

Date: 20081105

Docket: T-1889-07

Citation: 2008 FC 1237

Ottawa, Ontario, November 5, 2008

PRESENT: The Honourable Mr. Justice Shore

BETWEEN:

VÊTEMENT MULTI-WEAR INC.

Applicant

and

RICHEs, MCKENZIE & HERBERT LLP

Respondent

REASONS FOR JUDGMENT AND JUDGMENT

I. Overview

[1] While the purpose of section 45 of the *Trade-marks Act*, R.S., 1985, c. T-13 (TMA), may be to rid the Trade-marks Register of “dead wood”, trade-marks no longer in use; evidence of use allows the trade-mark to remain on the register.

[2] Thus, even evidence of a single sale in the normal course of trade has been found to be sufficient so long as it is considered to be a genuine commercial transaction, and not contrived to protect the registration of a trade-mark (*Philip Morris Inc. v. Imperial Tobacco Ltd.* (1987), 8 F.T.R. 310, 13 C.P.R. (3d) 289 at 293 (F.C.T.D.)).

II. Judicial Procedure

[3] The Applicant seeks an order to set aside the Registrar of Trade-Marks' decision indicating that registration no. 498,437 for the trade-mark L'AMADEI would be expunged from the Trade-marks Register (Registrar's decision), pursuant to subsection 45(4) of the TMA. This is an unopposed appeal pursuant to section 56 of the TMA.

III. Background

A. **Facts**

[4] The Applicant, Vêtement Multi-Wear Inc. (Multi-Wear), manufactures and sells women's clothing to retail outlets in Canada and the United States of America. On August 7, 1998, the Canadian Intellectual Property Office granted registration no. 498,437 in respect to the L'AMADEI trade-mark to Multi-Wear. The trade-mark covered ladies' clothing, namely, pants, vests, skirts, dresses, blouses and sweaters.

[5] On or about March 30, 2007, Multi-Wear received a notice, dated March 28, 2007 (the Registrar's notice). This notice from the Registrar of Trade-marks (the Registrar) stated that the Respondent, Riches, McKenzie & Herbert LLP (RMH), had requested a Section 45 Proceeding in respect to the L'AMADEI trade-mark. The Registrar's notice indicated that Multi-Wear must provide an affidavit or statutory declaration providing sufficient evidence that it has been using the L'AMADEI trade-mark in Canada within three years of the date of the Registrar's notice. Failure to provide such evidence within three months may lead to the expungement of the trade-mark registration.

[6] Multi-Wear consulted its attorney and claims that by its own inadvertence it neglected to supply its attorney with all the information and documents required to respond to the notice. Due to the failure of Multi-Wear to file a timely response to the notice, the Registrar issued a decision on September 6, 2007. The Registrar's decision advised Multi-Wear that its registration for the trade-mark L' AMADEI would be expunged from the Trade-marks Register for reason of the failure to file the evidence required, unless an appeal is filed with the Registrar and in the Federal Court within the time limit specified in section 56 of the TMA.

[7] On October 31, 2007, Multi-Wear timely filed a notice of application appealing the decision to expunge the trade-mark L' AMADEI.

[8] RMH is not opposing the application.

B. Registrar's Decision

[9] The Registrar's decision, dated September 6, 2007, expunging the trade-mark L' AMADEI from the Trade-marks Register is the decision at issue in this judicial review. The Registrar's decision reads in relevant part:

You are advised that by reason of the failure to file the evidence required, the registration will be expunged from the register pursuant to Sub-Section 45(4) of the *Trade-mark Act*.

Vous êtes avisé par la présente qu'en raison de l'omission de fournir la preuve requise, l'enregistrement sera radié du registre, conformément au paragraphe 45(4) de la *Loi sur les marques de commerce*.

The procedure prescribed by Sub-Section 45(5) of the *Act*

Les dispositions prescrites au paragraphe 45(5) de la *Loi*

will be followed unless an appeal is filed with the Registrar and the Federal Court within the time limited by Section 56 of the *Act*.

seront suivies à moins qu'un appel soit produit au Bureau du registraire et à la Cour Fédérale dans le délai prévu par l'article 56 de la *Loi*.

IV. Issues

- [10] (1) Is it for the Court to take into consideration new evidence in a section 56 appeal of a decision of the Registrar?
- (2) Does the new evidence demonstrate sufficient use to warrant setting aside the Registrar's decision expunging registration no. 498,437 for the trade-mark L'AMADEI?

V. Standard of Review

[11] Subsection 56(1) of the TMA provides for an appeal "from any decision of the Registrar under this Act." Subsection 56(5) provides that the Federal Court may consider additional evidence that was not before the Registrar and may exercise any discretion vested in the Registrar.

[12] The case law also supports a broad review power of the Federal Court. On appeal, where no new evidence is filed, that would materially affect the Registrar's findings or exercise of discretion, the standard is reasonableness whether the issue is one of fact or mixed fact and law (*Molson Breweries v. John Labatt Ltd.*, [2000] 3 F.C. 145 (C.A.), 5 C.P.R. (4th) 180 at para. 51.)

[13] If new evidence is filed, however, the standard of review is different. As Justice Marshall Rothstein, noted:

[51] ...where additional evidence is adduced in the Trial Division that would have materially affected the Registrar's findings of fact or the exercise of his discretion, the Trial Division must come to his or her own conclusion as to the correctness of the Registrar's decision.

(*Molson Breweries*, above; reference is also made to *Accessoires d'Autos Nordiques Inc. v. Canadian Tire Corp.*, 2007 FCA 367, 62 C.P.R. (4th) 436 at para. 29.)

[14] In coming to his or her own conclusion as to the correctness of the Registrar's decision, the Court will substitute its own opinion for that of the Registrar without any need to find an error in the Registrar's reasoning (*Guido Berlucchi & C. S.r.l. v. Brouillette Kosie Prince*, 2007 FC 245, 310 F.T.R. 70 at para. 24). That is, the Court must decide the issue on the merits based on the evidence before it (*Maison Cousin (1980) Inc. v. Cousins Submarines Inc.*, 2006 FCA 409, 60 C.P.R. (4th) 369 at para. 4).

[15] To determine whether the new evidence is sufficient to warrant a *de novo* determination, one should look at the extent to which the additional evidence has a probative significance that extends beyond the material that was before the Registrar (*Guido Berlucchi*, above at para. 25). Indeed, Justice John Evans held that "[t]he more substantial the additional evidence, the closer the appellate Court may come to making the finding of fact for itself." (*Garbo Group Inc. v. Harriet Brown & Co.*, [1999] 176 F.T.R. 80, 3 C.P.R. (4th) 224 at para. 38 (F.C.T.D.).)

[16] Since the Registrar's decision was based on a failure to provide evidence of use as required by the Section 45 Notice provision, the new evidence of use presented in this appeal has probative significance; therefore, the standard of review in this case is correctness. That is, the Registrar's

decision warrants a *de novo* determination whereby this Court may decide the issue on the merits based on the evidence before it.

VI. Analysis

(1) Is it for the Court to take into consideration new evidence in a section 56 appeal of a decision of the Registrar?

[17] The Applicant has, in a section 56 appeal of a Registrar's decision, the same opportunity to file evidence which he had before the Registrar (*Austin Nichols & Co. (c.o.b. Orangina International Co.) v. Cinnabon, Inc.*, [1998] 4 F.C. 569, 82 C.P.R. (3d) 513 at para. 13 (F.C.A.)). Thus, the Court sitting in appeal may take into consideration new evidence even in cases where the Applicant failed to file evidence before the Registrar (*Austin Nichols & Co.*, above at para. 22). In *Baxter International Inc. v. P.T. Kalbe Farma TBK.*, 2007 FC 439, 157 A.C.W.S. (3d) 632 at paragraph 13, Justice Yvon Pinard held that even though a Section 45 Notice was sent to the correct addresses of the Applicant and the Applicant's representative of service, the Court could accept new evidence.

[18] Thus, this Court has the discretion to consider new evidence in this application appealing the Registrar's decision.

(2) Does the new evidence demonstrate sufficient use to warrant setting aside the Registrar's decision expunging registration no. 498,437 for the trade-mark L'AMADEI?

[19] According to Multi-Wear, the evidence provided shows sales in the normal course of trade sufficient to show use within the meaning of section 45 of the TMA. Multi-Wear, however, does

acknowledge that during the three year period prior to the date of the notice, Multi-Wear has not used its trade-mark L'AMADEI in association with ladies' vests and sweaters. Its registration should not, however, be expunged with regard to ladies' clothing, namely pants, skirts, dresses and blouses.

[20] The test that has to be met by the registered owner under section 45 is not onerous (*Austin Nichols & Co.*, above at para. 29). The Federal Court of Appeal in *Eclipse International Fashions Canada Inc. v. Cohen*, 2005 FCA 64, 48 C.P.R. (4th) 223, has reiterated:

[6] ...it is not necessary, in the context of an expungement request under section 45, to provide an over-abundance of evidence of use or utilization of the mark. The purpose of section 45 is to rid the register of "dead wood"...

[21] Moreover, the use must be of a commercial nature. In *The Molson Companies Limited v. Halter* (1976), 28 C.P.R. (2d) 158 (F.C.T.D.), [1976] F.C.J. No. 302 (QL), Justice Frederick Gibson held:

[32] In essence, in order to prove "use" in Canada of a trade mark for the purpose of the statute, there must be a normal commercial transaction in which the owner of the trade mark completes a contract in which a customer orders from the owner the trade mark wares bearing the trade mark which wares are delivered by the owner of the trade mark pursuant to such contract to such customer. In other words, as section 4 of the Act prescribes, the "use" must be "in the normal course of trade" at the time of the transfer of the property in or possession of such wares.

[22] Thus, even evidence of a single sale in the normal course of trade has been found to be sufficient so long as it is considered to be a genuine commercial transaction, and not contrived to protect the registration of a trade-mark (*Philip Morris Inc.*, above).

[23] Through the evolution of jurisprudence and the more recent *Eclipse International Fashions Canada* decision of the Federal Court of Appeal, above, the Court recognizes that in the present case it is not a matter of a single sale in the normal course of trade, but rather significant commercial transactions duly documented with invoices.

[24] To this effect, Multi-Wear provides as evidence of use an affidavit from Ms. Paola Altomonte, the President of Multi-Wear. She states that Multi-Wear has used the trade-mark L'AMADEI in Canada in association with ladies' clothing since June 1991. Multi-Wear registered the trade-mark L'AMADEI on August 7, 1998. She also provides invoices for 16 sales of Multi-Wear ladies' clothing bearing the trade-mark L'AMADEI located on the hangtags of the clothes. Six of the sales were to Canadian companies while the remaining 10 sales were to one client located in the United States of America. These sales took place from between March 29, 2005 to March 27, 2007, which is within the three year period required by the Section 45 Proceeding.

[25] These invoices refer to normal commercial transactions wherein the owner of the trade mark enters contracts in which customers purchase merchandise bearing the owner's trade mark. While the invoices themselves do not mention the L'AMADEI trade-mark, based on Ms. Altomonte's affidavit, Multi-Wear affixed hangtags bearing the L'AMADEI trade mark onto the items of ladies' clothing listed in the invoices. An inference exists from the contents of the invoices that ladies' clothing had been delivered subsequent to contracts of sale.

VII. Conclusion

[26] The affidavit evidence and invoices establish that the trade-mark L'AMADEI has been used in association with ladies' clothing within the three year period preceding the Section 45 Notice.

[27] Based on the foregoing, the Registrar's Decision indicating that registration no. 498,437 for the trade-mark L'AMADEI would be expunged is set aside and registration no. 498,437 for the trade-mark L'AMADEI is to be maintained on the register, but only in respect of ladies' clothing, namely, pants, skirts, dresses and blouses.

JUDGMENT

THIS COURT ORDERS that the Registrar's Decision indicating that registration no. 498,437 for the trade-mark L'AMADEI would be expunged be set aside and that registration no. 498,437 for the trade-mark L'AMADEI be maintained on the register, but only in respect of ladies' clothing, namely, pants, skirts, dresses and blouses. The whole without costs.

“Michel M.J. Shore”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1889-07

STYLE OF CAUSE: VÊTEMENT MULTI-WEAR INC.
v. RICHES, MCKENZIE & HERBERT LLP

PLACE OF HEARING: Montreal, Quebec

DATE OF HEARING: October 23, 2008

**REASONS FOR JUDGMENT
AND JUDGMENT:** SHORE J.

DATED: November 5, 2008

APPEARANCES:

Mr. Sébastien Tisserand FOR THE APPLICANT

No appearance FOR THE RESPONDENT

SOLICITORS OF RECORD:

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No appearance FOR THE RESPONDENT