

Federal Court



Cour fédérale

Date: 20221201

Docket: T-1749-21

Citation: 2022 FC 1650

Ottawa, Ontario, December 1, 2022

PRESENT: Mr. Justice McHaffie

BETWEEN:

DIVERT, INC.

Applicant

and

**RESOURCE RECOVERY FUND BOARD
INC.**

Respondent

JUDGMENT AND REASONS

I. Overview

[1] Resource Recovery Fund Board Inc [RRFB] applied to register the trademark DIVERT NS for use in association with a variety of services related to waste diversion, claiming use since May 16, 2016. Divert, Inc opposed the application on the ground, among others, that RRFB's application did not comply with paragraph 30(b) of the *Trademarks Act*, RSC 1985, c T-13, since RRFB had not in fact used the DIVERT NS trademark until the following day,

May 17, 2016. The Registrar of Trademarks, sitting as the Trademarks Opposition Board, rejected Divert's opposition: 2021 TMOB 209. On the paragraph 30(b) ground, the Registrar found Divert had not met its evidential burden. Divert appeals the Registrar's decision, challenging only the Registrar's finding on this ground.

[2] The appeal is dismissed. Despite Divert's contrary arguments, the Registrar's conclusion that Divert had not met its evidential burden is a question of mixed fact and law that does not present an extricable legal issue. In particular, I see no basis to conclude the Registrar applied the wrong legal test or definition of "use" in their assessment of the issue. As neither party filed new evidence on this appeal, the Registrar's findings of mixed fact and law are reviewable on the "palpable and overriding error" standard. The Registrar's finding that Divert did not identify a clear inconsistency in RRFB's evidence regarding the first date of use so as to meet its evidential burden was open to them on the evidence and they made no palpable and overriding error in reaching that finding.

II. Issues and Standard of Review

[3] Divert raises three issues on this appeal:

- A. Did the Registrar err in finding that Divert had not met its initial evidential burden with respect to the paragraph 30(b) ground of opposition?
- B. Did the Registrar err in applying the wrong legal test in assessing the paragraph 30(b) ground of opposition?
- C. Did the Registrar err in assessing "use" of the trademark under section 4 of the *Trademarks Act*?

[4] The parties agree, as do I, that since no new evidence was filed on this appeal pursuant to section 56 of the *Trademarks Act*, the appellate standards of review apply: *Clorox Company of Canada, Ltd v Chloretec SEC*, 2020 FCA 76 at paras 22–23; *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at paras 17, 36–37. Applying these standards, the Court will apply the correctness standard on issues of law, but will only interfere with findings of fact—or of mixed fact and law where there is no extricable question of law—if the Registrar has made a “palpable and overriding error”: *Clorox* at para 23; *Vavilov* at para 37, citing *Housen v Nikolaisen*, 2002 SCC 33 at paras 8, 10, 19, 26–37.

[5] The parties disagree, however, on whether the three issues raised by Divert are issues of law or issues of mixed fact and law. Divert argues they each involve errors of pure law regarding onus, evidence of first use, and the meaning of “use,” respectively. RRFB, by contrast, argues that each issue involves a question of mixed fact and law, namely whether Divert had met its evidentiary burden, whether RRFB had filed sufficient evidence of its first use, and the inferences the Registrar drew from the available evidence regarding “use” of the trademark.

[6] Since the applicable standard of review depends on the nature of the arguments, I will address it in the discussion of the issues below. By way of summary, however, I agree with RRFB that each of the arguments presented by Divert amounts to a disagreement with the Registrar’s conclusions based on the particular evidence before it, rather than a misstatement of the applicable law or any extricable legal error. The palpable and overriding error standard therefore applies.

III. Analysis

A. *The Registrar did not err in finding Divert had not met its initial burden*

(1) The trademark application and opposition

[7] When RRFB filed for the DIVERT NS trademark in August 2016, section 30 of the *Trademarks Act* required an applicant to indicate whether the application was based on past use or proposed use of the trademark in Canada. Where the application was based on past use, paragraph 30(b) required the application to contain the date from which the applicant had used the trademark in association with each of the general classes of goods or services in the application. Since the application was advertised in January 2018, these provisions of the *Trademarks Act* as they read before the significant amendments to the *Act* in June 2019 applied in the opposition proceedings: *Trademarks Act*, s 70(1)(a).

[8] RRFB applied for the trademark DIVERT NS for use in association with a variety of services, relating broadly to education, awareness, expertise, funding, and promotion of innovation in the field of “waste diversion, and reducing, reusing, recycling, and recovering resources.” RRFB’s application stated it had used the DIVERT NS trademark in association with the services listed in the application since at least as early as May 16, 2016.

[9] Divert opposed RRFB’s application. One of its grounds of opposition, based on paragraph 38(2)(a) of the *Trademarks Act* as it then stood, was that RRFB’s application did not conform to the requirements of paragraph 30(b) because RRFB wrongly stated that it had used

its mark in Canada in association with all of the services in the application for which use was claimed. Divert also raised other grounds premised on confusion with its own DIVERT trademark, which are not at issue on this application.

[10] In support of its opposition, Divert filed an affidavit from one of its officers. This affidavit spoke to Divert's own adoption and use of the trademark DIVERT, but not to RRFB's use of DIVERT NS.

[11] RRFB filed an affidavit from its CEO, Jeff MacCallum, speaking to its Nova Scotia-based business and its use of the trademark DIVERT NS. In the body of his affidavit, Mr. MacCallum made the following statements:

RRFB has used Divert NS as our trade name and trademark in Canada since at least as early as May 16, 2016. As of May 2016 and continuously since that time RRFB has used the trade name and trademark Divert NS and related Design marks and logos for the services of: [a list of the services in the application follows].

[Emphasis added.]

[12] Mr. MacCallum went on to speak to the development of the DIVERT NS trade name and trademark, and his company's rebranding using that trademark. He attached as exhibits a number of documents from the period between January 2016, when a public relations firm presented the new brand and logo to RRFB employees and board members, and June 2016, when RRFB signed a contract with a third party for management training. One of these documents was an email Mr. MacCallum sent to another RRFB employee on May 17, 2016, that attached an announcement relating to the rebranding to DIVERT NS. The announcement stated that "[i]n the coming weeks, you'll see changes to reflect our new brand and direction: from our logo, to our

email signatures and office signage, and our website.” The same day, the employee forwarded Mr. MacCallum’s email to other RRFB employees, saying “[i]t’s official, we can now refer to ourselves as Divert NS.” The employee’s email also stated that the company had that day “launched a new landing page for our website” and had sent Mr. MacCallum’s message to its stakeholder list.

[13] Mr. MacCallum’s affidavit also attached samples of RRFB’s use of the DIVERT NS trademark on letterhead, cheques, promotional and educational materials, and outdoor displays, stating that they were representative of the use of DIVERT NS “since May 2016 and continuously since that time.”

[14] Neither affiant was cross-examined on their affidavit. In its written arguments to the Registrar, Divert argued that RRFB had not used the trademark DIVERT NS in association with the services on or before May 16, 2016, and, in particular, that the evidence demonstrated use of the trademark no earlier than the following day, May 17, 2016.

(2) The Registrar’s decision

[15] The Registrar rejected Divert’s opposition. With respect to the paragraph 30(b) ground, the Registrar concluded that Divert had not met its initial evidential burden. The Registrar recognized that an opponent’s initial burden is light and can be met with reference to the applicant’s evidence as well as the opponent’s evidence: *Corporativo de Marcas GJB, SA de CV v Bacardi & Company Ltd*, 2014 FC 323 [*Marcas*] at para 30, citing *Ivy Lea Shirt Co Ltd v 1227624 Ontario Ltd*, [1999] TMOB No 182; *Labatt Brewing Co v Molson Breweries, a*

Partnership, [1996] FCJ No 729 at paras 38–42. However, the Registrar found that the evidence relied on by Divert did not put the claimed first date of use in issue.

[16] The Registrar’s reasoning on this issue consisted of, in essence, the following four points:

- since Divert filed no evidence, RRFB was not obliged to submit any evidence to substantiate its claimed date of use;
- although Divert focused on the email about the official branding change and the launch of the website, the services in the application were not limited to being provided online, so the Registrar was not prepared to assume that RRFB’s first use of the mark would have been via the website;
- given Mr. MacCallum’s statement that RRFB had used the mark in Canada since May 16, 2016, and in light of the evidence regarding the development of the mark in the prior months, the Registrar was not prepared to assume that no use of the mark took place prior to May 17, 2016; and
- ultimately, Mr. MacCallum’s affidavit was not clearly inconsistent with the May 16, 2016, claimed date of first use.

[17] The Registrar also rejected the other grounds raised by Divert, primarily on grounds that Divert had not established that it had used its trademark in Canada in association with services before the material date.

(3) The Registrar did not err

(a) *Standard of review*

[18] Divert asserts the Registrar made an error of law in finding it had not discharged its initial evidential burden. However, Divert's arguments do not identify any errors in the Registrar's statements of the applicable law. To the contrary, the Registrar's statements of the law accord with Divert's own assertions about the applicable law regarding onus and evidence in respect of a paragraph 30(b) ground of opposition.

[19] In oral submissions, Divert submitted that the relevant law is set out "in a nutshell" at paragraph 36 of the Trademark Opposition Board's recent decision in *I Quint Group Inc v Quintcap Inc*, 2021 TMOB 281. I agree. The member in *I Quint* fairly set out the relevant principles, namely that (i) the relevant date is the filing date of the application; (ii) an opponent has an initial evidential burden to establish the facts supporting its allegation regarding the claimed date of first use; (iii) where the facts are more readily available to the applicant, the opponent's evidential burden is less onerous; (iv) this burden can be met by relying on the applicant's evidence; (v) to meet the burden in reliance on the applicant's evidence, the opponent must show the evidence is "clearly inconsistent or puts into issue the claims set forth in the applicant's application"; and (vi) the applicant is under no obligation to evidence its claimed date of first use if this date is not first put into issue by an opponent meeting its evidential burden: *I Quint* at paras 16, 36 citing, among others, *Labatt* and *Marcas*. These principles align directly with the statements of the law made by the Registrar in this case.

[20] As an aside, I note that I cannot agree with RRFB's submission, founded on the Trademarks Opposition Board's decision in *Revenue Properties*, that an opponent who relies on an applicant's evidence must meet a "balance of probabilities" standard in meeting its initial burden: *Revenue Properties Company Limited v Colonnade Restaurant (Ottawa) Limited*, 2016 TMOB 134. RRFB argued that the Board in that case applied a higher "balance of probabilities" standard as part of the applicant's burden, based on this Court's decision in *Marcas: Revenue Properties* at paras 34–35, citing *Marcas* at paras 30–37. To the extent that *Revenue Properties* may be taken as reaching this conclusion, I think it overstates *Marcas* and thereby overstates the evidential burden.

[21] In particular, I do not read *Marcas* as holding that a balance of probabilities standard is applicable where an opponent relies on an applicant's evidence of first use. Rather, Justice Rennie, then of this Court, was attempting to reconcile the issues of the "light" burden and the "clearly inconsistent" standard, noting that each ultimately relates to the assessment of evidence, and that undue focus on the evidential burden may distract from the key issue in an opposition (assuming the initial burden is met), namely whether use or non-use has been established on a balance of probabilities: *Marcas* at paras 36–37. In the case before him, Justice Rennie was able to easily conclude that regardless of any shifts in burden or the ultimate standard, the opponent had met it: *Marcas* at para 38. Later in his reasons, Justice Rennie upheld the Registrar's conclusion that the opponent had met its "light initial burden," finding their findings consistent with the obligation to show that the evidence was "clearly inconsistent" with the claimed date: *Marcas* at paras 47–50.

[22] Similarly, in the present case, the Registrar recognized the light evidential onus on the opponent and the need to show a clear inconsistency in the applicant's evidence to meet that onus, and found that the applicant had met it. This is consistent with the case law cited by the Registrar, including *Marcas*, and with that cited by Divert.

[23] In my view, Divert's argument is ultimately that the Registrar should have reached a different outcome applying this law to the evidence before it. This is a question of mixed fact and law: *1648074 Ontario Inc v Akbar Brothers (pvt) Ltd*, 2019 FC 1305 at paras 29–30. The nature of Divert's arguments is confirmed by the fact that they involved referring to the evidence, asking the Court to reach a different conclusion about the inferences to be drawn from it, and submitting that it was sufficient to meet the initial evidential burden.

[24] In arguing for the correctness standard, Divert points to this Court's decision in *The Chamberlain Group, Inc v Lynx Industries Inc*, 2010 FC 1287. Paragraph 46 of that decision appears to indicate that the Registrar's failure to give sufficient weight to elements of the confusion analysis was an error of law. It is somewhat uncertain what standard the Court applied to these issues, as it referred to both correctness and the "somewhat probing examination" that was used when applying the intermediate "reasonableness *simpliciter*" standard that was then a feature of Canadian administrative law: *Chamberlain* at paras 29–30, 33, 46–47, citing *Mattel, Inc v 3894207 Canada Inc*, 2006 SCC 22 at para 40.

[25] To the extent that *Chamberlain* found that the weight to be given to confusion factors was an issue of law subject to the correctness standard, it appears to have been superseded by the

Federal Court of Appeal's more recent confirmation that the palpable and overriding error standard applies to that assessment on appeal: *Group III International Ltd v Travelway Group International Ltd*, 2017 FCA 215 at para 57. In any event, the weight to be given to particular pieces of evidence in a factual assessment, the inferences to be drawn from them, and whether the evidence shows that the applicable standard has been met, are clearly questions of fact or mixed fact and law to which the palpable and overriding error standard applies: *Housen* at paras 23, 26; see also *Monster Cable Products, Inc v Monster Daddy, LLC*, 2013 FCA 137 at paras 6–7, applying the reasonableness standard, but equally applicable to the palpable and overriding error standard.

(b) *Errors alleged*

[26] Divert argues it met its burden by demonstrating that RRFB had failed to provide clear evidence of its use of the trademark as of the claimed date, even though Divert had put it on notice of its 30(b) ground opposition. In essence, Divert asked the Board, and now asks this Court, to infer from the evidence that RRFB presented—particularly the May 17, 2016 email about the website launch, the absence of documentary evidence showing use on or before May 16, 2016, and the bald nature of Mr. MacCallum's assertions regarding the May 16, 2016, date of first use—that there was a “clear inconsistency” between the evidence and the claimed date of first use. The Board was not prepared to do so, in light of (i) RRFB not being obliged to submit any evidence to substantiate its claimed date of use, (ii) Mr. MacCallum's statements about use, (iii) the nature of the services listed in the application, and (iv) the other evidence leading up to the claimed date. It is not for the Court on this application to draw its own conclusions or substitute its own assessment of the evidence for that of the Registrar. In the

circumstances, the Registrar's conclusion was open to them on the evidence. It did not commit a palpable and overriding error in reaching that conclusion.

[27] Divert also contends that the Registrar erred in relying on Mr. MacCallum's statements about use. It argues that mere bald statements of use are insufficient, relying on decisions relating to applications for summary expungement under section 45 of the *Trademarks Act*, such as *Smart & Biggar LLP v MMG Management Consulting Inc*, 2021 TMOB 190 at paras 11–12 and *Plough (Canada) Ltd v Aerosol Fillers Inc*, [1981] 1 FC 679 (CA) at paras 9–10. However, in a section 45 proceeding, the registrant has a positive onus to file evidence of use, as the Registrar may expunge or amend the trademark registration if the registrant has failed to furnish sufficient evidence *showing* use of the mark: *Trademarks Act*, ss 45(1), (3); *Plough* at paras 9–10. An applicant facing an opposition based on paragraph 30(b) is not required to file such evidence, as the Registrar held. The Registrar was entitled to weigh this, together with the entirety of the evidence before them, to reach their conclusion, and it is not the Court's role to second-guess this assessment of the evidence: *Monster Cable* at paras 6–7; *Housen* at para 23.

[28] Divert also relies on a case in which the Trademarks Opposition Board drew different inferences and reached different conclusions on the evidence before it: *Coca-Cola Ltd v Compagnie Française de Commerce International Cofci SA*, [1991] TMOB No 93. However, the fact that another decision maker in another matter may have drawn different inferences, even if the evidence and circumstances were similar, cannot limit the Registrar's ability to draw inferences from the evidence before them in a later case, and does not constitute a palpable and overriding error. In the present case, the Registrar was unwilling to draw the inference Divert

asked them to draw, namely that the email of May 17, 2016, regarding the website launch indicated there was no use before that date, and that this was inconsistent with the May 16, 2016, claimed date of use. The Registrar was not obliged to draw that inference on the evidence before them, and their refusal to do so was not an error.

[29] Finally on this point, Divert argues that the Registrar erred by referring to “assumptions.” Again, I disagree. Divert had asked the Registrar to infer that the website launch on May 17, 2016, meant that there was no prior use. The Registrar found that such an inference relied on the assumption that the company’s first use was a website use, and they were not prepared to make that assumption. In the circumstances, this line of reasoning was open to the Registrar, and I cannot read the Registrar’s reasons as misunderstanding or misstating their role in assessing the evidence.

B. *The Registrar did not apply the wrong legal test to the paragraph 30(b) ground of opposition*

[30] Divert’s arguments under this heading largely parallel, and indeed repeat, its arguments on the first issue. Divert does not identify any legal error, still less any new or different legal error. Rather, it:

- again asserts that RRFB failed to provide evidence of use prior to May 17, 2016;
- points to other cases in which the Registrar drew different inferences from different evidence: *Canadian Olympic Assn v Nexa Corp*, 1990 CarswellNat 1384 at paras 12–16; *Kim Gibbons Inc v Brett*, 2020 TMOB 45 at para 34;

- repeats its arguments about the Registrar having improperly made assumptions and about mere statements of use; and
- asks the Court to conclude that RRFB's evidence showed that its date of first use was later than May 16, 2016, and that the Registrar should therefore have granted the opposition and refused the application.

[31] Again, these arguments go to the Registrar's appreciation of the evidence and the application of the legal test to the facts before it. They do not raise an extricable error of law, and the palpable and overriding error standard applies. As these arguments are essentially the same as those raised in respect of the first issue, I will not repeat the discussion above. Rather, I will simply note that for the reasons given, I find that none of the arguments show that the Registrar made a palpable and overriding error.

[32] Under this issue, Divert also argues that RRFB's evidence of internal display of the mark to its employees does not show "use" as defined in the *Trademarks Act*. This simply anticipates and repeats its arguments on the third issue, to which I will now turn.

C. *The Registrar did not err in assessing "use" under section 4 of the Trademarks Act*

[33] Divert did not press its arguments about "use" at the hearing of this matter, noting that it was more an issue that would arise if the Registrar had concluded that the evidential burden had been met. In any event, I cannot conclude that the Registrar made any error in either their

approach to the question of “use” or their assessment of whether RRFB had made use of the DIVERT NS trademark.

[34] Divert correctly notes that “use” in association with services is defined in the *Trademarks Act* as use or display in the performance or advertising of those services: *Trademarks Act*, ss 2 (“use”), 4(2). It argues the Registrar erred in their approach to use by referring to the evidence regarding RRFB’s “development and testing of the Mark in the months leading up to” May 16, 2016.

[35] Divert claims the Registrar found that RRFB’s internal display and sharing of the DIVERT NS trademark was “use” for the purposes of subsection 4(2) and paragraph 30(b), even though it was not use or display in the performance or advertising of its services. If the Registrar had in fact made this finding, I agree with Divert that this would have been an error, and may even have been an error of law. Indeed, RRFB does not dispute this. The difficulty with Divert’s argument, as RRFB points out, is that the Registrar made no such finding. They did not conclude that RRFB’s internal display or sharing of the mark constituted use. Rather, they referred to the totality of the evidence, including the evidence of the internal development of the mark, in being unwilling to infer that the website launch constituted the first use of the mark, as Divert urged it to. As a result, Divert had not shown that there was a clear inconsistency between the claimed date of first use and the email regarding the website launch, and had not met its burden. Again, these are matters that go to the Registrar’s assessment of the evidence, on which the Registrar made no palpable and overriding error.

[36] It is also worth noting that Divert's argument that the Registrar erred in its approach to "use" not only imputes a conclusion to the Registrar's decision in respect of the paragraph 30(b) ground that is not there, but also runs directly contrary to the Registrar's clear, and correct, discussion of use in association with services found in their discussion of Divert's subsection 16(1) grounds of opposition.

IV. Conclusion

[37] As Divert has not identified an error of law or shown that the Registrar made a palpable and overriding error in its findings of fact or mixed fact and law, the appeal must be dismissed.

[38] Although neither party filed a bill of costs, Divert sought its costs, if successful, in the amount of \$7,000, with reference to the middle of Column III. RRFB submitted that, if successful, it should have its costs in the amount of \$15,000, or alternatively at the upper end of Column IV, arguing that as respondent it was not a voluntary party to the appeal and that any costs award should reflect this.

[39] RRFB is entitled to its costs of the appeal, but I do not believe its position as respondent should entitle it to any greater or elevated award of costs than might be payable to an applicant. Giving consideration in particular to the nature of the issues in the appeal, the records prepared, the amount of work involved, the absence of any pre-hearing motions or examinations, and the parties' submissions, RRFB will have its costs in the amount of \$7,500, inclusive of disbursements and taxes.

JUDGMENT IN T-1749-21

THIS COURT'S JUDGMENT is that

1. The appeal is dismissed.
2. Divert Inc shall pay costs to Resource Recovery Fund Board Inc in the inclusive amount of \$7,500.

"Nicholas McHaffie"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1749-21

STYLE OF CAUSE: DIVERT INC v RESOURCE RECOVERY FUND
BOARD INC

PLACE OF HEARING: HELD BY VIDEOCONFERENCE

DATE OF HEARING: JUNE 2, 2022

JUDGMENT AND REASONS: MCHAFFIE J.

DATED: DECEMBER 1, 2022

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