

**Date: 20071115**

**Docket: T-2070-06**

**Citation: 2007 FC 1174**

**IN RE:** Sections 45 and 56 of the *Trade-Marks Act* (R.S.C. 1985, c. T-13);

**IN RE:** A notice under section 45 of the *Trade-Marks Act* sent at the request of 88766 CANADA INC. to the registered owner of Registration No. TMA283,750, i.e., MONTE CARLO RESTAURANT LIMITED;

**IN RE:** A decision of the Registrar of Trade-Marks dated September 27, 2006, regarding the mark MONTE CARLO, the subject of Registration No. TMA283,750;

**BETWEEN:**

**88766 CANADA INC.**

**Applicant**

**and**

**MONTE CARLO RESTAURANT LIMITED**

**Respondent**

**REASONS FOR JUDGMENT**

**Pinard J.**

[1] This is an appeal under section 56 of the *Trade-Marks Act*, R.S.C. 1985, c. T-13 (hereinafter the “Act”), of the decision of D. Savard for the Registrar of Trade-Marks (hereinafter the “Registrar”) maintaining the respondent’s trade-mark, MONTE CARLO (hereinafter “the

mark”), in association with the wares “pizza and spaghetti” and the services “operation of a restaurant, food take-out and food catering”.

[2] At the hearing before me, only counsel for the applicant appeared; Mr. Lane, who represents the respondent, had advised the Registry beforehand that he would not be appearing. Accordingly, these reasons were written after hearing counsel for the applicant and reading the written memoranda of both parties.

[3] Further to a request by the applicant on January 26, 2005, the Registrar sent a notice to the respondent under section 45 of the Act on February 10, 2005. The notice required the respondent, as registered owner of the mark, to furnish an affidavit showing that it had used the mark in the preceding three years.

[4] On September 27, 2006, the Registrar decided to maintain the registration of the mark in association with the wares “pizza and spaghetti” and the services “operation of a restaurant, food take-out and food catering” and to expunge the registration of the mark in association with “operation of a tavern and a banquet hall”.

[5] Section 45 of the Act allows a party to request the Registrar to send a notice to the registered owner of a trade-mark ordering the owner to furnish “an affidavit or a statutory declaration showing, with respect to each of the wares or services specified in the registration, whether the trade-mark was in use in Canada at any time during the three year period immediately preceding the date of the notice”. Section 4 of the Act defines “in use” as follows:

4. (1) A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.

(2) A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.

4. (1) Une marque de commerce est réputée employée en liaison avec des marchandises si, lors du transfert de la propriété ou de la possession de ces marchandises, dans la pratique normale du commerce, elle est apposée sur les marchandises mêmes ou sur les colis dans lesquels ces marchandises sont distribuées, ou si elle est, de toute autre manière, liée aux marchandises à tel point qu'avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.

(2) Une marque de commerce est réputée employée en liaison avec des services si elle est employée ou montrée dans l'exécution ou l'annonce de ces services.

[6] If the owner does not furnish evidence to establish that the trade-mark was in use during the three-year period immediately preceding the notice, “the registration of the trade-mark is liable to be expunged or amended accordingly.”

[7] The appropriate standard of review of such a decision of the Registrar varies according to whether new evidence was filed or not. In this case, since there was no new evidence, the appropriate standard is reasonableness, and both parties agree on this point (*Mattel, Inc. v. 3894207 Canada Inc.*, [2006] 1 S.C.R. 772, at paragraphs 32 to 41; *Spirits International N.V. v. Registrar of Trade-marks*, 2006 FC 520; *Express File Inc. v. HRB Royalty Inc.*, 2005 FC 542, (2005), 39 C.P.R. (4th) 59).

[8] Section 45 of the Act permits the Registrar to expunge registered trade-marks that are not *bona fide* claimed by their owners as active trade-marks. Only the registered owner may provide evidence to establish the facts necessary for the Registrar to determine whether the trade-mark has been “used” as defined by section 4 of the Act. The special circumstances in section 45 create an obligation on the Registrar to ensure that the evidence adduced is solid and reliable. In addition, the evidence must satisfy the Registrar that the trade-mark has been used during the relevant time period, that is, during the three-year period immediately preceding the notice under section 45 (*Boutique Limité Inc. v. Limco Investments, Inc.* (1998), 84 C.P.R. (3d) 164, [1998] F.C.J. No. 1419 (F.C.A.) (QL)).

[9] The applicant submits that the affidavit of Mr. Galli does not establish that the mark was used during the relevant period with respect to either the services or the wares. I agree. The only period established by the affidavit on this point is Mr. Galli’s statement that the circulars had been distributed during the preceding five years. The relevant period is the preceding three years. There is no evidence that the circulars were distributed during the latter period. As to the photo that Mr. Galli says was displayed in the restaurants, the affidavit does not state clearly that that occurred during the relevant period. Yet, it would have been easy for Mr. Galli to confirm these facts, i.e., whether the circulars were distributed and the photo displayed between February 10, 2002, and February 10, 2005. He did not do so.

[10] It is also important to note that by choosing, as it did, to not file an affidavit with this Court containing the necessary particulars, which would of course have allowed the applicant to

cross-examine the deponent, the respondent must rely exclusively on the inadequate evidence that was before the Registrar.

[11] In *Boutique Limité Inc.*, above, the Federal Court of Appeal upheld the decision of the Registrar to expunge a trade-mark because, even if there were evidence establishing that the mark had been used, the Court noted “a consistent lack of precision with regard to the dates each ware would have been sold.” It is incumbent on the registered owner to provide clear evidence on which the Registrar can base his or her determination that the trade-mark was “in use”. In my view, in this case, it was unreasonable for the Registrar to assume that because a circular contained an offer that expired on July 31, 2005, that circular had necessarily been distributed during the relevant time period.

[12] Furthermore, with respect to the wares “pizza and spaghetti”, subsection 4(1) establishes that a trademark is used in association with wares if “at the time of the transfer of the property in or possession of the wares, in the normal course of trade . . . it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.” The Registrar decided that this had been established in this case because the circulars that offered the pizza and spaghetti and bore the mark had probably been used by the customers who ordered the wares.

[13] In *BMW Canada Inc. v. Nissan Canada Inc.*, 2007 FCA 255, a decision dated July 12, 2007, the Federal Court of Appeal stated, at paragraph 25:

. . . For the use of a mark in advertisement and promotional material to be sufficiently associated with a ware to constitute use, the

advertisements and promotional material would have to be given at the time of transfer of the property in or possession of the wares.

[14] Here, the Registrar did not conduct an analysis to determine whether the customers used the circulars at the time of the transfer of the property in or possession of the wares in question.

There was no evidence on this point.

[15] For all these reasons, the refusal of the Registrar, under the circumstances, to completely expunge Registration No. TMA 283,750 for the trade-mark MONTE CARLO is unreasonable.

[16] It follows that the applicant's appeal must be allowed and an order must be made that the Registrar expunge the registration of the mark in question, with costs against the respondent.

“Yvon Pinard”

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Judge

Ottawa, Ontario  
November 15, 2007

Certified true translation  
Mary Jo Egan, LLB

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-2070-06

**STYLE OF CAUSE:** 88766 CANADA INC. v. MONTE CARLO RESTAURANT LIMITED

**PLACE OF HEARING:** Montréal, Quebec

**DATE OF HEARING:** October 15, 2007

**REASONS FOR JUDGMENT BY:** The Honourable Mr. Justice Pinard

**DATED:** November 15, 2007

**APPEARANCES:**

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No one FOR THE RESPONDENT

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