Bull’ to identify its wares” (*CII Honeywell Bull* at para 3). The Federal Court of Appeal needed to determine whether using the composite constituted use of the trademark. The court specified that this “[...] question must be answered in the negative unless the mark was used in such a way that the mark did not lose its identity and remained recognizable in spite of the differences between the form in which it was registered and the form in which it was used” (*CII Honeywell Bull* at para 5). The court then concluded that “[t]he practical test to be applied in order to resolve a case of this nature is to compare the trade mark as it is registered with the trade mark as it is used and determine whether the differences between these two marks are so unimportant that an unaware purchaser would be likely to infer that both, in spite of their differences, identify goods having the same origin” (*CII Honeywell Bull* at para 5).

[85] Fasken cites the decision *Nightingale*. This authority is interesting in the present case as the decision-maker uses the term “public”, just as the Registrar did in the present case. Indeed, the decision-maker states that “[u]se of a mark in combination with additional material

constitutes use of the mark per se as a trade mark if the public, as a matter of first impression, would perceive the mark per se as being used as a trade mark” (*Nightingale* at para 7). I note however that this proceeding was an opposition to a registration of a trademark. The decision *Labatt* confirmed the test of *Nightingale* (*Labatt* at paras 49 and 50).

[86] Fasken also relies on the decision *Robichaud v Clio/Oz Division of Mainline Fashions Inc*, 2015 TMOB 210 [*Robichaud*]. The context of this decision is the issuance of a notice under section 45 of the Act (*Robichaud* at para 1). The decision-maker relies on paragraphs of the *CII Honeywell Bull* decision cited above (*Robichaud* at paras 25 and 26). The decision-maker also notes that “[i]n deciding this issue, one must look to see if the ‘dominant features’ of the trade-mark have been preserved” (*Robichaud* at para 27). The decision-maker adds that “[t]he assessment as to which elements are the dominant features and whether the deviation is minor enough so as to permit a finding of use of the trade-mark as registered is a question of fact to be determined on a case-by-case basis” (*Robichaud* at para 27). I also note that the decision-maker does not explicitly mention an average consumer in their analysis at paragraphs 27 to 30 and rather focuses on their analysis of the dominant features.

[87] The Registrar should not have considered the questions of the consumer’s first impression and the displayed mark on the packaging as moot. Examining how the Mark is displayed on the storage case is not sufficient. I rely on *CII Honeywell Bull* at paragraph 5 and the use of the term “purchaser”, which suggests that the consumer is in a commercial context and consequently views the product in its packaging. However, the Registrar did not stop there, he

provided a clear reasoning, *in any event*, hence in the event that these submissions by Fasken were not moot.

[88] The jurisprudence indicates that assessing the distinctiveness of a mark is a factual matter, which depends on the context. The Registrar is not strictly relying on the symbols; he also relies on the public's perception when viewing the product name, the colouring, the lettering and the size, that are, as Fasken admitted at the hearing, different as between the Mark and the additional "Podz" word.

[89] As noted in *Robichaud*, the assessment as to which elements are the dominant features and whether the deviation is minor enough to permit a finding of use of the trademark as registered is a question of fact to be determined on a case-by-case basis. The Registrar in the present case identified factual elements and coherently explained why they make the Mark stand out. Moreover, not mentioning the average consumer cannot be fatal as the Registrar determined what would be the *public* perception. The Registrar explicitly noted Fasken's submissions on the consumer's first impression at paragraph 23 of his Decision.

[90] The Registrar did not deviate from the test and I find no overriding and palpable error in his application of the test to the facts at hand.

VI. Conclusion

[91] Given that Fasken has not convinced me that the Registrar committed any palpable and overriding errors, the appeal will be dismissed.

JUDGMENT in T-759-21

THIS COURT'S JUDGMENT is that:

1. The appeal is dismissed;
2. Costs are awarded in favor of Gentec.

"Martine St-Louis"

Judge

Registrar may request evidence of use

45 (1) After three years beginning on the day on which a trademark is registered, unless the Registrar sees good reason to the contrary, the Registrar shall, at the written request of any person who pays the prescribed fee — or may, on his or her own initiative — give notice to the registered owner of the trademark requiring the registered owner to furnish within three months an affidavit or a statutory declaration showing, with respect to all the goods or services specified in the registration or to those that may be specified in the notice, whether the trademark 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.

Form of evidence

(2) The Registrar shall not receive any evidence other than the affidavit or statutory declaration, but may receive representations made in the prescribed manner and within the prescribed time by the registered owner of the trademark or by the person at whose request the notice was given.

Service

(2.1) The registered owner of the trademark shall, in the prescribed manner and within the prescribed time, serve on the person at whose request the notice was given any evidence that the registered owner submits to the Registrar. Those parties shall, in the prescribed manner and within the prescribed time, serve on each other any written

Le registraire peut exiger une preuve d'emploi

45 (1) Après trois années à compter de la date d'enregistrement d'une marque de commerce, sur demande écrite présentée par une personne qui verse les droits prescrits, le registraire donne au propriétaire inscrit, à moins qu'il ne voie une raison valable à l'effet contraire, un avis lui enjoignant de fournir, dans les trois mois, un affidavit ou une déclaration solennelle indiquant, à l'égard de chacun des produits ou de chacun des services que spécifie l'enregistrement ou que l'avis peut spécifier, 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 et la raison pour laquelle elle ne l'a pas été depuis cette date. Il peut cependant, après trois années à compter de la date de l'enregistrement, donner l'avis de sa propre initiative.

Forme de la preuve

(2) Le registraire ne peut recevoir aucune preuve autre que cet affidavit ou cette déclaration solennelle, mais il peut recevoir des observations faites — selon les modalités prescrites — par le propriétaire inscrit de la marque de commerce ou par la personne à la demande de laquelle l'avis a été donné.

Signification

(2.1) Le propriétaire inscrit de la marque de commerce signifie, selon les modalités prescrites, à la personne à la demande de laquelle l'avis a été donné, la preuve qu'il présente au registraire, et chacune des parties signifie à l'autre, selon les modalités prescrites, les observations écrites qu'elle présente au registraire.

representations that they submit to the Registrar.

Failure to serve

(2.2) The Registrar is not required to consider any evidence or written representations that was not served in accordance with subsection (2.1).

Effect of non-use

(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 trademark, 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 trademark is liable to be expunged or amended accordingly.

Notice to owner

(4) When the Registrar reaches a decision whether or not the registration of a trademark ought to be expunged or amended, he shall give notice of his decision with the reasons therefor to the registered owner of the trademark and to the person at whose request the notice referred to in subsection (1) was given.

Action by Registrar

(5) The Registrar shall act in accordance with his decision if no appeal therefrom is taken within the time limited by this Act or, if an appeal is taken, shall act in accordance with the final judgment given in the appeal.

Appeal

Absence de signification

(2.2) Le registraire n'est pas tenu d'examiner la preuve ou les observations écrites qui n'ont pas été signifiées conformément au paragraphe (2.1).

Effet du non-usage

(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.

Avis au propriétaire

(4) Lorsque le registraire décide ou non de radier ou de modifier l'enregistrement de la marque de commerce, il notifie sa décision, avec les motifs pertinents, au propriétaire inscrit de la marque de commerce et à la personne à la demande de qui l'avis visé au paragraphe (1) a été donné.

Mesures à prendre par le registraire

(5) Le registraire agit en conformité avec sa décision si aucun appel n'en est interjeté dans le délai prévu par la présente loi ou, si un appel est interjeté, il agit en conformité avec le jugement définitif rendu dans cet appel.

Appel

56 (1) An appeal lies to the Federal Court from any decision of the Registrar under this Act within two months from the date on which notice of the decision was dispatched by the Registrar or within such further time as the Court may allow, either before or after the expiration of the two months.

Procedure

(2) An appeal under subsection (1) shall be made by way of notice of appeal filed with the Registrar and in the Federal Court.

Notice to owner

(3) The appellant shall, within the time limited or allowed by subsection (1), send a copy of the notice by registered mail to the registered owner of any trademark that has been referred to by the Registrar in the decision complained of and to every other person who was entitled to notice of the decision.

Public notice

(4) The Federal Court may direct that public notice of the hearing of an appeal under subsection (1) and of the matters at issue therein be given in such manner as it deems proper.

Additional evidence

(5) On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar.

56 (1) Appel de toute décision rendue par le registraire, sous le régime de la présente loi, peut être interjeté à la Cour fédérale dans les deux mois qui suivent la date où le registraire a expédié l'avis de la décision ou dans tel délai supplémentaire accordé par le tribunal, soit avant, soit après l'expiration des deux mois.

Procédure

(2) L'appel est interjeté au moyen d'un avis d'appel produit au bureau du registraire et à la Cour fédérale.

Avis au propriétaire

(3) L'appellant envoie, dans le délai établi ou accordé par le paragraphe (1), par courrier recommandé, une copie de l'avis au propriétaire inscrit de toute marque de commerce que le registraire a mentionnée dans la décision sur laquelle porte la plainte et à toute autre personne qui avait droit à un avis de cette décision.

Avis public

(4) Le tribunal peut ordonner qu'un avis public de l'audition de l'appel et des matières en litige dans cet appel soit donné de la manière qu'il juge opportune.

Preuve additionnelle

(5) Lors de l'appel, il peut être apporté une preuve en plus de celle qui a été fournie devant le registraire, et le tribunal peut exercer toute discrétion dont le registraire est investi.

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-759-21

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A PARTNERSHIP CONSISTING, OF 901089
ONTARIO LIMITED AND, 2494979 ONTARIO
LIMITED

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APPEARANCES:

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